YONDA 永达汽车

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
Annual Report



PORSCHE

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

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 SECRETARY

Ms. MOK Ming Wai (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao
Ms. MOK Ming Wai

AUDIT AND COMPLIANCE COMMITEE

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

AUDITORS

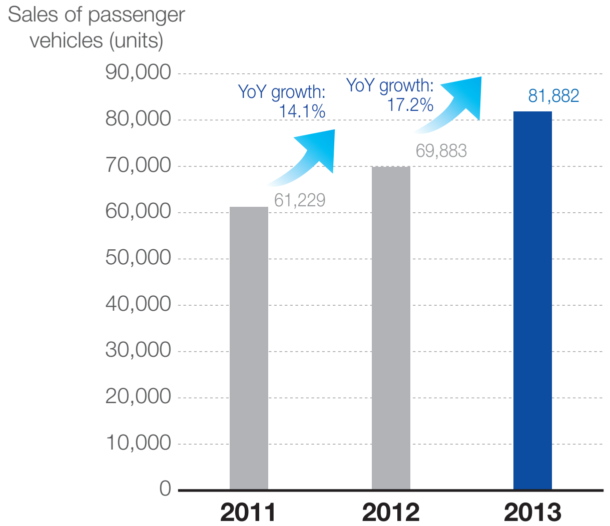
Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE

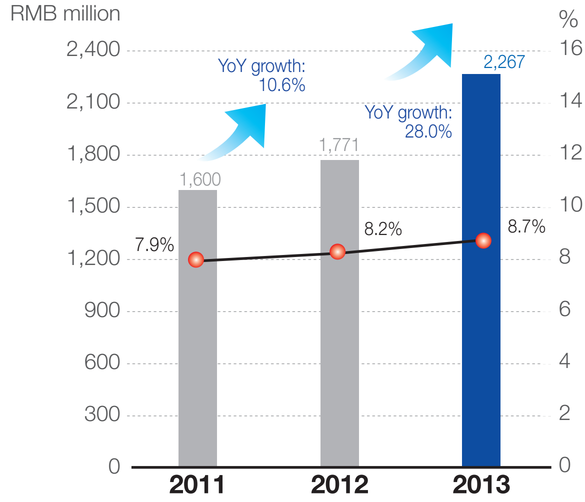
www.ydauto.com.cn

Financial Highlights

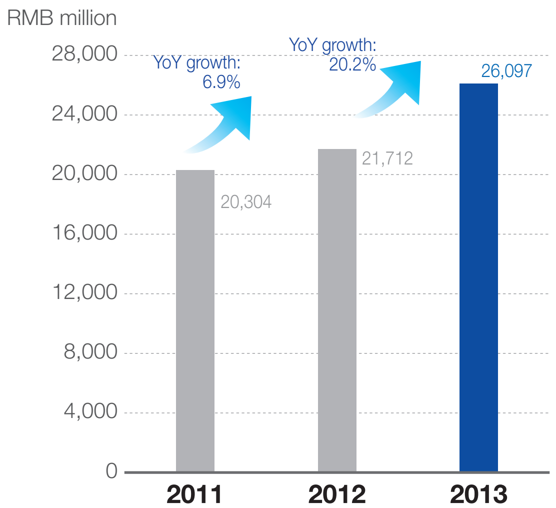
New passenger vehicles sales volume



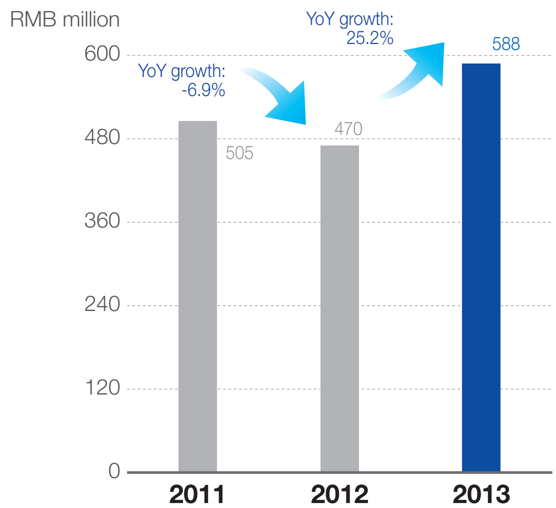
Gross profit and gross profit margin



Revenue



Profit and total comprehensive income attributable to owners of the Company



Chairman's Statement

Dear shareholders,

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

China's automobile market has grown faster in 2013 in terms of sales volume as compared to 2012. According to China Association of Automobile Manufacturers, China's automobile sales volume was approximately 21,984,100 units for 2013, an approximate 13.9% increase compared to 2012, which has made China the first country in the world to achieve an annual automobile sales volume of over 20,000,000 units and the country with the top annual automobile sales volume worldwide for five consecutive years. Sales volume of passenger vehicles in China for 2013 was approximately 17,928,900 units, representing an approximate 15.7% increase compared to 2012. Benefiting from better market sentiment, we have seized the opportunities with great efforts and have achieved satisfactory results in various aspects of management and operation.

ACHIEVING SIGNIFICANT GROWTH IN OPERATING RESULTS

As a leading passenger vehicle retailer and comprehensive service provider in China, our revenue and gross profit for 2013 were RMB26,097 million and RMB2,267 million, respectively, representing an increase of 20.2% and 28.0%, respectively, compared to 2012. Our consolidated gross profit margin has increased to 8.7% in 2013 from 8.2% in 2012. Our net profit and net profit attributable to owners of the Company for 2013 were RMB642 million and RMB588 million, respectively, representing an increase of 24.6% and 25.2%, respectively, compared to 2012.

Despite the challenging market environment, our sales volume of passenger vehicles reached 81,882 units in 2013, representing a 17.2% increase compared to 2012, among which the sales volume of luxury and ultra-luxury brand passenger vehicles reached 42,324 units in 2013, representing a 24.3% increase compared to 2012. In 2013, the sales revenue of passenger vehicles was RMB23,243 million, representing a 19.6% increase compared to 2012, among which the sales revenue of luxury and ultra-luxury brand passenger vehicles amounted to RMB18,392 million, representing a 22.5% increase compared to 2012.

In 2013, our after-sales services business recorded outstanding results, it was mainly attributable to the revenue from repair and maintenance services and automobile extended products and services of RMB2,587 million, representing a 26.3% increase compared to 2012, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB1,809 million, an approximately 35.3% increase compared to 2012. Gross profit margin of our after-sales services business has continued its growth to 46.8% in 2013, representing an increase of 2.3 percentage points compared to 2012.

ACTIVELY EXPANDING OUR NETWORK

During 2013, we have continued to build our strong and long-term strategic relationships with leading manufacturers of luxury and ultra-luxury passenger vehicles. We continued to focus on luxury and ultra-luxury brands, including BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Cadillac, Volvo and Infiniti and in 2013, we obtained an authorization from Lincoln, an American luxury brand, a luxury custom-modified vehicle brand and Morgan, a British vintage brand for luxury racing cars. In addition, we have selectively expanded the sales network of mid- to high-end brands, mainly including Buick, Volkswagen and Ford. What is also worth mentioning is that, in 2013, we entered into a strategic cooperation framework agreement with Audi, making us one of its first five strategic dealerships in China. Meanwhile, we entered into a strategic cooperation intention agreement with Volvo in 2013 and became Volvo's strategic partner in China.

In 2013, including our first luxury automobile maintenance and repair center under the "Auto Repair (車易修)" brand, we have established and commenced the operation of 19 new passenger vehicle sales and service outlets mainly for luxury and ultraluxury brands, including BMW, Audi, Jaguar, Land Rover. Moreover, we obtained new authorization to open 24 new outlets from a number of brands, including BMW, Audi, Jaguar, Land Rover.

In 2013, we actively implemented the mergers and acquisitions strategy, and successfully acquired four BMW 4S dealerships, one Audi 4S dealership, one Volvo 4S dealership, one Buick 4S dealership and one BMW authorized service center, at relatively low costs. Furthermore, we also acquired 49% of equity interests in each of the two Jaguar/Land Rover 4S dealerships. Our team exhibited outstanding performance during the course of merger and acquisition. Following the merger and acquisition, our smooth integration work facilitates us to realize sustainable rapid growth in the future.

ENHANCING OUR MANAGEMENT CAPABILITY

We adhered to our team management strategy and put continuous efforts in optimizing our standardized management processes and enhancing our level of management. We have defined and streamlined our future development strategy and formulated the Group's business plan for the next ten years (2013-2022). We have started instilling the business plan and its importance to the management and further promoted consistency of thoughts and actions amongst the workforce. We have strengthened the resources sharing and synergies among same-brand sales and outlet services through our brand enhancement department. We continued to the target management of gross profit margin and inventory turnover days, and to enhance the management of expense and budgeting to enhance profitability. We continued to enhance our information technology system as well as the transparency of our internal management. We also conducted intelligent management analysis so as to management and control capability as well as the objectivity of our decision making. We continued the engagement of third-party consulting firm to identify areas of our business processes which require improvement and pursue the enhancement. We have continued to build our corporate brand "Yongda" in order to enhance its market influence and reputation. Our enhanced management capability enabled our effective operation. It was also highly recognized by the society and the manufacturers of passenger vehicles. We have received a number of awards from the manufacturers of passenger vehicles for our dealerships of BMW, Audi, Jaguar/Land Rover, Infiniti, Cadillac, FAW-Volkswagen, Buick. Besides, in 2013, we were awarded the "2012 Shanghai Top Ten Brands" title. We are the only company in the automobile sales and services industry in Shanghai that won this award.

EXPLORING BUSINESS INNOVATION

Along with the rapid expansion of consumption of passenger vehicles in the China's market, automobile after-market services has accumulated enormous business opportunities. In this regard, we actively explored innovation and promoted timely development of new businesses, seeking breakthroughs in various areas such as automobile finance leasing and chained repair services for luxury vehicles.

In 2013, we obtained the approval from the Ministry of Commerce of the PRC and established Shanghai Yongda Finance Leasing Company Limited (上海永達融資租賃有限公司). This laid a milestone of our efforts in providing financing products and services to our customers. In 2013, through business integration and consolidation within a relatively short period, our finance leasing business has achieved extensive development in Shanghai region and initially established reputation in the industry. Through training and guidance conducted at outlets, promotion of standardized products, strict risk control and the building of professional teams, we were able to better meet our customers' needs and achieved relatively fast business development. The penetration ratio resulting from the synergies of the automobile sales industry and financial industry in the form of automobile finance leasing is over 40% in mature markets such as Europe and America. In China, automobile finance leasing is at its preliminary stage and has great potential for future development and achieves profitability. Automobile finance leasing covers a comprehensive industry chain of passenger vehicle sales services. We expect to gain revenue and increase profit from the automobile finance leasing business in the areas of new passenger vehicles sales and interest earnings. We also expect revenue gain and profits from the automobile finance leasing business in the areas of maintenance and repair services, automobile extended products and services, insurance and pre-owned vehicle businesses.

In 2013, we leveraged our strong automobile sales and service brand "Yongda" to develop our own brand "Auto Repair (車易修)", which aimed at providing automobile maintenance and repair services chain for luxury automobile. We created a unified standard for our brand image and established a unified business flow, which formed a readily replicable chained development model. We will consider Eastern China, more matured market for luxury vehicles, as the first market for such chain development. As at December 2013, our first "Auto Repair (車易修)" luxury automobile maintenance and repair centre has been successfully launched in Shanghai.

HIGH ATTENTION TO HUMAN RESOURCES

We understand and realize that talents are the core competitiveness for the Company, whereas a company may have no promising future without a competent management team. To this end, we engage a famous human resources management and consulting firm — Towers Watson Consultancy to assist us in organizing our historical human resource management practices and planning our new human resource management system in order to upgrade our work in human resource management to a new standard.

To adapt the needs for our fast-growing network, we will enhance our efforts on internal selection and external recruitment and train a group of talented teams for the general managers of 4S dealership stores and other relevant management positions. To coordinate with our internal selection and external recruitment, we have formulated strict workflows and organize strong and effective executive division to ensure such selection and recruitment to be promoted in high efficiency for long term. Meanwhile, looking forward, we will actively recruit suitable and competent staff through university graduate recruitment program in order to build up a talent reserve for the future development of our Company.

Chairman's Statement

Training is crucial to the future development of our Company. Therefore, we have been putting in efforts in shaping the Company as a learning-based organization. We also sent our competent core management personnel to top-rated business schools in China for exchange and learning. We will set the annual budget for various projects in order to satisfy the training needs of our staff. We strongly believe that our staff is the best investment of the Company.

We are concerned about the performance appraisal of our staff so that we have established a comprehensive performance appraisal system. We focus on innovation and reforms so as to make our performance appraisal more scientific and rational and to maximize the motivation to our staff.

Based on the optimistic expectation of China's long-term economy and the prevailing low average ownership rate of luxury and ultra luxury passenger vehicles per capita, the Group considered that, China market of luxury and ultra luxury passenger vehicles would maintain its rapid growth for a long term in the future. Therefore, we have formulated the ten-year strategic planning for 2013–2022. We are confident in our rapid growth in the future. In the future, we would take advantage of the strong power of finance and internet to boost our automobile sales service business. We would also pay close attention to the enormous development potential of new energy vehicles and take the lead to implement the strategic initiatives for new energy vehicles sales and services, so as to make timely strategic adjustments for business opportunities. Along with the increasing market integration, automobile sales service industry will tend to adopt a collective and professional management. We will fully leverage on our strong teams and our readily replicable standardized management model, engage in mergers and acquisitions in a timely manner and seize the possible integration opportunities in the industry, so as to achieve rapid growth of business scale and sustainable enhancement of efficiency.

In 2013, with the collective efforts of all our staff, we have achieved satisfactory results in various aspects such as operational management, network expansion and exploring innovation. In this regard, I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude. Under the promising market prospect for the sales of luxury and ultra luxury automobile in China, we will seize the opportunities and be innovative so as to bringing our development to a new level.

CHEUNG Tak On
Chairman

March 24, 2014

Management Discussion and Analysis

MARKET REVIEW

China's automobile market has grown faster in 2013 in terms of sales volume as compared to 2012. According to China Association of Automobile Manufacturers, China's automobile sales volume was approximately 21,984,100 units for 2013, representing an increase of approximately 13.9% compared to 2012, which has made China the first country in the world to achieve an annual automobile sales volume of over 20,000,000 units and the country with the top annual automobile sales volume worldwide for five consecutive years. Sales volume of passenger vehicles in China for 2013 was approximately 17,928,900 units, representing an increase of approximately 15.7% compared to 2012.

Benefiting from the launch of new passenger vehicle models and customers' demand for consumption upgrade, the market for luxury and ultra-luxury passenger vehicles in China has continued its fast growth in 2013, at a pace faster than the average growing pace of the passenger vehicle market of China. In 2013, the sales volume of various mainstream luxury and ultra-luxury brands, namely BMW/MINI, Audi, Jaguar/Land Rover and Porsche, were approximately 391,000 units, 489,000 units, 95,000 units and 37,000 units, respectively, in China, representing a growth of approximately 19.7%, 21.2%, 30.0% and 19.9%, respectively, compared to 2012.

Meanwhile, China's after-sales services market has demonstrated great growth potential and continued its fast-growing pace in 2013, in particular, in the luxury and ultra-luxury segment, primarily driven by the continuous rise in passenger vehicle ownership and the aging of passenger vehicles in China. Moreover, Chinese consumers are increasingly attaching importance to automobile maintenance and repair and other related extended products and services, leading towards the expansion and development of the after-sales services market. According to Roland Berger, until 2018, the number of luxury and ultra-luxury brand vehicles in China is expected to reach 16.08 million units with a compound annual growth rate ("**CAGR**") of approximately 23%, among which, the percentage of passenger vehicles that is older than two years is expected to rise to approximately 74%. As a result, Roland Berger predicts that after-sales services in the luxury and ultra-luxury segment is expected to generate about RMB343 billion revenue with a CAGR of approximately 22% in 2018. It has also been estimated by Roland Berger that transaction volume of pre-owned vehicles is expected to reach 9.68 million units with a CAGR of approximately 18% in 2018. We believe that, driven by the continuing growth in car parc and a gradually maturing market, the after-market services business for luxury and ultra-luxury brand passenger vehicles, including maintenance and repair services, extended products and services, insurance business and credit products and services, pre-owned vehicles and automobile rental and finance leasing services, will continue their fast growth.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we have achieved relatively fast growth in 2013. Our revenue and gross profit for 2013 were RMB26,097 million and RMB2,267 million, respectively, representing an increase of 20.2% and 28.0%, respectively, compared to 2012. Our consolidated gross profit margin has increased to 8.7% in 2013 from 8.2% in 2012. Our net profit and net profit attributable to owners of the Company for 2013 were RMB642 million and RMB588 million, respectively, representing an increase of 24.6% and 25.2%, respectively, compared to 2012. Set forth below is a summary of the major developments of our business for 2013:

Management Discussion and Analysis

Accelerated Growth in Passenger Vehicle Sales and Fast-growing After-market Business

- *Passenger Vehicle Sales.* The market for passenger vehicles has been recovering since the fourth quarter of 2012 and has accelerated its growth in 2013. The retail price has generally remained stable with an upward trend. Our management has prudently monitored the changing market conditions and has striven to prioritize the profitability of our business, to optimize and enhance model structure, enhance inventory control and price control via the information management system. We have also accelerated the pace for the development of new outlets and mergers and acquisitions to an appropriate level so as to achieve a balance between sustainable sales growth, satisfactory inventory level and profitability.

  Despite the challenging market environment, sales volume of passenger vehicles reached 81,882 units in 2013, representing a 17.2% increase compared to 2012, among which, the sales volume of luxury and ultra-luxury brand passenger vehicles reached 42,324 units in 2013, representing a 24.3% increase compared to 2012. In 2013, the Group's sales revenue of passenger vehicles was RMB23,243 million, representing a 19.6% increase compared to 2012, among which the sales revenue of luxury and ultra-luxury brand passenger vehicles amounted to RMB18,392 million, representing a 22.5% increase compared to 2012. The Group's gross profit margin of passenger vehicle sales has increased to 4.2% in 2013 from 4.0% in 2012, benefiting from the fact that retail price has remained stable with an upward trend since the fourth quarter of 2012 and there is a continuous increase in proportion of sales revenue from the sales of passenger vehicle brands which have higher profit margins.

- *After-sales Services.* Our repair and maintenance services have continued fast growth in 2013, particularly in the luxury and ultra-luxury segment. This is a result of our fast-growing customer base, particularly our customers for luxury and ultra-luxury passenger vehicles, which in turn increased the demand for after-sales services. Our comprehensive "one-stop shop" automobile-related quality services and the recognition of our well-known "Yongda" brand have achieved a high degree of customer satisfaction and have helped increase customer retention rates, continuous consumption of customers and number of new customers through referrals. We maintained our efforts in enhancing cooperation with insurance companies which boosted our accident car repair business. We have also enhanced the internal management of our after-sales services and implemented centralized procurement of spare parts and appliances, which have effectively increased our service efficiency and lowered our costs.

Meanwhile, we have been committed to providing comprehensive, diversified and value-added automobile extended products and services through our "one-stop shop" service, which mainly includes automobile decoration, automobile spare parts, automobile modifications, automobile care and maintenance services, automobile extended warranty services, agency services for vehicle title registration, vehicle inspection services, road rescue services and club membership services. In 2013, our automobile extended products and services business has, to a certain extent promoted the growth of after-sales services, mainly driven by our continuous improvement of the sales process, competitive evaluation and incentive system and the introduction of suppliers and products that meet customers' needs.

In addition, the rapid increase in revenue from after-sales services of our newly opened outlets and the contribution of our acquired outlets are additional factors that boost the overall growth in revenue for our after-sales services.

Along with the continuous increase in both luxury passenger vehicle ownership and the proportion of luxury passenger vehicles which aged over two years, consumers wish to have diversified selection for after-sales services. To meet customers' needs, we created our own "Auto Repair (車易修)" brand in 2013 and have planned to establish our luxury automobile maintenance and repair service network under this brand, in order to provide more convenient, professional, competitive and diversified selection of after-sales services for luxury automobile consumers in addition to our existing 4S dealerships. Our first "Auto Repair (車易修)" luxury automobile maintenance and repair center has commenced operations on Hutai Road in Shanghai in 2013.

In 2013, our after-sales services business, which mainly includes repair and maintenance services and automobile extended products and services, achieved a revenue of RMB2,587 million, representing a 26.3% increase compared to 2012, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB1,809 million, a 35.3% increase compared to 2012.

Gross profit margin of our after-sales services business has continued its growth to 46.8% in 2013, representing a 2.3 percentage points increase compared to 2012, primarily due to (i) the increase in the proportion of after-sales services business for luxury and ultra-luxury passenger vehicles brands which have higher gross profit margins; (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 accident car repair business referrals by insurance companies; (iv) our continuous enhancement of cost control and centralized procurement, as well as the introduction of new suppliers who can meet our strict quality control requirements at lower cost; and (v) our enhanced after-sales efficiency brought by the improved internal management of after-sales services.

- *Automobile Rental Service.* In 2013, through exploring new customers and expanding our fleet size, our automobile rental service has recorded a revenue of RMB266 million, representing a 19.3% increase compared to 2012. Although we face a higher labor cost and a temporary adverse impact on the tax reform by the PRC government to change business tax to value-added tax in 2012, our gross profit margin for automobile rental service was 33.5% for 2013 as compared to 36.5% for 2012, which has generally remained stable.

- *Other After-market Services.* During 2013, we strengthened our cooperation with insurance companies, banks and other financial institutions and achieved a continued rapid increase in revenue from our agency services for automobile insurance and financial products. In addition, we actively promoted the pre-owned vehicle business in 2013 through the strengthening of the information management system for pre-owned vehicles, increasing the sales proportion of certified pre-owned vehicles, using a third-party auction system for pre-owned vehicles, and the establishment of pre-owned vehicle center, which have greatly improved sales volumes and profit of pre-owned vehicle business. In 2013, the commissions related to after-market services reached RMB181 million, representing an increase of 16.1% from RMB156 million for 2012.

Continuous Expansion of Our Network

In 2013, we have continued to build our strong and long-term strategic relationships with leading manufacturers of luxury and ultra-luxury passenger vehicles. We continued to focus on luxury and ultra-luxury brands, including BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Volvo, Cadillac and Infiniti and in 2013, we obtained an authorization from Lincoln, an American luxury brand, a luxury custom-modified vehicle brand and Morgan, a British vintage brand for luxury racing cars. In addition, we have selectively expanded the sales network of mid- to high-end brands, mainly including Buick, Volkswagen and Ford.

What is also worth mentioning is that, in 2013, we entered into a strategic cooperation framework agreement with Audi, making us one of its first five strategic dealerships in China. Audi has always kept strict rules on the location

and the quantity of its dealership outlets. Driven by the fast development of China's automobile market and enhanced competition, Audi has adjusted its network development strategy by identifying competitive automobile sales companies as its strategic partners to become the main force of its network development. In accordance with the 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 Audi's top priority in respect of its network development. Meanwhile, we are given priority to sell the new models of Audi's 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. Benefiting from our strategic partnership with Audi, we will no longer be restricted by dealerships development constraints previously imposed by Audi and will seize the opportunity of rapid development of Audi in China. We plan to significantly increase market share in the sales of Audi vehicles in China to achieve leapfrog development, which is expected to help optimize our luxury and ultra-luxury products portfolio and enhance our future business development.

In addition, the Group entered into a strategic cooperative intention agreement with Volvo in 2013 and became Volvo's strategic partner in China. This not only signifies that we will attain more support and development opportunities from Volvo, but also represents our Group's critical and constructive steps on the development of Volvo's network. Our Group will cooperate with Volvo comprehensively and extensively in the future, which is expected to create opportunities for us to achieve substantial development in the network development, sales of new passenger vehicles, after-sales services and market expansion of Volvo.

In 2013, we obtained authorization to open 24 new outlets from a number of luxury and ultra-luxury brands, including three BMW 4S dealerships, five Audi 4S dealerships, five Jaguar/Land Rover 4S dealerships, two Lincoln 4S dealerships, one luxury custom-modified vehicle brand 4S dealership, two BMW service centers, one Cadillac city showroom and one Morgan city showroom, which has further enhanced our luxury and ultra-luxury brand portfolio.

In 2013, including our first self-owned "Auto Repair (車易修)" luxury automobile maintenance and repair center, we have opened 19 new passenger vehicle sales and services outlets mainly for luxury and ultra-luxury brands, including three BMW 4S dealerships, one BMW city showroom, three Audi 4S dealerships, five Jaguar/Land Rover 4S dealerships, one Porsche 4S dealership, one Bentley 4S dealership, one Cadillac 4S dealership, one Cadillac

city showroom, and one luxury custom-modified vehicle brand 4S dealership. Among which, several are the largest 4S dealerships or city showrooms worldwide or in their respective regions, for example:

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

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

- in May 2013, we commenced operation of the global largest Audi flagship 4S dealership in Shanghai, which has a gross floor area of approximately 46,000 square meters.

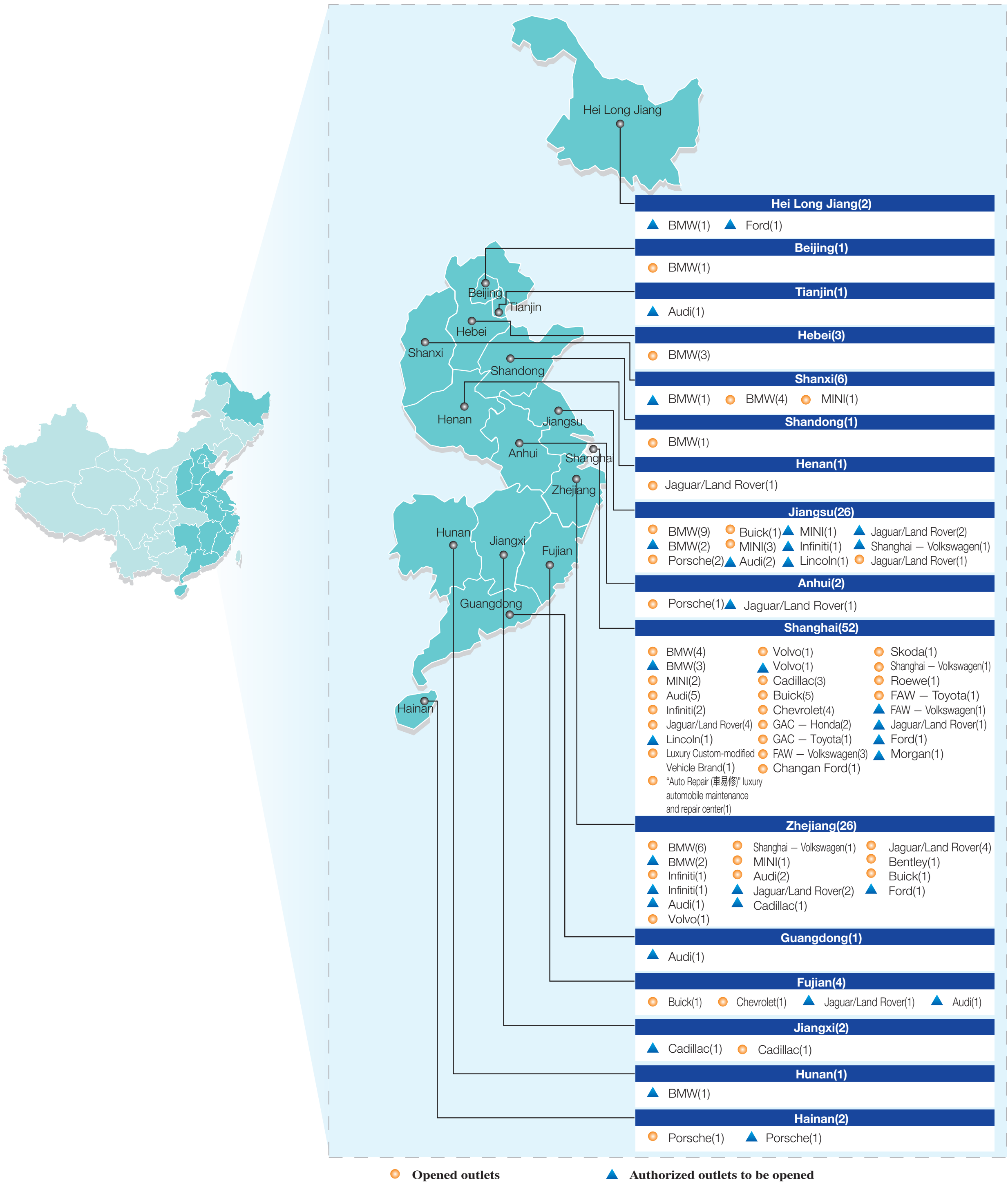
Furthermore, our first self-owned luxury automobile maintenance and repair center under the "Auto Repair (車易修)" brand has commenced operation in Shanghai in December 2013.

In 2013, we actively implemented the mergers and acquisitions strategy of our Group, captured the mergers and acquisitions opportunities in the market and made substantial progress in such area. We successfully acquired seven 4S dealerships and one authorized service center for luxury brands at relatively low costs, namely one Audi 4S dealership in Lishui, Zhejiang province, one BMW 4S dealership in Shijiazhuang, Hebei province; one BMW 4S dealership in Linyi City, Shandong province, one BMW 4S dealership in Jiaxing, Zhejiang province; one BMW 4S dealership in Zhangjiakou, Hebei province; one Volvo 4S dealership in Shaoxing, Zhejiang province, one Buick 4S dealership in Jiaxing, Zhejiang province and one BMW authorized service center in Handan, Hebei province, respectively. Moreover, we also acquired 49% of equity interests in each of the two Jaguar/Land Rover 4S dealerships in Shanghai (we originally owned 51% of equity interests in each of these two Jaguar/Land Rover 4S dealerships). After the acquisition, we own 100% of equity interests of these two Jaguar/Land Rover 4S dealerships. The above-mentioned acquisitions help us to enter into new regions of the markets, to achieve rapid growth on an ongoing basis in the future, and to gain valuable experience and lay down a solid foundation for our future mergers and acquisitions at low cost. In addition, after the acquisitions, we have basically completed the integration works in the areas such as team, management, process and cultures of these outlets at a fast pace, thereby enabling these outlets to improve their operating results post-acquisition.

The table below sets forth the details of our outlets as of December 31, 2013:

	Opened outlets	Authorized outlets to be opened	Total
Luxury and ultra-luxury brands 4S dealerships	45	29	74
Mid- to high-end brands 4S dealerships	25	5	30
Luxury brands city showrooms	16	1	17
Luxury brands authorized service centers	5	2	7
Luxury brands authorized certified pre-owned vehicle center	1	1	2
Self-owned "Auto Repair (車易修)" luxury automobile maintenance and repair center	1	–	1
Total	93	38	131

We continued to operate our extensive network mainly based on the Yangtze River Delta and have expanded our network to other regions, such as Northern China, Eastern Northern China, Central China and Southern China. As of December 31, 2013, we have opened and have been authorized by manufacturers to open in total 131 outlets which are located across 3 municipalities and 41 cities in 13 provinces in China. The geographic coverage of our outlets is illustrated below:



Management Discussion and Analysis

Striving for Innovation and the Embarkation into the Finance Leasing Sector

In 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 of our efforts in providing financing products and services to our customers. In 2013, through business integration and consolidation within a relatively short period of time, our finance leasing business has achieved extensive development in Shanghai region and initially established reputation in the industry. Through training and guidance conducted at outlets, promotion of standardized products, strict risk control and the building of professional teams, we were able to better meet our customers' needs and achieved a relatively fast business development. The penetration ratio resulting from the synergies of the automobile sales industry and financial industry in the form of automobile finance leasing is over 40% in mature markets such as Europe and America. In China, automobile finance leasing is still at its preliminary stage and has great potential for future development and profitability. Automobile finance leasing covers a comprehensive industry chain of passenger vehicle sales services. We expect to gain revenue and increase profit from the automobile finance leasing business in the areas of new passenger vehicles sales and interest earnings. We also expect revenue gain and profits from the automobile finance leasing business in the areas of 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 continuous 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 and acquire in the future. In 2013, we particularly focused on enhancing our management by adopting the following key measures:

- determining and streamlining the future development strategies and promoting consistency of thoughts and actions amongst the workforce through the promotion of "second venture";
- strengthening resources sharing and synergies among same-brand sales and outlet services through our brand enhancement department;

- leveraging our information system to examine and monitor the sale prices of passenger vehicle in order to enhance the price management of passenger vehicle sales;

- continuously strengthening the target management of gross profit margin and inventory turnover days;

- continuously enhancing the management of expenses and budgeting to enhance profitability;

- establishing of specialized division(s) and system to speed up the training of strategic talents in order to build up sufficient numbers of management personnel and team;

- motivating management and staff to achieve the Company's goals through optimizing the performance appraisal and remuneration management models;

- continuously enhancing our information management system to improve the consistency and transparency of our internal operation, and enhance our operation efficiency; and

- continuous engagement of third-party consulting firms to identify areas of our business processes which require improvement.

In addition, in respect of marketing, we have continued to build our corporate brand "Yongda" during 2013 and made continuous efforts in innovative marketing and enhancing customer retention through a variety of channels, including:

- adhering to our customer-oriented strategy, enhancing customer's satisfaction and encouraging customers' continuous consumption and consumption upgrade;

- strengthening the centralized customer service and management platform of our multi-media "96818";

- promoting marketing and sales through TV shopping channels and online shopping platform, and encouraging innovation in sales media; and

- successfully developing and launching the "Yongda Automobiles World" online application and initially realizing a new sale and marketing model of "O2O".

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

- managers of two of our BMW 4S dealerships have been awarded "Best Sales Manager" by BMW in China in 2013;

- one of our Audi 4S dealerships in Shanghai was awarded three national dealership awards by Audi in 2012, namely "Best Sales Director", "Best Marketing Director" and "Best Dealership of the Year", as well as two national dealership awards in 2013, namely the "Special Contribution Award" and "Best Sales Results Award";

- 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 for the year 2012/2013;

- two of our Infiniti 4S dealerships in Shanghai have been awarded Infiniti's national "Top Ten Dealerships Award" in 2013, and a general manager in one of the Infiniti 4S dealerships has been awarded "Best General Manager" award;

- one of our Bentley 4S dealerships in Shaoxing, Zhejiang was awarded Bentley's national "Best Retail Sales Results of New Dealership" award in 2013;

- one of our Cadillac 4S dealerships in Shanghai has been awarded Cadillac's national "Best Sales Five Stars Award" of 2013;

- One of our FAW-Volkswagan 4S dealerships in Shanghai has been awarded the 2013 FAW-Volkswagan "Outstanding Dealship" award; and

- several of our Buick 4S dealerships have been awarded five-star authorized sales and after-sales service centers by Buick in 2013.

In May 2013, we were awarded the "Shanghai Top Ten Brands" title, for our professional services, corporate strength and outstanding corporate image. We are the only company in the automobile sales and services industry of Shanghai 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 RMB26,096.5 million in 2013, a 20.2% increase from RMB21,712.0 million in 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 Year Ended December 31,					
	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	15,008,842	34,039	441	**18,391,643**	**42,324**	**435**
Mid- to high-end brands	4,431,383	35,844	124	**4,851,421**	**39,558**	**123**
Subtotal	19,440,225	69,883	278	**23,243,064**	**81,882**	**284**
After-sales services	2,048,629	—	—	**2,587,295**	**—**	**—**
Automobile rental services	223,144	—	—	**266,167**	**—**	**—**
Total	21,711,998	—	—	**26,096,526**	**—**	**—**

Revenue from passenger vehicle sales was RMB23,243.1 million in 2013, a 19.6% increase from RMB19,440.2 million in 2012, primarily due to (i) the overall demand for passenger vehicles continuing to grow in China, particularly for luxury and ultra-luxury passenger vehicles; (ii) the continued increase in revenue of our dealerships opened in prior years; and (iii) the growth of passenger vehicle sales resulting from the increase in the number of our newly opened outlets and acquired outlets in 2013. Despite the increased proportion of entry-level models and domestically manufactured models leading to a slight decrease in average selling prices of ultra-luxury and luxury brands and mid- to high-end brands passenger vehicles, the proportion of revenue from ultra-luxury and luxury brands passenger vehicle sales continued to increase, resulting in an approximately 2.0% increase in overall average selling price of our passenger vehicle in 2013 compared to 2012.

Revenue from after-sales services was RMB2,587.3 million in 2013, a 26.3% increase from RMB2,048.6 million in 2012, primarily due to (i) our growing customer base, particularly 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 recognition and in turn increased customer retention rates and continuous consumption, as well as attracted new customers through referrals; (iii) more referrals by insurance companies as a result of our strengthened cooperation; (iv) our innovative efforts and launching of various comprehensive, diversified and value-added automobile extended products and services; (v) our continuing effort in enhancing service efficiency; and (vi) the increase in the number of newly opened and acquired outlets in 2013.

Revenue from automobile rental services was RMB266.2 million in 2013, a 19.3% increase from RMB223.1 million in 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 RMB23,829.9 million in 2013, a 19.5% increase from RMB19,941.4 million in 2012, which was generally in line with the growth of revenue.

Cost of sales and services for passenger vehicle sales was RMB22,276.1 million in 2013, an increase of 19.4% from RMB18,662.9 million in 2012, which was generally in line with the growth of passenger vehicle sales.

Cost of sales and services for after-sales services was RMB1,376.9 million in 2013, a 21.1% increase from RMB1,136.8 million in 2012. The cost of sales and services for after-sales services increased at a slower pace compared to the increase of revenue from after-sales services.

Cost of sales and services for automobile rental service was RMB176.9 million in 2013, a 24.9% increase from RMB141.7 million in 2012, which increased at a slightly faster pace compared to the increase of revenue from our automobile rental services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB2,266.6 million in 2013, a 28.0% increase from RMB1,770.6 million in 2012.

Gross profit from passenger vehicle sales was RMB966.9 million in 2013, a 24.4% increase from RMB777.4 million in 2012. Gross profit margin for passenger vehicle sales increased to 4.2% in 2013 from 4.0% in 2012, primarily because the passenger vehicle market has remained stable with an upward trend since the fourth quarter of 2012; and an increased proportion of sales revenue from the sales of passenger vehicle brands which have higher profit margins.

Gross profit from after-sales services was RMB1,210.4 million in 2013, an increase of 32.8% from RMB911.8 million in 2012. Gross profit margin for after-sales services increased to 46.8% in 2013 from 44.5% in 2012, primarily due to (i) the increased proportion of after-sales services provided to luxury and ultra-luxury passenger vehicles, which have higher gross profit margin; (ii) our continuing focus on providing comprehensive, diversified and value-added automobile extended products and services; (iii) an increase of revenue from accident car repair business referrals by insurance companies; and (iv) our continuing efforts in 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 was RMB89.2 million in 2013, an increase of 9.6% compared to RMB81.4 million in 2012. Gross profit margin for automobile rental services was 33.5% in 2013, a decrease compared to 36.5% in 2012, primarily due to 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.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB251.8 million in 2013, a 8.7% decrease compared to RMB275.9 million in 2012, primarily due to the decrease in government grants in the amount of RMB22.7 million and interest income in the amount of RMB14.4 million.

Distribution and Selling Expenses

Distribution and selling expenses were RMB952.9 million in 2013, a 28.3% increase from RMB742.5 million in 2012, primarily due to the expansion of our sales and services network and sales scale. As a percentage of the revenue, our distribution and selling expenses amounted to 3.7% of the revenue in 2013 compared to 3.4% in 2012 primarily because the outlets newly opened in 2013 were still at the initial development stage.

Administrative Expenses

Administrative expenses were RMB484.5 million in 2013, a 30.9% increase compared to RMB370.2 million in 2012, primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, our administrative expenses increased to 1.9% of the revenue in 2013 compared to 1.7% in 2012, primarily because the outlets newly opened in 2013 were still at the initial development stage.

Finance Costs

Finance costs were RMB238.7 million in 2013, a 7.3% decrease from RMB257.4 million in 2012, primarily due to a decrease in the effective interest rate of our borrowings in 2013 compared to 2012.

Profit before Tax

As a result of the foregoing, profit before tax was RMB852.6 million in 2013, a 25.1% increase from RMB681.3 million in 2012.

Income Tax Expenses

Income tax expenses were RMB210.5 million in 2013, a 26.9% increase compared to RMB165.9 million in 2012. Our effective income tax rate remained stable at 24.7% in 2013 compared to 24.3% in 2012.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, profit and total comprehensive income was RMB642.0 million in 2013, a 24.6% increase from RMB515.5 million in 2012.

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

As a result of the foregoing, profit and total comprehensive income attributable to the owners of the Company was RMB588.3 million in 2013, a 25.2% increase from RMB470.0 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment of new dealership outlets, acquisition of dealerships and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from our operating activities, capital injections, the issuance of bonds, 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.

In 2013, our net cash from operating activities was RMB69.7 million, a 55.6% decrease from RMB157.1 million in 2012, primarily due to an increase in the finance leasing receivables in the amount of RMB88.2 million in 2013.

In 2013, our net cash used in investing activities was RMB1,517.7 million, compared to net cash from investing activities of RMB526.1 million in 2012, primarily due to an increase in payment for acquisition of subsidiaries in the amount of RMB479.8 million and an increase in capital expenditures, including expenditures on purchases in properties, plants and equipment, land use rights and intangible assets in the amount of RMB157.8 million.

In 2013, our net cash from financing activities was RMB971.2 million, compared to net cash from financing activities of RMB1,184.1 million in 2012, primarily due to an increase in our dividend payment of RMB195.4 million to the shareholders of the Company and the non-controlling interests in certain subsidiaries of the Company in 2013.

Inventories

Our inventories mainly include passenger vehicles and, to a lesser extent, spare parts, accessories and other miscellaneous inventories. Our inventories were RMB3,447.8 million as of December 31, 2013, a 28.7% increase from RMB2,678.2 million as of December 31, 2012, primarily due to the expansion in our sales and services network and sales scale. The following table sets forth our average inventory turnover days for the periods indicated:

	For the Year Ended December 31	
	2012	**2013**
Average inventory turnover days[1]	43.6	**46.9**

Note:

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

Average inventory turnover days in 2013 was 46.9 days, an increase from 43.6 days in 2012, which was primarily because our outlets newly opened in 2013 were still at initial development stage and the newly acquired outlets were not included when calculating the sales income for the year.

Loans and Borrowings

We obtained borrowings consisting of bank loans and other borrowings from automobile manufacturers' captive finance companies and bonds issuance to fund our working capital and network expansion. As of December 31, 2013, the outstanding principal amount of our borrowings and bonds amounted to RMB5,088.5 million, a 40.5% increase from RMB3,622.2 million as of December 31, 2012, primarily due to the successful issuance of RMB1,160 million medium-term notes in China in September 2013, with an interest rate of 6.4% and a term of three years. The following table sets forth the maturity profile of our borrowings and outstanding medium-term notes as of December 31, 2013:

	As of December 31, 2013 *(RMB in thousands)*
Within one year	**3,887,420**
One year to two years	**44,949**
Two to five years	**1,156,114**
Total	**5,088,483**

Our net debt to total equity ratio was 73.3% as of December 31, 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 December 31, 2013, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2013 consisted of (i) inventories of RMB790.2 million; (ii) property, plant and equipment of RMB132.6 million; (iii) land use rights of RMB7.7 million; and (iv) pledged bank deposits of RMB23.7 million.

Capital Expenditures and Investment

Our capital expenditures comprised primarily expenditures on the purchase of properties, plants and equipment, land use rights and intangible assets, as well as the acquisition of subsidiaries. In 2013, our total capital expenditures consisted of purchase of properties, plants and equipment, land use rights and intangible assets in the amount of RMB1,027.7 million and the expenditures on acquisition of subsidiaries in the amount of RMB489.5 million.

Contingent Liabilities

As of December 31, 2013, we did not have any material contingent liabilities or guarantees.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rates on our debts. Certain of our borrowings were variable-rate borrowings that are mostly linked to the benchmark rates of the People's Bank of China or the London Interbank Offered Rate. Increases in interest rates could result in an increase in our cost of borrowing. If this occurs, it could adversely affect our finance costs, profit and our financial condition. 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.

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

Use of Proceeds

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

FUTURE PROSPECTS AND STRATEGIES

According to the information from McKinsey, a global management consulting firm, China's luxury and ultra-luxury passenger vehicles market may maintain a CAGR of 12% up to 2020, and the annual sales volume of passenger vehicles in China is expected to reach 2.25 million units by 2016 at the earliest, ranking it first in the global luxury and ultra-luxury passenger vehicles markets. Meanwhile, the after-market services business, including maintenance and repair, pre-owned vehicles, insurance, credit and finance leasing, is also expected to increase rapidly.

To proactively capture market opportunities, the Company's core concept for 2014 and afterwards is designed to develop the Company into a leading retailer of luxury and ultra-luxury passenger vehicles and auto life services provider offering premium customer experience in China. Therefore, the Company will plan its financial services and continue to pay close attention to the sectors of Internet and new energy vehicles as well as the redevelopment and utilization of 4S dealerships, while strengthening the passenger vehicle sales services. The Company will implement our core concept through the measures set out below.

Passenger Vehicle Sales Services Business

- ***Network Expansion***

  Through years of development, the Company has set up a sales service network, based in Eastern China and reaching nationwide, focusing mainly on luxury and ultra-luxury brands. As for network expansion, the Company will expand its sales service network for authorizations by manufacturers by means of self-owned outlets and mergers and acquisitions. At the same time, the Company will plan the network deployment for its self-owned luxury automobile maintenance and repair centers by capitalizing on "Auto Repair (車易修)", the brand created by the Company, thus providing automobile customers with comprehensive maintenance services beyond the warranty period and diversifying customers base and preventing customer loss.

Self-owned network:

- brand portfolio: continue solidifying our leading position, both in the scale of network and in market share of BMW brand, and further promote the development of main-stream luxury and ultra-luxury brands, including Audi, Jaguar, Land Rover, Porsche and Volvo. Meanwhile, we plan to develop mid-to-high-end brands which have relatively higher profitability, such as Volkswagen, General Motors and Ford;

- regional layout: continue strengthening our leading position in the Eastern China regional market and expanding our presence in regional markets, such as Central and Western China, Northern China, Southern China and Northeastern China; and

- business conditions: focus on authorized repair centers and pre-owned vehicle centers in mature markets, particularly Eastern China, to offer diversified sales services and develop centralized automobile parks in phases that will mainly consist of single 4S dealership in order to achieve regional penetration and future resource synergy in cities with growth potential in Central and Western China.

Mergers and acquisitions:

- brands: focus on mature 4S dealerships of luxury and ultra-luxury brands;

- regions: focus on new markets or markets with greater potential;

- targets of acquisitions: consider 4S dealerships and small-to-medium dealership groups, while seeking cooperation with other large dealership groups;

- consolidation: upon the completion of mergers and acquisitions, we will pursue a policy of consolidation and integration in a systematic way in several aspects, such as introducing operational standards, setting performance indicators, formulating management system and integrating of corporate cultures, so as to put the companies acquired under our management system in a shorter time.

The network of “Auto Repair (車易修)”, a self-owned sub-brand:

- target customers: target customers of relatively old luxury automobiles that have longer vehicle age and are beyond warranty periods;

- development model: establish a standardized and replicable chain development model and coverage effect;

- locations: focus on mature markets in Eastern China which would not overlap with the coverage of our existing 4S dealerships; and

- models: establish large sheet-spray centers, small and medium sized repair and maintenance service stations and establish a presence in small community service centers of commercial residential areas, taking into account the local conditions.

- ***New Passenger Vehicle Sales Business***
  Given that the saturation of the new vehicle market is tending higher, that the competition is intensifying and that it is increasingly difficult to enhance the gross profit of new vehicle sales, we plan to further improve the new vehicle sales business mainly through the following measures:

  - further strengthen marketing by means of new media such as Internet and television; create a quick and convenient full-range consumer experience using mobile terminals, including mobile phone applications; and strengthen our cooperation with leading industry players such as Autohome and Tmall, in order to enhance our overall sales competitiveness;

  - leverage our Group's enormous customer resources to conduct marketing based on the customer database so as to promote upgrade in repurchase and spending by customers through low-cost marketing activities; and increase the relevancy of customer management by introducing VIP programs to ensure the continued development of customer value;

  - make innovations in new vehicle sales models, restructure and optimize departmental functions, so as to intensify the secondary marketing of extended businesses, such as insurance and financial products, thus increasing the value added to the new vehicle sales;

  - seek synergy between finance leasing and new passenger vehicle sales in order to achieve a high coverage of our business nationwide, promote business growth of our new passenger vehicle sales and extended services, such as maintenance and repair, insurance and agency services for pre-owned automobiles, as well as expand the scale of our finance leasing assets;

  - improve gross profit margin in new passenger vehicle sales by implementing an information system that provides dynamic management of new vehicle sales price and turnover of inventory; and

  - further exert the professional management of the Company's brand in order to realize flexible allocation of car models amongst different regions, the centralized management of our resources and efficient integration, and also to optimize the inventory structure.

- ***After-sales Services Business***
  As the luxury passenger vehicle ownership in China has increased rapidly and as it will maintain the growth pace, and as most of the luxury passenger vehicles begin to go beyond their warranty periods, there will be huge market potential for the after-sales market for luxury passenger vehicles. Therefore, we plan to achieve a new milestone for our after-sales services business by focusing on the key aspects as set out below and seizing market opportunities:

  - 4S dealerships: for the developed 4S dealerships, actively expand the maintenance capacity and to enhance efficiency in maintenance and repair work; for new and developing 4S dealerships, adopt various customer marketing activities in order to boost the rapid growth in the scale of after-sales business; improve customer management to increase the customer retention rate; enhance cooperation with insurance companies to increase the proportion of income from accidental cars and to increase gross profit margin;

- "Auto Repair (車易修)", a self-owned sub-brand: make great efforts to facilitate the construction of luxury automobile maintenance and repair centers under the "Auto Repair (車易修)" brand, so as to form a regional chain development pattern and a coverage effect of comprehensive maintenance brands; meanwhile, provide diversified support to "Auto Repair (車易修)" brand and business at low cost through active expansion of direct overseas procurement channels for spare parts. Establish regional and independent large sheet-spray centers under the "Auto Repair (車易修)" brand with reference to the successful experience in the mature North American market. In addition, proactively tap into the operations of community service outlets, thus connecting the maintenance and repair centers under the "Auto Repair (車易修)" brand with the community service outlets, providing customers with quick and quality services;

- extended products and services: make efforts in upgrading the extended products, such as automobile decoration products, automobile care services, automobile care and maintenance services, and in customer marketing; take advantage of the Group's economies of scale to further control procurement costs of extended products and to enhance revenue streams from services such as license registration, inspection, and trading by integrating our industrial chain; and

- extended services: implement comprehensive extended products and services with the manufacturers for automobiles purchased from manufacturers so as to increase the penetration of extended business in our customer base and effectively manage our customer resources.

- ***Pre-owned Vehicles Business***
  We believe that the huge passenger vehicle ownership of luxury vehicles in China and its rapid growth will greatly boost the growth of the transaction volume of pre-owned vehicles. In view of this, we plan to accelerate the growth of our pre-owned vehicle business through the following efforts:

  - develop e-commerce for pre-owned vehicles and establish a new e-commerce platform; to implement a B2C/B2B business model for retail and wholesale, and to create an O2O e-commerce business pattern by coordinating with offline service experience;

  - accelerate the development of brand-authorized pre-owned 4S dealerships and Yongda comprehensive pre-owned vehicle center outlets in order to reach an initial form of chain operation; and

  - enhance the value-added pre-owned vehicle business by actively enhancing cross-selling efforts among pre-owned vehicles, warranty extension, decoration, insurance and financial products.

- ***Expansion of New Energy Vehicle Business***
  With global energy sources and environmental problems becoming a common concern, we note that new energy vehicles have drawn more attention and gained rapid growth, which is well-proven by the development of Tesla in the Silicon Valley of the United States, BMW i3 of Germany, Prius under Japan's Toyota, etc. A promising outlook for the new energy vehicle sector in China can also be reasonably anticipated. Therefore, we plan to seize the opportunities arising from this development by taking the measures set out below.

- as a strategic partner of BMW, the Company has set up 5S dealerships in Shanghai that meet the latest standards by manufacturers, and have been one of the first authorized providers by BMW to sell and provide after-sales services for its electric vehicles in China. The Company is expected to be able to sell clean energy vehicles such as BMW pure electric vehicle i3 and plug-in hybrid electric vehicle i8 within the year. The Company will continue the upgrade and development of 5S dealership in first-tier cities with an aim to gain more sales and service licenses for the sales of electric vehicles in BWM outlets;

- promote the strategic cooperation with Shanghai Roewe and deepen the cooperation in terms of sales and after-sales services of the electric vehicles of the "E" series, thus accumulating experience for marketing and providing services for the new energy vehicles;

- proactively participate in the marketing of the electric vehicles under ZINORO, a self-owned brand of Brilliance BMW. Capitalize on the Company's established service network for automobile leasing and finance leasing, and to adopt "hire-purchase (以租代購)" and "financial hire purchase (融資租購)" models, which are internationally acceptable for new energy vehicles, thus attracting more customers; and

- meanwhile, the Company will explore the domestic market in terms of infrastructures and after-sales services network, through cooperation with leading electric vehicle manufacturers both in China and overseas.

Financial Business

"2014 Chinese Automobile Financial Report (《2014中國汽車金融報告》)", issued by Deloitte Touche Tohmatsu at the beginning of 2014, begins with "Automobile financial services, being an important link of the automotive industry value chain, embraces high value and vitality and posts tremendous potential in China". Therefore, the Company aims to place much emphasis on layout of its financial business. Firstly, the Company has industry strength and channel advantages in automobile sales and services. Secondly, the Company has been given the possibility and opportunity to tap into the financial business as the result of the gradually relaxed financial policies. In 2014, the Company plans to explore the conversion of a simple distributor in the automobile financial sector to a financial service provider from the following aspects:

- ***Promote synergy of cross-selling in the industry chain***

  The Company's policies on financial business are designed with the priority to fulfill the materialization of the Group's overall strategy. In 2013, we have set up a self-owned finance leasing company and have accomplished the preliminary layout for our leasing business in cooperation with an automobile leasing company in operation for 14 years. In the developed countries of the US and Europe, the percentage of automobile purchases through financing and automobile leasing generally range from 50% to 80%, as compared with less than 20% in China. The difference in the penetrations of financing and leasing endows us with tremendous space for development.

- ***Form a special membership management system via various financial instruments***
  Based on well-established conventional 4S dealerships across the country and on our customer base, we plan to construct a special financial Internet platform. Firstly, we plan to provide customers with payment-based financial experience through membership management methods, such as the issuance of pre-paid cards, application of electronic accounts and award point management. Secondly, we plan to provide customers with consumption credit-based financial experience through such means as online petty loans and online leasing on our membership platform, thus eventually achieving the complete integration of our membership management system.

- ***Further expansion of our financial business to build a comprehensive financial service system***
  The Company will closely monitor the changes in financial policies, and plan to apply for financial licenses for insurance, small loans and asset management when conditions permit, so as to expand the scope of our financial business. In addition, we will prudently expand the scope of financial business by carrying out financial businesses with our partners. We expect that the comprehensive financial service system will add to our profit structure and the overall profitability.

Internet

We note that the Internet serves as an important driver for passenger vehicle sales services. We will facilitate the online and offline integration of conventional automobile sales services with the Internet, mainly through the following measures:

- new vehicle sales: we plan to carry out strategic cooperation with third party professional auto websites such as Tmall, Autohome, Xcar and BitAutocom, while using the physical experience functions of offline 4S dealerships to achieve the complementary advantages of resources. We plan to create more opportunities for online and offline interactions via the O2O e-commerce platform, thus increasing the offline conversion rate of the new vehicle sales and the dealership contract rate;

- pre-owned vehicle business: in order to respond to the actual needs for the development of our pre-owned vehicles business, we will consolidate and unleash the capability of all our 4S dealerships and pre-owned vehicle centers, and develop an independent, comprehensive and nationwide O2O e-commerce platform for pre-owned vehicle sales. This e-commerce platform gathers functions such as online valuation, release and trading, and integrates the mobile apps for pre-owned vehicle trading;

- WeChat 4S dealerships: we plan to set up our WeChat 4S dealership, which combines all offline physical outlet services with the online virtual 4S service items, including online enquiries regarding new vehicle models, test driving appointments, after-sales consulting, reservation of maintenance and repair services, rush repair, settlement of insurance claims, micropayments, etc., providing our customers with convenient and personalized services; and

- mobile reservation for maintenance and repair services: we plan to construct a mobile communications platform for maintenance and repair services. Following the locations and directions given by mobile users, our service staff at the local 4S dealerships community service centers or our “moving maintenance vehicles” will provide onsite services. All procedures relating to service reservation, payment and information feedback are expected to be realized through mobile terminals such as mobile phones.

Further Development and Utilization of Lands for 4S Dealerships

During the process of constructing 4S dealerships over years, the Company has legally acquired various parcels of land for commercial use. Since we mainly invest in 4S dealerships for luxury and ultra-luxury brands, the lands acquired by us are usually large in size and situated in convenient locations with good transportation and other infrastructure. With rapid urbanization nationwide, the lands we previously acquired for the establishment of 4S dealerships have become or are expected to become a part of the city centre. With growing business activities, the value of the lands has increased significantly.

We consider that we should take advantage of market opportunities to relocate our 4S dealerships to new rural-urban areas recognized by the local government of the area where the manufacturers of passenger vehicles and our 4S dealerships are located, in order to fully conduct the commercial development of our previously acquired lands, through which we expect to receive higher land premium. We plan to utilize such premium to expand our network and develop various innovative businesses in order to maximize the value for shareholders of the Company.

Management Enhancement

Over the years, the Company has accumulated and formed a relatively complete and effective operational management process and system of passenger vehicles sales and services. However, in the face of challenges from the rapid expansion of our sales and service network and the increased pace of our mergers and acquisitions, in the future we plan to enhance our operational management level in the following aspects:

- professional brand management: strengthen the professional management model of our key brands and achieve a maximal resource-utilizing and -sharing mechanism amongst 4S dealerships of the same brand;

- regional synergy management: strengthen the effective coordination and integration of customer resources, marketing and public relation amongst our 4S dealerships for various brands within the same city/region by setting up city/regional representative offices;

- on-site management enhancement: select our key business officers to form an on-site supervisory team to provide on-site business and management guidance for our newly-opened outlets in order to help them rapidly improve business scale and management level;

- operational standardization management: integrate and improve various existing management systems within the Group and prepare the Corporate Operation Quality Standards Handbook. In addition, we will strengthen the supervision of implementation status in order to ensure that business management of 4S dealerships under the Group comply with our management requirements;

- customer base management: improve the retention measures for basic customers and strictly control customer churn, implement systematic and multi-level customer relationship management schemes to enhance customer satisfaction, and proceed with in-depth development of customer value by strengthening data analysis and marketing within our centralized customer information management system; and

- integrated management of funds: we plan to establish a group-level fund management centre and reduce the financing cost through an operation of scale, strengthen the integrated management and allocation of working capital and enhance the utilization efficiency of the same.

Talents Cultivation

We clearly recognize that talents are the core competitiveness for the Company, whereas a company may have no promising future without a competent management team. In this regard, we have engaged a well-known human resource management and consulting firm — Towers Watson Consultancy to assist us in well organizing our past work in human resource management and in comprehensively planning our new human resource management system, so as to boost our work in human resource management to a new level.

In order to cater to the demand of our fast-growing network, we will enhance our efforts in internal selection and external recruitment, and orderly train and nurture the general managers of 4S dealerships and talent teams for relevant management positions. In line with internal selection and external recruitment, we have formulated strict workflows and organized a strong and effective executive division to ensure continuous and efficient promotion of such selection and recruitment work. Looking forward, we plan to actively recruit appropriate and competent staff through university graduates and reserve outstanding management officers for future development of the Company.

Training is crucial to future development of our Company. We have put long-term efforts into shaping the Company as a learning-based organization, and we teach our staff the meaning of "learning creates the future". We plan to prioritize our culture-building and training to create consistent values amongst our staff. We plan to enhance the systemic training in both theory and practice based on the necessary expertise for different positions held by our staff to help them better adapt to the technical requirements of their positions.

We attach importance to the performance appraisal of our staff, so we have established a comprehensive performance appraisal system. We focus on innovation and reforms so as to make our performance appraisal more scientific and reasonable and to maximize the motivation to our staff.

We will always implement our corporate core values of "Credible, Innovative, Professional and Efficient", and be committed to strengthening our position as a leading passenger vehicles retailer and automobile service provider with best customer experience in China focusing on luxury and ultra-luxury brands. We aim to create greater value for our shareholders, employees and the society and become the most reputable automobile service brand in China.

Directors and Senior Management

DIRECTORS

Executive Directors

CHEUNG Tak On (張德安), age 47, is our Chairman and was appointed as our executive director on January 18, 2012. Mr. Cheung has substantial experience in the passenger vehicle dealership sector and is responsible for setting the strategic vision, direction and goals of our Group and he participates in our Group's strategic and key operational decision-making processes. Mr. Cheung was brought up in the PRC. From November 1999 to February 2005 and from November 2005 to present, Mr. Cheung has been the chairman of Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司) ("Yongda Holding") as well as its chief executive officer since November 1999, where he has been mainly responsible for overseeing its overall development and formulating corporate and business strategies. Mr. Cheung is currently a director of Grouprich International Investment Holdings Limited. He is also currently a director of Shanghai Yongda Group Company Limited By Shares (上海永達(集團)股份有限公司) ("Yongda CLS") and Shanghai Shoujia Investment Co., Ltd. (上海首佳投資有限公司) ("Shanghai Shoujia") as well as the chairman of Shanghai Shouchuang Automobile Consultancy and Services Co., Ltd. (上海首創汽車諮詢服務有限公司) ("Shanghai Shouchuang"). From September 1991 to June 1998, Mr. Cheung was the general manager of Yongda CLS.

Mr. Cheung received numerous awards in recognition of his achievement. Set forth below are the details of the awards received by him:

Award	Awarding Institutions
2013 National Outstanding Business Entrepreneur (2013全國商業優秀企業家)	China Business Enterprises Management Association (中國商業企業管理協會)
2013 Business Outstanding Contribution Award (2013年度事業突出貢獻獎)	Shanghai Youth Federation (上海市青年聯合會)
2012 Business Outstanding Contribution Award (2012年度事業突出貢獻獎)	Shanghai Youth Federation (上海市青年聯合會)
2012 Outstanding Entrepreneur (2012傑出企業家)	Pudong New Area, Shanghai Businesses, Entrepreneurs Association (上海市浦東新區企業、企業家聯合會)
Person of the Year, 2012 China Automobile Dealing Industry (2012中國汽車流通行業風雲人物獎)	China Automobile Dealers Association (中國汽車流通協會)
2011 National May Day Labor Medal (2011全國五一勞動獎章)	All China Federation of Trade Union (中華全國總工會)
Outstanding Entrepreneur of China of 2009 (2009中國卓越企業家)	The research centre of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會研究中心) and China Enterprise News Agency (中國企業報社)
Shanghai Labor Model of 2007 to 2009 (2007–2009年度上海市勞動模範)	The people's government of Shanghai City (上海市人民政府)

Mr. Cheung obtained an adult higher education training certificate in economic law jointly granted by The Open University of China (中央廣播電視大學) and China University of Political Science and Law (中國政法大學) through distance learning in 1996 and a master of science degree in business administration (Leadership Studies) from Madonna University, Michigan in December 2001. Mr. Cheung also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from September 1999 to December 2001, and the China CEO Program jointly offered by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, IMD and London Business School in 2011.

CAI Yingjie (蔡英傑), age 46, is our Vice-chairman, general manager and was appointed as our executive director on January 18, 2012. Mr. Cai is responsible for overseeing our operations and investment, managing our relationship with automobile manufacturers and exploring new business opportunities for our Group. Mr. Cai is also currently the chairman of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("Automobile Group"), which is an indirect wholly-owned subsidiary of our Company and is responsible for its operation and management, as well as the chairman or a director of several of our subsidiaries. From November 1998 to December 2011, he was the director of Yongda CLS and its general manager from November 1999 to December 2011. Mr. Cai was the deputy chief executive officer and a director of Yongda Holding from November 1999 to December 2011. From September 1991 to June 1998, Mr. Cai was the deputy general manager of Yongda CLS, where he was responsible for its business development. From September 1984 to July 1990, Mr. Cai worked in Shanghai Shenbao Automobiles Factory (上海申寶汽車廠) (later known as Shanghai Shenbao Automobiles Co., Ltd. (上海申寶汽車有限公司)), where he was responsible for automobiles inspection and management of the fleet of automobiles. Mr. Cai is currently a vice-chairman of the Shanghai Association of Automobile Manufacture (上海市汽車銷售行業協會) and he had also been a vice-president of the China Auto Dealers Chamber of Commerce (中華全國工商業聯合會汽車經銷商商會). Mr. Cai graduated from Nanjing Army Command College (南京陸軍指揮學院) with an adult higher education bachelor diploma in law in 2002.

Non-executive Directors

WANG Zhigao (王志高), age 45, is our Vice-chairman and was appointed as our non-executive director on January 18, 2012. Mr. Wang is responsible for overseeing the financial management, legal affairs, investors' relation and corporate audit of our Group. Mr. Wang has been a director of Yongda Holding since January 2005 and its deputy chief executive officer since January 2004, where he is responsible for its finance, audit, investment and legal affairs, and a director of Yongda CLS since December 2003. Mr. Wang is also currently a director of Sea of Wealth International Investment Company Limited and the chairman or a director of several of our subsidiaries. He also serves as a director of Shanghai Shoujia and Shanghai Shouchuang, the chairman of Shanghai Yongda Asset Management Company Limited (上海永達資產管理股份有限公司) and Shanghai Yongda Investment Management Co., Ltd. (上海永達投資管理有限公司), as well as an executive director of Shanghai Yongda Property Development Co., Ltd. (上海永達置業發展有限公司). From March 1998 to December 2003, Mr. Wang was a lawyer at Shanghai Jin Shi Law Firm (上海金石律師事務所) and from January 1997 to February 1998, a lawyer at Shanghai Xin Cheng Law Firm (上海信誠律師事務所). Mr. Wang graduated from East China University of Politics and Law (華東政法大學) with a bachelor degree in economic law in 1992 and a master degree in law in 1999. Mr. Wang also received a master degree in business administration from China Europe International Business School (中歐國際工商學院) in 2007.

Directors and Senior Management

WANG Liqun (王力群), age 60, was appointed as our non-executive director on January 18, 2012, and is responsible for formulating major policies of our Group. Mr. Wang is currently the president of Shanghai Stone Capital Co., Ltd. (上海磐石投資有限公司), a China-based private equity fund. He is also an independent director of Talkweb Information System Co., Ltd. (拓維信息系統股份有限公司) (Shenzhen Stock Exchange ("SZSE") stock code: 002261). Mr. Wang has served a number of positions, including a director, general manager and senior consultant of Shanghai Bashi Industrial (Group) Co., Ltd. (上海巴士實業(集團)股份有限公司) (now known as Huayu Automotive Systems Company Limited (華域汽車系統股份有限公司)) (Shanghai Stock Exchange ("SSE") stock code: 600741). From 1999 to 2007, Mr. Wang was the chairman of Shanghai Urban Rail System Corporation (上海現代軌道交通股份有限公司). From 1999 to 2001, Mr. Wang was the general manager of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司). Mr. Wang was qualified as a senior economist (高級經濟師) in 1992 by the Shanghai Economic (Production Area) Senior Professional and Technical Qualifications Committee (上海市經濟系列(生產領域)高級專業技術職務任職資格評審委員會) and was awarded the title of "Outstanding Young Entrepreneur" (傑出青年企業家) by the Youth Communist League Committee of Shanghai (共青團上海市委員會) and Shanghai Youth Entrepreneurs Association (上海市青年企業家協會). Mr. Wang obtained a college diploma in economics management from the School of Construction and Management of the University of Shanghai Urban Construction College (上海城市建設學院) in 1987.

Independent Non-executive Directors

WANG Zhiqiang (王志強), age 56, was appointed as our independent non-executive director on January 18, 2012. Mr. Wang is currently the deputy general manager of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司), vice-chairman of Dazhong Insurance Co., Ltd. (大眾保險股份有限公司) and a director of Galaxy Asset Management Co., Ltd. (銀河基金管理有限公司).

Mr. Wang also has extensive experience of serving senior positions in listed companies:

Companies	Positions	Duration
Shanghai 3F New Materials Company Limited (上海三愛富新材料股份有限公司) (SSE stock code: 600636)	Independent Director	April 2011–present
Shanghai Mechanical & Electrical Industry Co., Ltd. (上海機電股份有限公司) (SSE stock code: 600835)	Independent Director	May 2009–May 2012
Shanghai Chengtou Holding Co., Ltd. (上海城投控股股份有限公司) (formerly known as Shanghai Raw Water Co., Ltd. (上海市原水股份有限公司)) (SSE stock code: 600649)	Chief Supervisor	June 2005–June 2011

Before assuming these senior managerial positions, Mr. Wang had also been the head of finance department and deputy chief accountant of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司). Mr. Wang became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in 1997. Mr. Wang graduated with a college diploma in industrial accounting from Shanghai College of Finance and Economics (上海財經學院) which is now known as Shanghai University of Finance and Economics (上海財經大學) in 1983 and obtained an adult higher education bachelor diploma in economics management from East China Normal University (華東師範大學) in 1995. In 2007, Mr. Wang obtained his master degree in business administration from China Europe International Business School (中歐國際工商學院).

LU Wei (呂巍), age 49, was appointed as our independent non-executive director on January 18, 2012. Mr. Lu began his career in academia. Since 2003, Mr. Lu has been the Associate Dean of the Antai College of Economics and Management (安泰經濟與管理學院) at Shanghai Jiao Tong University (上海交通大學) as well as a professor at its Management Department. Between February 1997 and March 2003, Mr. Lu was an assistant to the Dean of the School of Management of Fudan University (復旦大學) and a professor in its Department of Marketing from November 2001 to March 2003. From 1996 to 1997, Mr. Lu was a visiting scholar at the Sloan School of Management of Massachusetts Institute of Technology.

Mr. Lu's academic qualifications and extensive experiences have led to his appointments in a number of listed companies:

Companies	Positions	Duration
Shanghai Shibei Hi-Tech Co., Ltd (上海市北高新股份有限公司) (SSE stock code: 600604)	Independent Director	September 2012–present
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (陸家嘴金融貿易開發區股份有限公司) (SSE stock code: 600663)	Independent Director	May 2008–present
Shanghai Guangdian Electric Group Co., Ltd. (上海廣電電器(集團)股份有限公司) (SSE stock code: 601616)	Independent Director	December 2007–present
Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司) (SZSE stock code: 002293)	Independent Director	November 2007–October 2013
Shanghai Yaohua Pilkington Glass Co., Ltd. (上海耀華皮爾金頓玻璃股份有限公司) (SSE Stock Code: 600819)	Independent Director	June 2006–April 2012
China Seven Star Shopping Limited (中國七星購物有限公司) (Stock Code: 245) (listed on the Hong Kong Stock Exchange)	Independent Non-executive Director	June 2005–present
Giti Tire Corporation (佳通輪胎股份有限公司) (formerly known as Hualin Tire Corporation (樺林輪胎股份有限公司)) (SSE Stock Code: 600182)	Independent Director	July 2003–May 2009

Mr. Lu graduated with a bachelor degree in management science from Fudan University (復旦大學) in 1986 before obtaining his master degree in economics in 1989 and PhD in economics in 1996 at the same university.

CHEN Xianglin (陳祥麟), age 69, was appointed as our independent non-executive director on January 18, 2012. From 1995 to 2006, Mr. Chen had been the chairman of Shanghai Automobile Industry (Group) Limited (上海汽車工業(集團)總公司). Between April 2004 and June 2008, Mr. Chen was the chairman of the supervisory committee of Shanghai Automotive Co., Ltd. (上海汽車集團股份有限公司) (SSE stock code: 600104), where his main responsibilities included monitoring the board and management activities and the internal control of the company. Mr. Chen has held a number of senior positions in the government, including the deputy secretary general of the Shanghai People's Government (上海市人民政府), deputy head of the Shanghai First Electromechanical Bureau (上海市第一機電工業局) and director of Shanghai Planning Committee (上海市計畫委員會). He had also been the vice-chairman of the Shanghai Federation of Economic Organization (上海市經濟團體聯合會) and Shanghai Federation of Industrial Economics (上海市工業經濟聯合會). In 1989, Mr. Chen obtained accreditation as senior economist (高級經濟師) from the Shanghai Economic (Production Area) Senior Professional and Technical

Qualifications Committee (上海市經濟系列 (生產領域) 高級專業技術職務任職資格評審委員會). Mr. Chen was admitted as a senior economist (高級經濟師) in 1994, and was later promoted as a senior international business engineer (高級國際商務師) in 1995 by the Shanghai Professional Titles Reform Work Leading Group (上海市職稱改革工作領導小組) and the Economic Professional Qualifications Committee of Shanghai University of Finance and Economics (上海財經大學經濟專業職務評審委員會). Mr. Chen graduated with a bachelor diploma in mathematics from Fudan University (復旦大學) in 1967, and has also completed a training course on independent directors organized by the SSE in 2008 and a training course on directors and supervisors of listed company organized by the Shanghai Securities Regulatory Bureau under the China Securities Regulatory Commission.

SENIOR MANAGEMENT

Our senior management team, in addition to our directors listed above, is as follows:

XU Yue (徐悅), age 38, was appointed as our executive deputy general manager on January 18, 2012 and is responsible for overseeing the development of marketing strategies and the establishment of new 4S dealership. Mr. Xu joined our Group in 1999 and has more than 13 years' experience in the passenger vehicle dealership sector. Mr. Xu is also currently the general manager of Automobile Group and the chairman or a director of several of our subsidiaries. He has been the assistant to the chief executive officer of Yongda Holding from January 2009 to December 2011. From June 2004 to January 2009, Mr. Xu was the deputy general manager of Yongda CLS and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司). Between February 2002 and March 2004, Mr. Xu was secretary to the chief executive officer of Yongda Holding, where he was mainly responsible for assisting the chief executive officer with daily administration. From November 2000 to February 2002, Mr. Xu was the general manager of Shanghai Yongda International Trading, Ltd. (上海永達國際貿易有限公司), where he was mainly responsible for the import of passenger vehicles. Between October 1999 and November 2000, Mr. Xu was the assistant to the general manager of Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司). Mr. Xu received a bachelor diploma in practical English and a secondary college diploma in international business and finance management from Shanghai Normal University (上海師範大學) in June 1997, and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2005. Mr. Xu also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from October 2003 to July 2005.

CHEN Yi (陳昳), age 41, was appointed as our deputy general manager and the general manager of the financial innovation department on March, 2014 and is responsible for the financial innovation, capital management and finance leasing business of the Group. Ms. Chen has over 18 years' experience in banking and financing industry. Prior to joining us, Ms. Chen was the senior assistant to the president of the Transportation Finance Division and the director of Eastern China Automobile Business Division of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (SSE stock code: 600016 and the Hong Kong Stock Exchange stock code: 01988) ("CMBC") from April 2013 to January 2014. From February 2004 to April 2013, Ms. Chen held several managerial positions in CMBC, including the senior customer manager of CMBC, Shanghai Branch, Anting Sub-branch (中國民生銀行股份有限公司上海分行安亭支行), the general manager of the Industrial and Commercial Enterprises Finance Division Two of CMBC, the general manager of the Automobile Finance Department and the president of CMBC, Shanghai Branch, Jiading Sub-branch (中國民生銀行股份有限公司民生銀行上海分行嘉定支行) and the president of CMBC, Shanghai Branch, Gubei Sub-branch (中國民生銀行股份有限公司上海分行古北支行). From July 1995 to February 2004, she worked at the Credit Card Division, Personal Banking Division and Customer Service Division of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SSE stock code: 601328 and the Hong Kong Stock Exchange stock code: 03328). Ms. Chen obtained a diploma in International Finance from Shanghai Finance University (上海金融學院) (previously known as Shanghai Advanced Institute of Finance (上海金融高等學院)) in 1995 and a bachelor degree in Money and Banking from Shanghai Jiao Tong University (上海交通大學) in 2000.

YE Ming (葉明), age 36, was appointed as our deputy general manager on January 18, 2012 and is responsible for managing the internal operation of our Group. Mr. Ye is also currently the deputy general manager of Automobile Group and a director of several of our subsidiaries. From January 2009 to December 2011, Mr. Ye simultaneously held the offices of the assistant to chief executive officer of Yongda Holding and the deputy general manager of Yongda CLS. Mr. Ye held a number of managerial positions at Yongda CLS between 2003 and 2008, including the director of the business development department and assistant to the general manager. In 2002, Mr. Ye held the office of assistant to the general manager of Shanghai Yongda Automobile Rental Company (永達汽車租賃有限公司). Mr. Ye received a bachelor degree in law from Shanghai University (上海大學) in 2001.

DONG Ying (董穎), age 44, was appointed as our deputy general manager on January 18, 2012 and is also the deputy general manager of the Automobile Group. Mr. Dong joined our Group in November 2011 and has been responsible for our financial management. Mr. Dong has 19 years' experience in corporate finance, accounting, auditing, risk management and internal control. Mr. Dong was the deputy head of financial control center of Yongda Holding between November 2011 and December 2011. Prior to joining us, Mr. Dong was the financial controller of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (stock code: 1886) from 2006 to 2011, a company whose shares are listed on the Hong Kong Stock Exchange. Mr. Dong worked at PricewaterhouseCoopers Zhong Tian Limited Company CPAs (普華永道中天會計師事務所有限公司) from 2003 to 2006 as a senior manager in its risk management and internal control service department and from 1994 to 2003 as a senior manager in its audit department. He is a member of the Chinese Institute of Certified Public Accountants, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Mr. Dong obtained a bachelor degree in fine chemical engineering and a secondary diploma in international corporate management from East China University of Science and Technology (華東理工大學) in July 1993.

WEI Dong (衛東), age 44, was appointed as our deputy general manager on January 18, 2012 and is responsible for managing the sales, pre-owned vehicle business and extended services of our Group. Mr. Wei is also currently the deputy general manager of Automobile Group and a director of several of our subsidiaries. Mr. Wei has more than 14 years' experience in sales management. From January 2008 to December 2011, Mr. Wei was the deputy general manager of Yongda CLS. From November 2004 to December 2008, Mr. Wei was the general manager of Shanghai Yongda Automobile Trade Center Co., Ltd. (上海永達汽車貿易中心有限公司). From April 2002 to October 2004, he was the deputy general manager of Shanghai Number One Yongda Automobile Trading Co., Ltd. (上海一百永達汽車貿易有限公司). Between April 2000 and March 2002, he was the deputy general manager of the Songjiang store of the Shanghai Number One Department Store Co., Ltd. (上海第一百貨松江店有限公司). From October 1989 to July 1998, Mr. Wei was a salesman, deputy secretary and secretary of the Youth League Committee at the Shanghai Number One Department Store Co., Ltd. (上海市第一百貨商店股份有限公司). Mr. Wei obtained an adult higher education bachelor diploma in business administration from Shanghai Second Polytechnic University (上海市第二工業大學) in 2002.

COMPANY SECRETARY

MOK Ming Wai (莫明慧), aged 42, is a director of KCS Hong Kong Limited. She has over 18 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the sole company secretary and joint company secretary of various publicly listed companies.

Report of the Directors

The directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2013 (the "Financial Statements").

PRINCIPAL ACTIVITIES

We are a leading passenger vehicle retailer and comprehensive service provider in China focused on luxury and ultra-luxury brands. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury and ultra-luxury automobile brands including BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Infiniti, Cadillac, Volvo, Bentley and Lincoln, and mid-to-high end automobile brands including Buick, Chevrolet, Volkswagen, Toyota, Honda, Nissan and others.

The principal activities of the Company are as follows:

(i) new passenger vehicle sales;

(ii) repair and maintenance services;

(iii) automobile extended products and services, including sales of spare parts and accessories, automobile decoration products, automobile care services, agency services of vehicle title registration and vehicle inspection service;

(iv) agency services for automobile insurance and financial products;

(v) pre-owned vehicle business; and

(vi) automobile rental services.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended December 31, 2013 are set out in the Financial Statements on pages 59 to 139 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company in the forthcoming annual general meeting on May 16, 2014 (Friday) (the "AGM") for the distribution of a final dividend of RMB0.12 per share for the year ended December 31, 2013 payable to the shareholders of the Company whose names are listed in the register of the Company on May 22, 2014 (Thursday), in an aggregate of RMB177.6 million. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the shareholders at the forthcoming AGM of the Company.

CAPITAL

Details of the capital of the Group during the year are set out in note 29 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 62 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2013, the Company has distributable reserves of RMB1,385.5 million in total available for distribution, of which RMB177.6 million has been proposed as final dividend for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 140 of this annual report.

DONATIONS
The Company made a donation of RMB500,000 to various PRC charity projects or organizations during the year.

PROPERTY, PLANT AND EQUIPMENT
Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS
Details of bank loans and other borrowings of the Group during the year are set out in note 27 to the Financial Statements.

CONTINGENT LIABILITIES
As at December 31, 2013, our Group had no significant contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT
Based on information that is publicly available to the Company and within the knowledge of our directors, the Company has maintained the amount of public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as at the date of this annual report.

PRE-EMPTIVE RIGHTS
There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles of Association") and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS
The directors of the Company during the year and up to the date of this annual report are:

Executive Directors
Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-chairman, 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

In accordance with article 104(1) of the Articles of Association, one-third of the directors of the Company will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES
Biographical details of the directors of the Company and the senior management of the Group are set out on pages 32 to 37 of this annual report.

DIRECTORS' SERVICE CONTRACTS
Each of the executive directors has entered into a service contract with the Company under which they agreed to act as executive directors for an initial term of three years commencing from their respective effective date of appointment, which may be terminated by not less than one month's notice in writing served by either the executive director or the Company. Each of the non-executive directors and the independent non-executive directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments of directors are subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive directors, namely Mr. WANG Zhiqiang, Mr. LU Wei and Mr. CHEN Xianglin, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these directors. We consider that our independent non-executive directors have been independent from the date of their appointment to December 31, 2013 and remain so as of the date of this annual report.

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

As at March 27, 2014, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained in this annual report (the "Latest Practicable Date"), the interests and short positions of our directors and chief executives 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")), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as contained in Appendix 10 to the Listing Rules, were as follows:

(A) 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	104,500 (long position)	0.007
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

Notes:

(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 104,500 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.

(B) Long positions in underlying shares of the Company

Name of Director	Capacity	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued share capital (%)
Mr. WANG Liqun	Beneficial owner	200,000	0.014
Mr. WANG Zhiqiang	Beneficial owner	200,000	0.014
Mr. LU Wei	Beneficial owner	200,000	0.014
Mr. CHEN Xianglin	Beneficial owner	200,000	0.014

Save as disclosed above, as at the date of this annual 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

As of the Latest Practicable Date, the followings are the persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long position in the Shares and underlying shares of the Company

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, L.P.[5]	Interest of controlled corporation	94,136,500 (long position)	6.360
Baring Private Equity Asia GP V, L.P.[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

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Jean Eric Salata[5]	Interest of controlled corporation	94,136,500 (long position)	6.360
Mr. WAN Zhanggen[6]	Interest of controlled corporation	85,211,500 (long position)	5.757
	Beneficial owner	13,544,000 (long position)	0.915
Eternal Wealth Global Investment Company Limited ("**Eternal Wealth**")[6]	Beneficial owner	85,211,500 (long position)	5.757

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.

(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) The Baring Asia Private Equity Fund V, L.P. approximately owns 99.35% of Baring Private Equity Asia V Holding (7) Limited. Baring Private Equity Asia GP V, L.P. is the general partner of The Baring Asia Private Equity Fund V, L.P.. Jean Eric Salata is the sole shareholder of Baring Private Equity Asia GP V Limited (the general partner of Baring Private Equity Asia GP V, L.P.). Each of Baring Private Equity Asia GP V Limited and Jean Eric Salata is therefore deemed to be interested in 94,136,500 shares held by Baring Private Equity Asia V Holding (7) Limited. Jean Eric Salata disclaims beneficial ownership of such shares, other than to the extent of his economic interest in such entities.

(6) Eternal Wealth is wholly-owned by Mr. WAN Zhanggen. Mr. WAN Zhanggen is deemed to be interested in the 85,211,500 shares held by Eternal Wealth and he also holds 13,544,000 shares of the Company as the beneficial owner.

Save as disclosed above, as at the date of this annual 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

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year and up to the date of this annual 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.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Our History and Reorganisation — Onshore Reorganisation" in our prospectus dated June 29, 2012 and save for their respective interests in the Group, none of the directors and controlling shareholders of the Company was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2013 and up to the date of this annual report.

We have received an annual written confirmation from our controlling shareholders, including Mr. CHEUNG Tak On and Asset Link, in respect of the compliance by and with the provisions of the deed of non-competition entered into between the Company and our controlling shareholders (the "Deed of Non-competition").

Our independent non-executive directors have reviewed the compliance with the Deed of Non-competition during the financial year ended December 31, 2013 and up to the date of this annual report based on the information and confirmation provided by or obtained from the controlling shareholders, and were satisfied that our controlling shareholders, including Mr. CHEUNG Tak On and Asset Link, have duly complied with the Deed of Non-competition.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 35 to the Financial Statements, the following transaction constitute a continuing connected transaction for the Company under Rules 14A.32 and 14A.34 of the Listing Rules and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

On May 11, 2012, we entered into a properties leasing agreement with Yongda Holding and certain of its subsidiaries (the "Properties Leasing Agreement") pursuant to which Yongda Holding and its relevant subsidiaries agreed to lease certain owned properties and properties rented from independent third parties to us. Both Yongda Holding and Yongda CLS are our connected persons and therefore the transaction under the Properties Leasing Agreement constitutes continuing connected transaction under Chapter 14A of the Listing Rules. The term of lease of the properties under the Properties Leasing Agreement will expire on December 31, 2014 (or such earlier date when the leases entered into between Yongda Holding or its subsidiaries and the Independent Third Parties expire or terminate, where applicable). The Properties Leasing Agreement is renewable for a term of three years, subject to compliance with all applicable requirements under the PRC laws and the Listing Rules (and the term of the leases entered into between Yongda Holding or its subsidiaries and the independent third parties, where applicable). Please refer to the section headed "Connected Transaction" in our prospectus dated June 29, 2012 for details.

The annual caps for the rental payable under the Properties Leasing Agreement for the year ended December 31, 2012 and each of the years ending December 31, 2013 and 2014 are RMB23,464,000, RMB23,853,000 and RMB24,286,000, respectively. Please also refer to note 15 and note 35 to the Financial Statements on pages 101 and 128 for details.

The auditor of the Group has reviewed the continuing connected transaction referred to above and confirmed to the Board that the continuing connected transaction: (i) has received the approval of the Board; (ii) was in accordance with the pricing policies of the Company; (iii) was entered into in accordance with the relevant agreement governing the transaction; and (iv) has not exceeded the caps disclosed in previous announcements.

The independent non-executive directors have confirmed that the above continuing connected transaction was entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement (including the pricing principle and guidelines set out therein) governing them and on terms that were fair and reasonable and in the interests of the Company and the shareholders as a whole.

Save for disclosed above, during the year, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.45 and 14A.46 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of our Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2013 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this annual report.

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2013, we had 7,727 employees. The remuneration of 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.

Details of the directors' remuneration during the year are set out in note 12 to the Financial Statements.

SHARE OPTION SCHEME

The Company has adopted a share option scheme pursuant to Chapter 17 of the Listing Rules on October 10, 2013 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible persons include (a) any director (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time) of the Group; (b) any supplier to the Group; (c) any customer of the Group; (d) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to the Group; (e) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group; (f) any joint venture partner, business or strategic alliance partner, in each case, of any member of the Group; and (g) any discretionary trust whose discretionary objects may be any person belonging to any of the above classes (a) to (f) (the "Eligible Persons"). The Share Option Scheme shall be valid and effective for a period of 10 years commencing from October 10, 2013, being the date on which the shareholders of the Company approved the Share Option Scheme, after which period no further share option shall be granted.

Under the Share Option Scheme, the Remuneration Committee will from time to time propose for the Board's approval for grant of share options and the number of share options to be granted to the relevant grantees. The aggregate number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any new share option scheme of the Company which may be adopted hereafter must not, in aggregate, exceed 10 per cent of the total number of shares in issue as at the date of adoption of the Share Option Scheme or any new share option scheme (as the case may be). The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30 per cent of the total number of Shares in issue from time to time.

No Option shall be granted to any Eligible Person if, at the relevant time of grant, the number of shares issued and to be issued upon exercise of all share options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1 per cent of the total number of shares in issue at such time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

The subscription price of share options is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Hong Kong Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a share of the Company.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of a grant. Unless the Board determines otherwise, there is no minimum period for which an option must be held before it can be exercised. The Board shall specify in an offer letter a date by which a grantee must accept an offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied. Payment of option price of RMB1.00 shall be made upon acceptance of the offer.

Further details of the Share Option Scheme are set out in note 30 to the Financial Statements. Details of movements in the options granted under the Share Option Scheme during the year ended December 31, 2013 are as follows:

	Number of Share Options										Weighted average price of the Company's shares	
Name of category of grantee	**As at January 1, 2013**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**Expired during the year**	**As at December 31, 2013**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options** *HK$ per share*	**Price of the Company's shares Immediately before the grant date of options** *HK$ per share*	**Immediately before the exercise date** *HK$ per share*	**At exercise date of options** *HK$ per share*
Non-executive Directors												
WANG Liqun	0	200,000	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
Independent Non-executive Directors												
WANG Zhiqiang	0	200,000	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
LU Wei	0	200,000	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
CHEN Xianglin	0	200,000	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
Other Employees in aggregate	0	29,200,000	–	–	–	29,200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–

AMENDED 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 ("HSBC HK Trustee") 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 has a term of 80 years from the listing date of the Company. On termination of the Employee Pre-IPO Incentive Scheme, HSBC HK Trustee will transfer the Scheme Shares to 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.

On August 30, 2013, the Board resolved to amend the Employee Pre-IPO Incentive Scheme (the "Amended Scheme") to the effect that, in addition to the previously allowed cash awards, awards of restricted share awards could be granted to eligible persons pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme includes any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) and members of the senior management of the Group, but excluding (i) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (ii) any other person that the Board may determine from time to time. For further details of the amendments to the Employee Pre-IPO Incentive Scheme, please refer to the announcement of the Company dated August 30, 2013.

During the year and up to the date of this annual report, no award has been made pursuant to the Amended Scheme.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2013, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 44.4% and 89.5%. The percentage of the aggregate sales attributable to the Group's five largest customers was below 30% of the Group's total sales.

None of our directors or any of their associates or any shareholders (which to the best knowledge of our directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest suppliers.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2013.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period requiring disclosure in this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules and has complied with the code provisions in the CG Code during the reporting period.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2013 have been audited by Deloitte Touche Tohmatsu, certified public accountants.

Deloitte Touche Tohmatsu shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming annual general meeting.

RECORD DATE OF ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on May 15, 2014 (Thursday) (the "Record Date") will be entitled to attend the forthcoming annual general meeting to be held on May 16, 2014 (Friday) (the "AGM"). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will also be closed from May 22, 2014 (Thursday) to May 26, 2014 (Monday), both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on May 21, 2014 (Wednesday).

By order of the Board
Cheung Tak On
Chairman of the Board

Hong Kong, March 24, 2014

Corporate Governance Report

The Board of the Company is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2013.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code").

The CG Code sets out the principles of good corporate governance and two levels of corporate governance practices, as follows:

a) Code provisions, which listed issuers are expected to comply with or to give considered reasons for deviation.

b) Recommended best practices for guidance only, which listed issuers are encouraged to comply with.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

The Company regularly reviews its corporate governance practices and the Company was in compliance with the code provisions of the CG Code during the year ended December 31, 2013.

A. THE BOARD

1. Responsibilities

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the websites of the Hong Kong Stock Exchange and the Company.

All directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its shareholders at all times.

2. Delegation of Management Function

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group and overall strategies, internal control and risk management systems, notifiable and connected transactions, nomination of directors, Company Secretary and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into.

3. **Board Composition**

The Board of the Company comprises the following directors:

Executive Directors	Mr. CHEUNG Tak On *(Chairman)* Mr. CAI Yingjie *(Vice-chairman, 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

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in our prospectus dated June 29, 2012 and in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board.

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the Board and at least one independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence requirements set out in the Listing Rules.

4. **Appointment and Re-election of Directors**

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Each of the executive directors has entered into a service contract with the Company for an initial term of three years with effect from their respective effective date of appointment unless terminated by not less than one month's notice in writing served by either the executive directors or the Company. Each of the non-executive director and independent non-executive directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments are subject to the provisions of retirement and rotation of directors under the Articles of Association.

In accordance with the Articles of Association, all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy or as an addition to the Board shall submit himself for re-election by shareholders at the first general meeting after appointment.

5. **Induction and Continuing Development for Directors**

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his appointment, so as to ensure that he understands the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the directors were arranged by the Company and its legal adviser.

Each of our directors have attended training sessions arranged by our Company on the continuing obligations of listed companies and its directors as well as disclosure obligations of listed companies.

On top of the above mentioned trainings, some directors and members of the senior management have also attended several presentations organized by the Company on case studies of compliance of listed companies.

6. **Board Meetings and General Meetings**

Number of Meetings and Directors' Attendance

Code provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Board met 4 times during the year ended December 31, 2013 for discussing and approving the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2012, unaudited interim results for the six months ended June 30, 2013, discussing the reports and suggestions from all Board Committees, approving the adoption of the Share Option Scheme and amendments to the Employee Pre-IPO Incentive Scheme, approving the amendments to the terms of reference of the remuneration committee of the Board of the Company (the "Remuneration Committee"), approving the adoption of a board diversity policy (the "Board Diversity Policy"), approving the amendments to the terms of reference of the nomination committee of the Board of the Company (the "Nomination Committee"), and approving the grant of options pursuant to the Share Option Scheme.

The attendance records of each director at the Board meetings are set out below:

Name of Director	Attendance/ Number of Board Meetings
Mr. CHEUNG Tak On	4/4
Mr. CAI Yingjie	4/4
Mr. WANG Zhigao	4/4
Mr. WANG Liqun	4/4
Mr. WANG Zhiqiang	4/4
Mr. LU Wei	4/4
Mr. CHEN Xianglin	4/4

Two general meetings have been held during the year ended December 31, 2013, including the annual general meeting held on May 28, 2013 and the extraordinary general meeting on October 10, 2013.

Practices and Conduct of Meetings
Annual meeting schedules and draft agenda of each meeting are made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice will generally be given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least three days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The senior management (including the general manager) attend all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

The Articles of Association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

B. CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. CHEUNG Tak On is the Chairman of the Board, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for setting the strategic vision, direction and goals of our Group and he participated in our Group's strategic and key operational decision-making processes. He is the primary responsible person for ensuring that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole. He holds meetings with the non-executive directors (including independent non-executive directors) without the executive directors present at least annually. Mr. CAI Yingjie is our Vice-chairman and general manager, who performs the functions of the chief executive and is responsible for overseeing our operations and investment, managing our relationship with automobile manufacturers and exploring new business opportunities for our Group.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, the Chairman co-ordinate with the senior management to provide adequate, complete and reliable information to all directors for consideration and review.

C. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the audit and compliance committee (the "Audit and Compliance Committee") and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Hong Kong Stock Exchange and the Company.

The majority of the members of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee are independent non-executive directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. **Remuneration Committee**

We have established a remuneration committee with written terms of reference in compliance with paragraph B.1 of the CG Code. The Remuneration Committee consists of two independent non-executive directors, being Mr. WANG Zhiqiang and Mr. LU Wei, and one non-executive director, being Mr. WANG Zhigao. The chairman of the Remuneration Committee is Mr. WANG Zhiqiang.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the directors on our policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining or making recommendation to the Board on the terms of the remuneration package of our executive directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and making recommendations to the Board on determining the annual remuneration packages of the executive directors and the senior management and other related matters.

The Remuneration Committee held two meetings during the year ended December 31, 2013 to review the remuneration policy and structure of the Company, to make recommendations to the Board to adopt the Share Option Scheme and amend the Employee Pre-IPO Incentive Scheme and terms of reference of the Remuneration Committee, and to review the grant of share options pursuant to the Share Option Scheme and the performance management system and regime of the Group.

The attendance records of the Remuneration Committee are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. WANG Zhiqiang	2/2
Mr. LU Wei	2/2
Mr. WANG Zhigao	2/2

Details of the directors' remuneration are set out in note 12 to the Financial Statements. In addition, the remuneration of each member of our senior management for the year ended December 31, 2013 is below RMB700,000.

2. **Audit and Compliance Committee**

We have established an audit and compliance committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 as well as paragraph D.3 of the CG Code. The Audit and Compliance Committee consists of two independent non-executive directors, being Mr. WANG Zhiqiang and Mr. LU Wei, and one non-executive director, being Mr. WANG Zhigao. The chairman of the Audit and Compliance Committee is Mr. WANG Zhiqiang, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit and Compliance Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence and objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and directors.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2013 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held two meetings during the year ended December 31, 2013 to review the unaudited interim results for the six months ended June 30, 2013 and report, the financial reporting and the compliance procedures, reviewed the corporate governance policy and practice, the audited annual results and financial report for the year ended December 31, 2012, the non-exempt continuing connected transaction for the year ended December 31, 2012, the training for and the continuing professional developments of the directors and senior management, the policies and practices regarding compliance with laws and regulations, the code of conduct and the compliance manuals for employees and directors, the financial, operational and compliance monitoring, the risk management control, the work of the internal and external auditor, the service fees due to the external auditor as well as the misconduct-related reporting measures.

The attendance records of the Audit and Compliance Committee are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. WANG Zhiqiang	2/2
Mr. LU Wei	2/2
Mr. WANG Zhigao	2/2

The Company's annual results for the year ended December 31, 2013 have been reviewed by the Audit and Compliance Committee on March 24, 2014.

3. **Nomination Committee**

We have established a nomination committee with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee consists of one executive director, being Mr. CHEUNG Tak On, and two independent non-executive directors, being Mr. CHEN Xianglin and Mr. LU Wei. The chairman of the Nomination Committee is Mr. CHEUNG Tak On. The nomination committee reviews the structure, size and composition of the Board at least once per year and make recommendations on any proposed changes (if any) to it.

The primary duties of the nomination committee include, but are not limited to (i) identifying, selecting and recommending to our Board suitable candidates to serve as directors and general manager of our Company, and formulating plans for succession for both executive directors and non-executive directors; (ii) reviewing the structure, size, composition and diversity of the Board as well as the Board Diversity Policy; (iii) overseeing the process for evaluating the performance of the Board; (iv) developing, recommending to the Board and monitoring nomination guidelines for our Company; and (v) assessing the independence of independent non-executive directors.

The Nomination Committee held one meeting during the year ended December 31, 2013 to review the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of our Company, to assess the independence of the independent non-executive directors, to adopt the Board Diversity Policy and to amend the terms of reference of the Nomination Committee.

The attendance records of the Nomination Committee are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. CHEUNG Tak On	1/1
Mr. CHEN Xianglin	1/1
Mr. LU Wei	1/1

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, our Company's needs and other relevant statutory requirements and regulations.

The Board has adopted the Board Diversity Policy on August 30, 2013. A summary of the Board Diversity Policy is set out below:

Purpose:	The Board Diversity Policy aims to set out the approach to achieve diversity of the Board.
Board Diversity Policy statement:	With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
Measurable Objectives:	Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measureable objectives as set out in the Board Diversity Policy. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

Our 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 year ended December 31, 2013.

Our Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subjected to the Model Code.

E. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2013.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

F. EXTERNAL AUDITOR AND AUDITOR REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 58.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year, the remuneration paid to the external auditor of the Company in respect of audit services for the year ended December 31, 2013 amounted to RMB6,000,000.

G. INTERNAL CONTROLS

During the year, the Board has reviewed the effectiveness of the internal control system of our Company. The review covered the financial, operational, compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such system on an annual basis through the Audit and Compliance Committee.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company are expected to provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at shareholder meetings.

To promote effective communication, the Company maintains a website at www.ydauto.com.cn, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

I. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors. Meanwhile, the procedures for shareholder to (i) convene an extraordinary general meeting; (ii) direct their enquiries to the Board; and (iii) put forward proposals at shareholders' meetings are available.

General meetings shall be convened on the written requisition of any two or more shareholders of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one shareholder of the Company which is a recognized clearing house (or its nominee(s)) deposited at the place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene the meeting shall be reimbursed to them by the Company.

Shareholders holding not less than one-tenth of the total number of the Company's voting shares shall be entitled to propose new proposals in writing to the Company. The Company shall include in the agenda for the meeting the matters in the proposals that fall within the scope of duties of the shareholders' meeting. The written request/statements must be signed by the shareholders concerned and deposited at the Company's principal place of business in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office for the attention of the Company, not less than six weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company at Unit 5708, 57/F., The Center, 99 Queen's Road Central, Hong Kong.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after the shareholder meeting.

J. COMPANY SECRETARY

Ms. MOK Ming Wai ("MS. MOK") of KCS Hong Kong Limited, external service provider, has been engaged by the Company as the Company Secretary and authorized representative. During the year, Ms. MOK has undertaken over 15 hours of professional training to update her skill and knowledge.

K. PRIMARY CONTACT PERSON

Mr. Dong Ying, our deputy general manager and Ms. Zhang Hong, our head of legal department, are the key contact persons of our Company Secretary.

L. GOING CONCERN

Our Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the 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 59 to 139, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2013, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 24, 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2013

	NOTES	2013 RMB'000	2012 RMB'000
Revenue	7	**26,096,526**	21,711,998
Cost of sales and services		**(23,829,909)**	(19,941,400)
Gross profit		**2,266,617**	1,770,598
Other income and other gains and losses	8	**251,800**	275,920
Other expenses	8	**—**	(9,167)
Distribution and selling expenses		**(952,875)**	(742,477)
Administrative expenses		**(484,512)**	(370,164)
Finance costs	9	**(238,671)**	(257,357)
Share of profits of joint ventures		**9,567**	12,539
Share of profits of associates		**651**	1,425
Profit before tax	10	**852,577**	681,317
Income tax expense	11	**(210,540)**	(165,850)
Profit and total comprehensive income for the year		**642,037**	515,467
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**588,310**	470,016
Non-controlling interests		**53,727**	45,451
		642,037	515,467
Earnings per share — basic and diluted	14	**RMB0.40**	RMB0.34

Consolidated Statement of Financial Position

At December 31, 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	**2,228,386**	1,503,363
Prepaid lease payments	16	**374,502**	282,856
Goodwill	31	**104,927**	—
Intangible assets	17	**275,635**	26,709
Deposits paid for acquisition of property, plant and equipment		**75,991**	83,421
Deposits paid for acquisition of land use rights		**173,444**	27,307
Deposits paid for acquisition of a subsidiary	23	**35,380**	
Interests in joint ventures	18	**66,571**	39,928
Interests in associates	19	**26,947**	28,387
Finance lease receivables	20	**32,556**	—
Deferred tax assets	21	**48,722**	39,827
		3,443,061	2,031,798
Current assets			
Prepaid lease payments	16	**9,515**	6,509
Inventories	22	**3,447,838**	2,678,189
Finance lease receivables	20	**55,681**	—
Trade and other receivables	23	**3,443,629**	2,472,383
Amounts due from related parties	35	**33,176**	4,739
Cash in transit	24	**81,628**	52,295
Pledged bank deposits	25	**965,221**	854,469
Bank balances and cash	25	**1,418,408**	1,895,266
		9,455,096	7,963,850
Current liabilities			
Trade and other payables	26	**3,667,080**	2,790,104
Amounts due to related parties	35	**20,694**	26,474
Income tax liabilities		**352,328**	238,246
Borrowings	27	**3,887,420**	3,465,172
		7,927,522	6,519,996
Net current assets		**1,527,574**	1,443,854
Total asset less current liabilities		**4,970,635**	3,475,652

Consolidated Statement of Financial Position

At December 31, 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Borrowings	27	51,171	157,053
Medium-term Note	28	1,149,892	—
Other liabilities		14,741	—
Deferred tax liabilities	21	63,375	—
		1,279,179	157,053
Net assets		3,691,456	3,318,599
Capital and reserves			
Share capital	29	12,065	12,065
Reserves		3,412,000	3,050,518
Equity attributable to owners of the Company		3,424,065	3,062,583
Non-controlling interests		267,391	256,016
Total equity		3,691,456	3,318,599

The consolidated financial statements on pages 59 to 139 were approved and authorised for issue by the Board of Directors on March 24, 2014 and are signed on its behalf by:

CHEUNG Tak On
DIRECTOR

WANG Zhigao
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 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 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2012	2	524,998	87,669	333,647	632,804	1,579,120	158,947	1,738,067
Profit for the year	–	–	–	–	470,016	470,016	45,451	515,467
Capitalization of share premium *(note 29(b))*	10,433	(10,433)	–	–	–	–	–	–
Issue of shares at premium through initial public offerings *(note 29(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	–	–	–	–	–	–	48,600	48,600
Partial disposal of equity interests in subsidiaries without losing control	–	–	–	292	–	292	6,957	7,249
Transfer to statutory reserve	–	–	55,289	–	(55,289)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(3,939)	(3,939)
At December 31, 2012	12,065	1,526,090	142,958	333,939	1,047,531	3,062,583	256,016	3,318,599
Profit for the year	**–**	**–**	**–**	**–**	**588,310**	**588,310**	**53,727**	**642,037**
Capital injection	**–**	**–**	**–**	**–**	**–**	**–**	**41,218**	**41,218**
Acquisition of non-controlling interests of subsidiaries *(note 33)*	**–**	**–**	**–**	**(86,226)**	**–**	**(86,226)**	**(44,829)**	**(131,055)**
Acquisition of a subsidiary *(note 31)*	**–**	**–**	**–**	**–**	**–**	**–**	**14,337**	**14,337**
Transfer to statutory reserve	**–**	**–**	**109,931**	**–**	**(109,931)**	**–**	**–**	**–**
Dividends recognized as distributions *(note 13)*	**–**	**(140,602)**	**–**	**–**	**–**	**(140,602)**	**–**	**(140,602)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(53,078)**	**(53,078)**
At December 31, 2013	**12,065**	**1,385,488**	**252,889**	**247,713**	**1,525,910**	**3,424,065**	**267,391**	**3,691,456**

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. The special reserve mainly consisted of:

   (i) deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganisation which was effected in 2011;

   (ii) an amount of RMB292,000 representing the difference between the fair value of the consideration received and the carrying amount of the non-controlling interests upon disposal of partial interests in subsidiaries; and

   (iii) a reduction of reserve of approximately RMB86,226,000 representing the difference between the consideration paid and the carrying amount of the non-controlling interests upon acquisition of partial interests in subsidiaries. Details of the transactions are set out in note 33.

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**852,577**	681,317
Adjustments for:		
Finance costs	**238,671**	257,357
Interest income	**(17,482)**	(31,894)
Depreciation of property, plant and equipment	**198,469**	162,717
Release of prepaid lease payments	**9,395**	3,216
Loss (gain) on disposal of property, plant and equipment	**7,406**	(4,303)
Gain on bargain purchase	**(20,195)**	—
Loss on disposal of a subsidiary	**718**	—
Share of profits of associates	**(651)**	(1,425)
Share of profits of joint ventures	**(9,567)**	(12,539)
Operating cash flows before movements in working capital	**1,259,341**	1,054,446
Increase in inventories	**(583,198)**	(589,873)
(Increase) decrease in trade and other receivables	**(694,498)**	49,043
Increase in finance lease receivables	**(88,237)**	—
Increase in cash in transit	**(29,333)**	(7,005)
Increase in other liabilities	**11,609**	—
Increase (decrease) in trade and other payables	**295,285**	(147,402)
Decrease in amounts due from related parties	**521**	2,241
Increase (decrease) in amounts due to related parties	**885**	(3,297)
Cash from operations	**172,375**	358,153
Income taxes paid	**(102,693)**	(201,015)
NET CASH FROM OPERATING ACTIVITIES	**69,682**	157,138

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	NOTES	2013 RMB'000	2012 RMB'000
INVESTING ACTIVITIES			
Additions to and deposits paid for property, plant and equipment		**(847,107)**	(740,528)
Purchase of intangible assets		**(11,941)**	(12,148)
Additions to and deposits paid for prepaid land lease payments		**(168,699)**	(117,269)
Proceeds on disposal of property, plant and equipment, land use rights and intangible assets		**130,616**	208,128
Advance to related parties		**(31,970)**	(28,012)
Advance to non-controlling shareholders		**(14,250)**	—
Collection of advance from related parties		**3,012**	28,000
Acquisition of subsidiaries	31	**(489,544)**	(9,778)
Proceeds on disposal of a subsidiary	32	**3,166**	—
Interest received		**17,482**	31,894
Withdrawal of pledged bank deposits		**907,131**	884,658
Placement of pledged bank deposits		**(965,221)**	(854,469)
Dividend received from joint ventures		**9,324**	4,467
Dividend received from associates		**2,091**	2,174
Investment in a joint venture		**(26,400)**	—
Deposits paid for acquisition of an entity		**(35,380)**	—
Proceeds on disposal of available-for-sales investments		**—**	37,759
Payment for acquisition of an associate		**—**	(5,309)
Collection of advance to independent third parties		**—**	44,300
NET CASH USED IN INVESTING ACTIVITIES		**(1,517,690)**	(526,133)

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013 *RMB'000*	2012 *RMB'000*
FINANCING ACTIVITIES		
New bank borrowings raised	**9,850,153**	8,427,581
Repayment of bank borrowings	**(9,649,997)**	(7,181,694)
Proceeds on issue of medium-term note	**1,160,000**	—
Transaction costs arising from issue of medium-term note	**(5,108)**	—
Capital injection by non-controlling shareholders	**41,218**	48,600
Acquisition of non-controlling interests of subsidiaries	**(71,055)**	—
Advance from non-controlling shareholders	**91,730**	498,227
Interest paid	**(245,446)**	(276,155)
Dividends paid as distribution	**(140,602)**	—
Dividends paid to non-controlling shareholders	**(55,696)**	(896)
Dividends paid to Shanghai Yongda Group Company Limited ("Yongda CLS")	**(4,047)**	—
Share issue expenses	**—**	(63,027)
Proceeds from partial disposal of subsidiaries without losing control	**—**	1,649
Payment to Yongda CLS	**—**	(21,534)
Proceeds from issue of shares of the Company	**—**	1,076,182
Repayment of advance from non-controlling shareholders	**—**	(1,324,850)
NET CASH FROM FINANCING ACTIVITIES	**971,150**	1,184,083
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(476,858)**	815,088
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,895,266**	1,080,178
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,418,408**	1,895,266

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

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

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

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

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

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

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Asset
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
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
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 Consolidated Financial Statements, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and IFRS(SIC) Int-12 *Consolidation — Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The directors of the Group consider the application of IFRS 10 did not result in material changes to the Group's financial results/disclosure of the consolidated financial statements.

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

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, IFRS(SIC) — Int13 Jointly Controlled Entities — Non-Monetary Contributions by Ventures, 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 venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated 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 accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Upon the adoption of IFRS 11, the Group assessed how the joint arrangements should be classified and accounted for. The Group concluded that these arrangements, previously accounted for as jointly controlled entities, should be classified as joint ventures and continue to be accounted for using equity method. The application of IFRS 11 does not result in any material impact to the Group's financial results/disclosure of the consolidated financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see note 41 for details).

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

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group early adopted this Standard. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related cash generating unit. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or cash generating unit was determined based on its fair value less costs of disposal.

The Group has prepared the disclosure in relation to cash generating units to which goodwill or other intangible assets with definite useful lives had been allocated where there has been no impairment or reversal of the related cash generating units. Other than this, the directors of the Company do not anticipate that the application of these amendments to IAS 36 will have a significant impact on the Group's consolidated financial statements.

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

Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IASs 2011–2013 Cycle[2]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRS 14	Regulatory Deferred Accounts[5]
IFRIC-21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

Annual Improvements to IFRSs 2010–2012 Cycle

The *Annual Improvements to IFRSs 2010–2012 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

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

Annual Improvements to IFRSs 2010–2012 Cycle (continued)

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2010–2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011–2013 Cycle

The *Annual Improvements to IFRSs 2011–2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

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

Annual Improvements to IFRSs 2011–2013 Cycle (continued)

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

— the property meets the definition of investment property in terms of IAS 40; and

— the transaction meets the definition of a business combination under IFRS 3.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs 2011–2013 Cycle* will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost convention, and in accordance with the accounting policies set out below which are in conformity with IFRSs.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or sharebased payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

The Group's policy for goodwill arising on the acquisition of an associate or a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognized when services are provided.

The Group's policy for the recognition of revenue from finance leases is described in the accounting policy for leasing below.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases of passenger vehicles are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Vendor rebates

Incentive rebates provided by vendors are recognized on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract. Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicles purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis.

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and financial assets at FVTPL. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments(continued)

Financial assets(continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, cash in transit, pledged bank deposits and bank balances and cash) are measured at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related parties, borrowings and medium term note are subsequently measured at amortized cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to the directors and employees of the Company

The fair values of services received in exchange for awards of share options determined by reference to the grant-date fair value of those share options is recognized as expense over the vesting period on a straight-line basis with a corresponding increase in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the original revision of the estimates of the number of share options during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve (for share options).

At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount of share options previously recognized in share options reserve will be transferred to retained profits.

At the time when the terms of share options are modified during the vesting period, the incremental fair value granted, which represents the excess of fair value of the share options immediately after modification over those of immediately before modification, is expensed over the remaining vesting period of the share options, in addition to the amount based on the grant date fair value of the original share options. At the time when the terms of share options are modified after the vesting period, the incremental fair value granted is recognized immediately in profit or loss.

At the time when the share options are cancelled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. The amount previously recognized in share options reserve will be transferred to retained profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated rebate receivables and impairment of rebate receivables, prepayments and deposits

The Group receives incentive rebates from automobile manufacturers from time to time depending on the policies of the manufacturers. The amount of incentive rebates given by a manufacturer for a given period is generally determined with reference to the Group's purchase volume, sales volume, customer satisfaction and other performance indicators set by the manufacturer with respect to that period. The Group accrues incentive rebates based on management's best estimates and judgments as of the relevant reporting date while the actual amount of the incentive rebates is determined by the manufacturers after the end of the reporting period. These estimates and judgments involve, among other factors, the estimated results of assessment by the manufacturers for the Group's performance in various aspects during the reporting period. When the actual rebates received by the Group differ from the estimated amount, adjustment will be made and recognized in the period in which such event takes place.

In addition, prepayments and deposits are required to be paid to automobile manufacturers before making purchase. In the event when the economic benefits expected to be received under these rebate receivables from automobile manufacturers are less than expected; or the financial conditions of these automobile manufacturers deteriorate, the Group would impair rebate receivables, prepayments and deposits made to these automobile manufacturers. The Group does not require collateral or other security against its rebates receivables from automobile manufacturers. The Group performs ongoing evaluation of recoverability of these rebate receivables due to a change of estimated assessment results from automobile manufacturers, if appropriate, and their financial conditions. When the balances would not be settled as originally planned, the Group would impair the rebate receivables, with difference between the carrying amount and present value of estimated future cash flows discounted at the original effective interest rate of the balances and/or prepayments and deposits for non-recoverable amount. As at December 31, 2013 and 2012, the carrying amounts of rebate receivables are approximately RMB1,356,531,000 and RMB945,094,000, respectively. As at December 31, 2013 and 2012, the carrying amounts of prepayments and deposits to automobile manufacturers are approximately RMB1,457,211,000 and RMB1,128,699,000, respectively.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash inflows from the outstanding trade receivables and other receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2013 and 2012, the carrying amounts of trade receivables of the Group are approximately RMB275,305,000 and RMB155,541,000, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated useful lives and impairment of property, plant, and equipment

The Group's management determines the estimated useful lives and the depreciation or amortization method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will increase the depreciation or amortization charge where useful lives are expected to be shorter than expected, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the period in which such event takes place. As at December 31, 2013 and 2012, the carrying amounts of property, plant and equipment are approximately RMB2,228,386,000 and RMB1,503,363,000, respectively.

Estimated useful lives of intangible assets acquired through business combination

The Group's management determines the estimated useful lives and the amortization method in determining the related amortization charges for the intangible assets acquired through business combination. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortisation charges when useful lives become shorter than previously estimated. As at December 31, 2013 and 2012, the carrying amounts of intangible assets acquired in business combination are approximately RMB237,043,000 and Nil, respectively.

Income taxes

As at December 31, 2013 and 2012, a deferred tax asset of approximately RMB30,907,000 and RMB24,274,000, respectively, in relation to unused tax losses has been recognized in the Group's consolidated statements of financial position. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

In addition, a significant portion of the Group's income tax liabilities at the end of each reporting period arose from the estimated rebate receivables as described above. As a result, when the actual rebates received by the Group differ from the estimated amount, adjustment to the income tax liabilities will be made and recognized in the period in which such event takes place.

Impairment assessment on goodwill and intangible assets acquired through business combination

Determining whether goodwill and intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which the relevant goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2013, the carrying amount of goodwill of the Group was approximately RMB104,927,000. Details of the recoverable amount calculations are disclosed in note 31. As at December 31, 2013 and 2012, the carrying amounts of intangible assets acquired in business combination are approximately RMB237,043,000 and Nil, respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 27, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, capital injection, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2013 RMB'000	2012 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**4,233,481**	3,969,441
Financial liabilities		
Amortized cost	**7,986,336**	5,706,736

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, cash in transit, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, medium-term note and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The primary economic environment in which the Company and most of its principal subsidiaries operate is the PRC and their functional currency is RMB. However, certain financial assets (principally bank balances) and financial liabilities are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure by closely monitoring the movement of foreign currency rates.

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk *(continued)*

Currency risk (continued)

The carrying amounts of the monetary assets and monetary liabilities denominated in foreign currencies of the group entities at the end of each reporting period are as follows:

	2013 RMB'000	2012 RMB'000
Assets		
United States Dollars ("US$")	**4,894**	—
Hong Kong Dollars ("HK$")	**506**	76,369
Liabilities		
US$	**304,479**	—

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies of the group entities. A sensitivity rate of 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates of foreign currencies of the group entities. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies of the group entities and adjusts their translation at the end of each reporting period for a 5% change in related currency rates.

A positive number below indicates an increase in post-tax profit where foreign currencies of the group entities strengthen 5% against RMB, whereas a negative number indicates a decrease in post-tax profit. For a 5% weakening of foreign currencies of the group entities against RMB, there would be an equal and opposite impact on the post-tax profit.

	Foreign Currencies of the Group Entities Impact	
	2013 RMB'000	2012 RMB'000
(Decrease) increase in post-tax profit for the year	**(11,216)**	3,818

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, medium-term note and other borrowings. The directors consider the Group's exposure of the bank deposits to fair value interest rate risk is not significant as interest-bearing bank deposits are with a short maturity period.

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk *(continued)*

Interest rate risk (continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged bank deposits and borrowings. It is the Group's policy to keep a portion of its financial assets and liabilities at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China benchmark rates and London Interbank Offered Rate ("LIBOR").

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank balances, pledged bank deposits and borrowings. The analysis is prepared assuming the variable-rate financial assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis-point (2012: 5 basis-point) increase or decrease in deposit interest rates and a 10 basis-point (2012: 10 basis-point) increase or decrease in lending interest rates are the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates.

If the deposit interest rate had been 5 basis points (2012: 5 basis points) higher/lower, the lending interest rate had been 10 basis points (2012: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2013 and 2012 would have been decreased/increased by approximately RMB1,048,000 and RMB833,000, respectively.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

The Group's credit risk primarily relates to the Group's other financial assets, trade and other receivables (including rebate receivables from suppliers), amounts due from related parties, bank balances and cash and pledged bank deposits.

The Group's trade receivables consist of a large number of customers located in the PRC which poses insignificant concentration of credit risk.

96% (2012: 74%) of the Group's amounts due from related parties is from a related party which is financially strong.

The Group's advances to non-controlling shareholders consist of several balances with different non-controlling shareholders in the PRC and there is no concentration of credit risk.

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk *(continued)*

The Group has concentration of credit risk as about 90% (2012: 90%) of the rebate receivables was due from the Group's five largest suppliers of passengers vehicles in the PRC as at December 31, 2013. In order to further minimize the credit risk, the management of the Group delegates teams to deal with these suppliers on expected delivery schedules of inventories, purchase volume, settlement timeline of outstanding balances with suppliers and suppliers' financial position, etc. Teams also reconcile with these suppliers on outstanding balances, prepayments made and transactions recorded in relevant reporting period periodically to ensure trading information is properly recorded. In addition, the Group reviews the recoverable amount of each individual balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In view of the actions taken by the Group and the fact that the counterparties are the joint ventures of renowned automobile manufacturers with high credit quality, the Group considers that credit risk in the rebate receivables is significantly reduced.

In addition, the credit risk in relation to the Group's bank balances and cash and pledged bank deposits is not significant because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants, if any.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date the Group can be required to pay, representing the agreed repayment dates.

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk *(continued)*

Liquidity and interest risk tables (continued)

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the undiscounted amount is derived from the applicable interest rates at the end of each reporting period.

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2013						
Trade and other payables	–	2,862,418	–	–	2,862,418	2,862,418
Amounts due to related parties	–	20,694	–	–	20,694	20,694
Borrowings	6.83%	1,457,699	2,523,522	54,775	4,035,996	3,938,591
Medium-term note	6.40%	–	74,240	1,308,480	1,382,720	1,149,892
Other liabilities	–	–	–	14,741	14,741	14,741
		4,340,811	2,597,762	1,377,996	8,316,569	7,986,336

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2012						
Trade and other payables	–	2,058,037	–	–	2,058,037	2,058,037
Amounts due to related parties	–	26,474	–	–	26,474	26,474
Borrowings	7.17%	1,620,687	1,941,685	167,059	3,729,431	3,622,225
		3,705,198	1,941,685	167,059	5,813,942	5,706,736

c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

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

The Group's reportable segments are as follows:

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

- Automobile rental services.

Segment revenues and results

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Total *RMB'000*
For the year ended December 31, 2013			
Segment revenue	**25,830,359**	**266,167**	**26,096,526**
Segment profit	**2,177,373**	**89,244**	**2,266,617**
Other income and other gains and losses			**251,800**
Distribution and selling expenses			**(952,875)**
Administrative expenses			**(484,512)**
Finance costs			**(238,671)**
Share of profits of joint ventures			**9,567**
Share of profits of associates			**651**
Profit before tax			**852,577**

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

	Passenger vehicle sales and services RMB'000	Automobile rental services RMB'000	Total RMB'000
For the year ended December 31, 2012			
Segment revenue	21,488,854	223,144	21,711,998
Segment profit	1,689,154	81,444	1,770,598
Other income and other gains and losses			275,920
Other expenses			(9,167)
Distribution and selling expenses			(742,477)
Administrative expenses			(370,164)
Finance costs			(257,357)
Share of profits of joint ventures			12,539
Share of profits of associates			1,425
Profit before tax			681,317

The accounting policies of the operating segments are similar to those of the Group as described in note 3. Segment profit represents the profit earned by each segment without allocation of other income and other gains and losses, other expenses, distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment. There were no inter-segment revenues during both years. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the board of the directors.

Geographical information

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

Information about major customers

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

7. REVENUE AND SEGMENT INFORMATION (continued)

Revenue from major products and services

	2013 RMB'000	2012 RMB'000
Sale of passenger vehicles:		
— Luxury and ultra-luxury brands *(note a)*	**18,391,643**	15,008,842
— Mid-to high-end brands *(note b)*	**4,851,421**	4,431,383
Subtotal	**23,243,064**	19,440,225
After-sales services	**2,587,295**	2,048,629
Automobile rental services	**266,167**	223,144
	26,096,526	21,711,998

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.

8. OTHER INCOME/OTHER GAINS AND LOSSES/OTHER EXPENSES

	2013 *RMB'000*	2012 *RMB'000*
Other income comprises:		
Commission income *(note a)*	**180,936**	155,776
Advertising support received from automobile manufacturers *(note b)*	**12,523**	28,557
Government grants *(note c)*	**23,147**	45,802
Interest income on bank deposits	**17,482**	31,894
	234,088	262,029
Other gains and losses comprise:		
(Loss) gain on disposal of property, plant and equipment	**(7,406)**	4,303
Gain on bargain purchase *(Note 31)*	**20,195**	—
Loss on disposal of a subsidiary *(Note 32)*	**(718)**	—
Others	**5,641**	9,588
	17,712	13,891
Subtotal	**251,800**	275,920

Other expenses represented professional fees incurred for the listing of shares of the Company on the Stock Exchange (the "Listing") of approximately RMB9,167,000 during the year ended December 31, 2012.

Notes:

a. Commission 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.

9. FINANCE COSTS

	2013 *RMB'000*	2012 *RMB'000*
Interests on borrowings wholly repayable within five years:		
— bank loans	**186,382**	212,649
— borrowings from related parties *(Note 35(III)(g))*	**457**	1,066
— other borrowings from entities controlled by suppliers	**7,514**	2,911
— reimbursement to suppliers *(note a)*	**54,299**	60,479
— Medium-Term Note	**19,991**	—
Release of capitalized transaction cost in relation to issue of medium-term note *(note 28)*	**1,264**	—
Less: interests capitalized *(note b)*	**(31,236)**	(19,748)
	238,671	257,357

Note:

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 purchase of new passenger vehicles.

b. Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 6.56% (2012: 6.53%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2013 *RMB'000*	2012 *RMB'000*
Staff costs, including directors' remuneration *(Note 12)*:		
Salaries, wages and other benefits	**515,580**	475,819
Retirement benefits scheme contributions	**70,606**	40,602
Total staff costs	**586,186**	516,421
Auditors' remuneration	**7,820**	7,366
Cost of inventories recognized as an expense	**23,712,326**	19,853,275
Depreciation of property, plant and equipment	**198,469**	162,717
Operating lease rentals	**123,666**	96,283
Release of prepaid lease payments	**9,395**	6,576

11. INCOME TAX EXPENSE

	2013 *RMB'000*	2012 *RMB'000*
Current tax:		
PRC Enterprise Income tax ("EIT")	**215,578**	170,280
Overprovision of PRC EIT in prior years	**(160)**	(13)
	215,418	170,267
Deferred tax		
Current year *(Note 21)*	**(4,878)**	(4,417)
	210,540	165,850

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

	2013 *RMB'000*	2012 *RMB'000*
Profit before tax	**852,577**	681,317
Tax at the PRC EIT rate of 25%	**213,144**	170,329
Tax effect of expenses not deductible for tax purpose	**3,584**	2,749
Tax effect of income not taxable for tax purpose	**(5,049)**	—
Tax effect of share of results of associates and joint ventures	**(2,555)**	(3,491)
Tax effect of losses of offshore entities not recognized	**1,576**	—
Tax effect of income from offshore entities not taxable	**—**	(3,724)
Overprovision of PRC EIT in prior years	**(160)**	(13)
Income tax expense for the year	**210,540**	165,850

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

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

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

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to the chief executive and the directors of the Company for the year are as follows:

	2013 *RMB'000*	2012 *RMB'000*
Fees	**800**	300
Other emoluments		
Salaries and other benefits	**3,307**	2,728
Contributions to retirement benefits scheme	**95**	87
	4,202	3,115

The emoluments of the chief executive and the directors on a named basis are as follows:

For the year ended December 31, 2013

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Total *RMB'000*
Executive Directors				
Cheung Tak On	–	1,496	36	1,532
Cai Yingjie	–	912	36	948
Non-Executive Directors				
Wang Zhigao	–	899	23	922
Wang Liqun	200	–	–	200
Independent Non-Executive Directors				
Wang Zhiqiang	200	–	–	200
Lu Wei	200	–	–	200
Chen Xianglin	200	–	–	200
	800	3,307	95	4,202

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

For the year ended December 31, 2012

	Fees	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors				
Cheung Tak On	—	1,234	33	1,267
Cai Yingjie	—	754	33	787
Non-Executive Directors				
Wang Zhigao	—	740	21	761
Wang Liqun	75	—	—	75
Independent Non-Executive Directors				
Wang Zhiqiang	75	—	—	75
Lu Wei	75	—	—	75
Chen Xianglin	75	—	—	75
	300	2,728	87	3,115

Mr. Cheung Tak On is the Chief Executive and one of the directors of the Company and his emoluments disclosed above include those services rendered by him as the Chief Executive.

The five highest paid individuals of the Group for the year included three directors for the years ended December 31, 2012 and 2013. The remuneration of the remaining two individuals for the years ended December 31, 2012 and 2013 are as follows:

	2013	2012
	RMB'000	*RMB'000*
Employees		
Salaries and other benefits	**1,094**	906
Contributions to retirement benefits scheme	**72**	67
	1,166	973

Of the five highest paid individuals in the Group for the year ended December 31, 2013, one director's (2012: N/A) emolument falls within the band of HK$1,500,001 to HK$2,000,000, two director's (2012: one) emolument falls within the band of HK$1,000,001 to HK$1,500,000 whilst the remaining 2 (2012: 4) fall within the band below HK$1,000,000.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

During the year, no emoluments were paid by the Group to the Chief Executive, nor any of the directors and the two highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, neither the Chief Executive nor any of the directors waived any emoluments during both years.

13. DIVIDENDS

During the year ended December 31, 2013, 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 year ended December 31, 2013 amounted to RMB140,602,000.

A final dividend of RMB0.12 per share in respect of the year ended December 31, 2013 has been proposed by the directors and is subject to approval by the shareholders in the upcoming annual general meeting.

14. EARNINGS PER SHARE

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

	2013 ***RMB'000***	2012 *RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**588,310**	470,016

	'000	*'000*
Number of shares		
Number of ordinary shares (2012: Weighted average number of ordinary shares) for the purpose of basic earnings per share	**1,480,022**	1,374,363

Outstanding share options of the Company during the year ended December 31, 2013 have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's earnings per share for the year ended December 31, 2013.

The over-allotment option of the Company did not have a dilutive effect on the Company's earnings per share during the year ended December 31, 2013 because the exercise price of such option was higher than the average market prices of the Company's share during the period when the option was exercisable.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At December 31, 2011	488,627	141,075	166,194	105,518	478,241	98,576	1,478,231
Additions	27,739	20,354	28,496	13,717	265,652	368,261	724,219
Acquired on acquisition of a subsidiary *(Note 31)*	–	–	–	–	–	1,783	1,783
Transfer	134,674	23,322	85,727	13,533	25,269	(282,525)	–
Disposals	(115,921)	(2,766)	(10,461)	(3,140)	(117,584)	–	(249,872)
At December 31, 2012	**535,119**	**181,985**	**269,956**	**129,628**	**651,578**	**186,095**	**1,954,361**
Additions	**98,112**	**31,542**	**33,075**	**26,366**	**261,138**	**461,978**	**912,211**
Acquired on acquisition of subsidiaries *(Note 31)*	**65,757**	**14,022**	**–**	**13,637**	**29,447**	**37,337**	**160,200**
Transfer	**355,181**	**23,775**	**64,764**	**23,745**	**47,717**	**(515,182)**	**–**
Disposals	**–**	**(2,396)**	**–**	**(3,723)**	**(224,948)**	**–**	**(231,067)**
Disposal of a subsidiary *(Note 32)*	**–**	**(1,110)**	**(10,737)**	**(750)**	**(352)**	**–**	**(12,949)**
At December 31, 2013	**1,054,169**	**247,818**	**357,058**	**188,903**	**764,580**	**170,228**	**2,782,756**
DEPRECIATION							
At December 31, 2011	79,433	56,731	39,977	51,395	161,916	–	389,452
Provided for the year	20,634	22,476	26,842	14,090	78,675	–	162,717
Eliminated on disposals	(37,207)	(2,100)	(1,042)	(2,044)	(58,778)	–	(101,171)
At December 31, 2012	**62,860**	**77,107**	**65,777**	**63,441**	**181,813**	**–**	**450,998**
Provided for the year	**24,842**	**26,254**	**30,715**	**20,226**	**96,432**	**–**	**198,469**
Eliminated on disposals	**–**	**(2,156)**	**–**	**(3,322)**	**(87,625)**	**–**	**(93,103)**
Eliminated on disposal of a subsidiary *(Note 32)*	**–**	**(482)**	**(1,004)**	**(390)**	**(118)**	**–**	**(1,994)**
At December 31, 2013	**87,702**	**100,723**	**95,488**	**79,955**	**190,502**	**–**	**554,370**
CARRYING VALUES							
At December 31, 2012	472,259	104,878	204,179	66,187	469,765	186,095	1,503,363
At December 31, 2013	**966,467**	**147,095**	**261,570**	**108,948**	**574,078**	**170,228**	**2,228,386**

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their estimated residual values, at the following rates per annum where applicable:

Buildings	Over the shorter of the remaining lease term of land on which buildings are located and useful life of buildings of 20–40 years
Plant and machinery	11.88%–31.67%
Leasehold improvements	10%–20%
Furniture, fixtures and equipment	19%
Motor vehicles	14%–19%

As at December 31, 2013, buildings without building ownership certificates with carrying values of approximately RMB20,034,000 (2012: Nil) were situated on land in the PRC which the Group is in the process of obtaining legal title. During the year ended December 31, 2013, the Group paid RMB115,757,000 to acquire such land and such amount was recognized as deposits paid for acquisition of land use rights at the end of the reporting period. The management of the Group does not anticipate any hurdles in obtaining the land use rights and relevant buildings ownership certificates.

During the year ended December 31, 2012, buildings with carrying amount of approximately RMB58,777,000 were registered in the name of Yongda CLS, an entity controlled by the shareholders of the company, and a building with carrying amount of approximately RMB20,373,000 situated on land in the PRC held by Yongda CLS under medium-term lease were disposed of to Yongda CLS at an aggregate consideration of RMB134,711,000 and were subsequently leased back by the Group under operating leases.

The Group's buildings are situated on land in the PRC held by the Group under medium-term leases. Details of the Group's buildings and motor vehicles pledged to secure bank borrowings granted to the Group are set out in note 27.

16. PREPAID LEASE PAYMENTS

	RMB'000
COST	
At December 31, 2011	268,164
Additions	89,962
Acquired on acquisition of a subsidiary *(Note 31)*	9,965
Disposals	(64,775)
At December 31, 2012	**303,316**
Additions	**22,562**
Acquired on acquisition of subsidiaries *(Note 31)*	**81,485**
At December 31, 2013	**407,363**
AMORTIZATON	
At December 31, 2011	17,025
Provided for the year	6,576
Eliminated on disposals	(9,650)
At December 31, 2012	**13,951**
Provided for the year	**9,395**
At December 31, 2013	**23,346**
CARRYING VALUES	
At December 31, 2012	289,365
At December 31, 2013	**384,017**

	2013	2012
	RMB'000	*RMB'000*
Analyzed for reporting purpose as:		
Current assets	**9,515**	6,509
Non-current assets	**374,502**	282,856
	384,017	289,365

16. PREPAID LEASE PAYMENTS (continued)

The carrying amount represents the prepayment of rentals for medium-term land use rights situated in the PRC.

During the year ended December 31, 2012, parcels of land with carrying amount of approximately RMB55,560,000 were registered in the name of Yongda CLS were disposed of to Yongda CLS and subsequently leased back by the Group under operating leases.

Details of the Group's land use rights pledged to secure bank borrowings granted to the Group are set out in note 27.

17. INTANGIBLE ASSETS

	Dealership agreements *RMB'000*	Customer relationship *RMB'000*	Vehicle license plates *RMB'000*	Total *RMB'000*
COST				
At December 31, 2011	—	—	14,561	14,561
Additions	—	—	12,148	12,148
At December 31, 2012	—	—	26,709	26,709
Additions	—	—	11,941	11,941
Acquisition of subsidiaries *(Note 31)*	206,024	31,019	—	237,043
Disposals	—	—	(58)	(58)
At December 31, 2013	**206,024**	**31,019**	**38,592**	**275,635**
CARRYING VALUES				
At December 31, 2012	**—**	**—**	**26,709**	**26,709**
At December 31, 2013	**206,024**	**31,019**	**38,592**	**275,635**

Dealership agreements and customer relationship are stated at cost less any impairment losses and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of these intangible assets are as follows:

Dealership agreements	40 years
Customer relationship	15 years

Details of assessment of impairment of dealership agreements and customer relationship are set out in note 31.

The vehicle licence plates were issued by the relevant authorities in Shanghai with no expiration dates. As such, the management considers such licence plates to have an indefinite useful life and they are carried at cost less any subsequent impairment losses, if any.

17. INTANGIBLE ASSETS (continued)

The licence plates will not be amortized until its useful life is determined to be finite. Instead, they will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The management of the Group determined that there was no impairment of licence plates as their market value exceeds their carrying amount as at the end of the reporting periods.

18. INTERESTS IN JOINT VENTURES

	2013 RMB'000	2012 RMB'000
Cost of unlisted investments in joint ventures	56,938	30,538
Share of post-acquisition profits, net of dividend received	9,633	9,390
	66,571	39,928

As at December 31, 2013 and 2012, the Group had interests in the following joint ventures:

Name of entity*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group 2013 %	2012 %	Proportion of voting power held 2013 %	2012 %	Principal activity
Shanghai Bashi Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda") 上海巴士永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong") 上海永達長榮汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership
Harbin Yongda International Automobile Plaza Co., Ltd. (Harbin Yongda) 哈爾濱永達國際汽車廣場有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	40	N/A	40	N/A	4S dealership

* The English names of the above entities established in the PRC are translated for identification purpose only.

18. INTERESTS IN JOINT VENTURES (continued)

The summarized financial information of the Group's joint ventures accounted for using the equity method are set out below:

	2013 RMB'000	2012 RMB'000
Current assets	**162,294**	99,877
Non-current assets	**40,493**	6,989
Current liabilities	**135,218**	65,858
Non-current liabilities	**998**	980
Income recognized for the year	**439,755**	464,293
Expenses recognized for the year	**(429,435)**	(451,754)

19. INTERESTS IN ASSOCIATES

	2013 RMB'000	2012 RMB'000
Cost of unlisted investments in associates	**28,318**	28,318
Share of post-acquisition (losses) profits and other comprehensive income, net of dividend received	**(1,371)**	69
	26,947	28,387

19. INTERESTS IN ASSOCIATES (continued)

As at December 31, 2013, the Group had interests in the following associates:

Name of entity*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registed capital held by the Group 2013 %	2012 %	Proportion of voting power held 2013 %	2012 %	Principal activity
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile") 上海永達風度汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Nantong Oriental Yongda Jiachen Automobile Sales and Services Co., Ltd. 南通東方永達佳晨汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	49	**49**	49	4S dealership
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda") 上海東方永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	49	**49**	49	Sale of passenger vehicles
Shanghai Jinjiang Toyota Automobile Sales and Services Co., Ltd. 上海錦江豐田汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	20	**49**	20	4S dealership

* The English names of the above entities established in the PRC are translated for identification purpose only.

19. INTERESTS IN ASSOCIATES (continued)

The summarized financial statements of the Group's associates are set out below:

	2013 *RMB'000*	2012 *RMB'000*
Total assets	**221,595**	296,833
Total liabilities	**(157,835)**	(229,301)
Net assets	**63,760**	67,532
Group's share of net assets of associates	**26,947**	28,387
Revenue for the year	**590,267**	538,593
Profit and total comprehensive income for the year	**495**	2,138
Group's share of profit and total comprehensive income of associates for the year	**651**	1,425

20. FINANCE LEASE RECEIVABLES

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

	2013 *RMB'000*	2012 *RMB'000*
Analysed as:		
Current	**55,681**	—
Non-current	**32,556**	—
	88,237	—

20. FINANCE LEASE RECEIVABLES (continued)

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Finance lease receivables comprise:				
Within one year	**55,769**	—	**55,681**	—
In more than one year but not more than two years	**21,989**	—	**19,220**	—
In more than two years but not more than five years	**15,317**	—	**13,336**	—
	93,075	—	**88,237**	—
Less: unearned finance income	**(4,838)**	—	**N/A**	—
Present value of minimum lease payment receivables	**88,237**	—	**88,237**	—

Effective interest rates of the above finance leases were around 8% per annum.

At December 31, 2013, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB11,609,000 and RMB10,275,000 (Note 26) were recognized as other non-current liabilities and current liabilities, respectively.

21. DEFERRED TAXATION

(a) Deferred tax assets

The following are the major deferred tax assets recognized and movements thereon during the current and prior years:

	Tax losses RMB'000	Accrued expenses RMB'000	Payroll and welfare payable RMB'000	Others RMB'000	Total RMB'000
At December 31, 2011	16,941	5,065	8,012	5,392	35,410
Credit (charge) to profit or loss	7,333	(3,185)	1,678	(1,409)	4,417
At December 31, 2012	**24,274**	**1,880**	**9,690**	**3,983**	**39,827**
Credit (charge) to profit or loss	**2,843**	**2,335**	**(962)**	**662**	**4,878**
Acquired on acquisition of subsidiaries *(Note 31)*	**5,443**	**–**	**66**	**261**	**5,770**
Eliminated on disposals	**(1,653)**	**–**	**–**	**(100)**	**(1,753)**
At December 31, 2013	**30,907**	**4,215**	**8,794**	**4,806**	**48,722**

The deferred tax balances have reflected the tax rates that are expected to apply in the respective periods when the asset is realized or the liability is settled.

The Group's unused tax losses of approximately RMB123,628,000 and RMB97,096,000 as at December 31, 2013 and 2012, respectively have been recognized as deferred tax assets as at the end of the reporting periods.

(b) Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries RMB'000
At December 31, 2012	–
Deferred tax arising from acquisition of subsidiaries (Note 31)	63,375
At December 31, 2013	**63,375**

Under the EIT Law of the PRC, 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 consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB1,884,378,000 (2012: RMB1,419,891,000) 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.

22. INVENTORIES

	2013 *RMB'000*	2012 *RMB'000*
Motor vehicles	**3,146,318**	2,483,741
Spare parts and accessories	**301,520**	194,448
	3,447,838	2,678,189

Certain of the Group's inventories with a carrying amount of approximately RMB790,186,000 and RMB976,525,000 as at December 31, 2013 and 2012, respectively, were pledged as security for the Group's short-term bank loans and other borrowings (Note 27).

Certain of the Group's inventories with a carrying amount of approximately RMB1,352,665,000 and RMB1,025,578,000 as at December 31, 2013 and 2012, respectively, were pledged as security for the Group's bills payable.

23. TRADE AND OTHER RECEIVABLES

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

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

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

c. For customers under finance lease, the Group receives deposits from customers in accordance with terms of lease agreements and grants credit period not exceeding 30 days.

23. TRADE AND OTHER RECEIVABLES (continued)

	2013 RMB'000	2012 RMB'000
Current		
Trade receivables	275,305	155,541
Other receivables comprise:		
Payments and deposits to suppliers	1,457,211	1,128,699
Payments and rental deposits on properties	59,058	37,233
Rebate receivables from suppliers	1,356,531	945,094
Insurance commission receivables	22,080	11,928
Staff advances	7,640	4,547
Value-Added Tax recoverable	192,312	143,779
Advances to non-controlling shareholders *(note 1)*	14,250	—
Others	59,242	45,562
	3,168,324	2,316,842
	3,443,629	2,472,383
Non-current		
Deposits paid for acquisition of a subsidiary *(note 2)*	35,380	—

Notes:

(1) The balances are unsecured, interest-free and repayable on demand.

(2) In November 2013, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire equity interests in an entity which mainly holds land leases. The Group intended to acquire such assets through acquisition of equity interests in this entity and paid deposits of approximately RMB35,380,000 during the year ended December 31, 2013. Up to the report date, the transaction has not yet been completed.

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

	2013 RMB'000	2012 RMB'000
0 to 90 days	275,305	155,541

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

24. CASH IN TRANSIT

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 December 31, 2013 aged seven days (2012: seven days).

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at December 31, 2013, the Group had a short-term principal-guaranteed deposit with carrying amount of approximately RMB189,000,000 (2012: N/A) in a bank in the PRC. The yield rate of the deposit, related to the yield rates of the underlying investments, including government bonds, bank deposits and other kinds of financial instruments governed by monetary regulatory bodies in the PRC, was provided by the counterparty bank periodically. In accordance with the relevant agreements, the expected yield is variable ranging from 2.10% to 3.60% per annum. During the year ended December 31, 2013, the Group received a return of approximately RMB1,620,000 which was recognized as interest income in the consolidated statement of profit or loss and other comprehensive income. The variable return element is an embedded derivative which should be accounted for separately. In the opinion of the directors of the Group, the fair value of such embedded derivative does not have a material impact on the reserves and financial position of the Group.

The Group pledged certain of its bank deposits to banks as security for bills payable and short-term borrowings and the pledged bank deposits carry variable-rate interest ranging from 0.50% to 3.25% (2012: 0.35% to 3.05%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bills payable and short-term borrowings.

The Group's bank balances and cash denominated in RMB, HK$ and US$ carry variable-rate interest as follows:

	2013	2012
	Interest rate per annum	
The Group		
— RMB	**0.35%**	0.35% — 0.50%
— HK$	**0.01%**	—
— US$	**0.001%**	—

The Group's bank balances and cash and pledged bank deposits that are denominated in currencies other than RMB are set out below:

	2013	2012
	RMB'000	*RMB'000*
HK$	**506**	76,369
US$	**4,894**	—
	5,400	76,369

26. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**139,649**	102,311
Bills payables	**2,288,444**	1,846,648
	2,428,093	1,948,959
Other payables		
Other tax payables	**44,049**	25,236
Advances and deposits from customers	**724,914**	667,874
Payable for acquisition of property, plant and equipment	**92,641**	48,182
Rental payables	**35,560**	13,944
Salary and welfare payables	**35,699**	38,957
Accrued interest	**25,063**	1,866
Accrued listing expenses	**—**	7,663
Accrued audit fee	**3,800**	3,500
Other accrued expenses	**26,645**	2,666
Transaction costs payable for issue of medium-term note	**3,132**	—
Consideration payables for acquisition of subsidiaries *(Note 31a) (note)*	**44,338**	—
Consideration payable for acquisition of non-controlling interests of a subsidiary *(note 33) (note)*	**60,000**	—
Advance from non-controlling shareholders *(note)*	**91,730**	—
Deposits received from customers under finance leases *(Note 20)*	**10,275**	—
Others	**41,141**	31,257
	1,238,987	841,145
	3,667,080	2,790,104

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

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

26. TRADE AND OTHER PAYABLES (continued)

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

	2013 RMB'000	2012 RMB'000
0 to 90 days	**2,428,093**	1,948,959

27. BORROWINGS

	2013 RMB'000	2012 RMB'000
Bank loans	**3,412,488**	3,260,973
Other borrowings from entities controlled by suppliers	**526,103**	361,252
	3,938,591	3,622,225
Secured borrowings, by the Group's assets	**1,089,715**	1,159,031
Unsecured borrowings	**2,848,876**	2,463,194
	3,938,591	3,622,225
Guaranteed borrowings, by an independent third party	**60,000**	6,000
Unguaranteed borrowings	**3,878,591**	3,616,225
	3,938,591	3,622,225
Fixed-rate borrowings	**1,349,742**	1,136,201
Variable-rate borrowings	**2,588,849**	2,486,024
	3,938,591	3,622,225
Carrying amount repayable:		
Within one year	**3,887,420**	3,465,172
More than one year, but not exceeding two years	**44,949**	97,536
More than two years, but not exceeding five years	**6,222**	59,517
	3,938,591	3,622,225
Less: amounts due within one year shown under current liabilities	**(3,887,420)**	(3,465,172)
Amounts shown under non-current liabilities	**51,171**	157,053

27. BORROWINGS (continued)

The ranges of effective interest rates on the Group's bank and other borrowings are as follows:

	2013	2012
Effective interest rate:		
Fixed-rate borrowings	**5.60% to 9.00%**	5.88% to 8.75%
Variable-rate borrowings	**2.09% to 9.00%**	5.04% to 8.20%

The Group's variable-rate bank borrowings carry interest at the People's Bank of China benchmark rate plus a premium/LIBOR plus a margin.

At the end of the reporting periods, other borrowings (i) are of a term less than one year; (ii) are interest-free for the first two months after drawdown; (iii) carry interest at the People's Bank of China benchmark rate plus a premium as the borrowings are extended beyond the initial interest-free period.

As at December 31, 2013, the Group had borrowings of US$49,940,000 (2012: Nil), equivalent to RMB304 million, denominated in US$ which is foreign currency of the relevant group entity.

During the years ended December 31, 2013 and 2012, the Group entered into various borrowing agreements with banks and financial institutions to finance its business operations and expansion. Such borrowings were secured against the Group's assets with carrying amounts as follows:

	2013 *RMB'000*	2012 *RMB'000*
Land use rights	**7,718**	7,950
Property, plant and equipment (buildings and motor vehicles)	**132,619**	132,739
Inventories	**790,186**	976,525
Pledged bank deposits	**23,744**	10,000
Total	**954,267**	1,127,214

28. MEDIUM-TERM NOTE

On September 22, 2013, Shanghai Yongda Investment Holdings Group Co., Ltd., a wholly-owned subsidiary of the Company, issued a medium-term note of an aggregate registered amount of RMB1.16 billion with a term of three years from the date of issuance.

The medium-term note is unsecured and carries interest at a rate of 6.4% per annum. The interest is payable annually. The medium-term note was issued to domestic institutional investors in the PRC which are independent third parties.

28. MEDIUM-TERM NOTE (continued)

At December 31, 2013, unpaid unamortized transaction cost of approximately RMB3,312,000 and RMB3,312,000 are recognized as non-current liabilities and current liabilities respectively. The Group paid transaction cost of approximately RMB5,108,000 during the year ended December 31, 2013.

Movement of the medium-term note during the year ended December 31, 2013 was as follows:

	RMB'000
Issue on September 22, 2013	**1,160,000**
Less: capitalized transaction cost in relation to issuance	**(11,372)**
Add: interest expense *(Note 9)*	**1,264**
At December 31, 2013	**1,149,892**

As at December 31, 2013, unpaid interest expenses of approximately RMB19,991,000 was accrued in other payables.

29. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorized:		
At December 31, 2011	38,000	380
Increase in authorized share capital *(note a)*	2,462,000	24,620
At December 31, 2012 and 2013	2,500,000	25,000

	Number of shares *'000*	**Amount** *HK$'000*	**Shown in financial statements as** *RMB'000*
Issued and fully paid:			
At December 31, 2011	200	2	2
Issue of shares by capitalization of share premium account *(note b)*	1,279,800	12,798	10,433
Issue of shares by initial public offerings *(note c)*	200,022	2,000	1,630
At December 31, 2012 and 2013	**1,480,022**	**14,800**	**12,065**

29. SHARE CAPITAL (continued)

Notes:

a) Pursuant to resolutions passed at a general meeting of the Company's shareholders on May 5, 2012, it was resolved, inter alia, the authorized share capital of the Company would be increased to HK$25,000,000 as divided into 2,500,000,000 shares at a par value of HK$0.01 each;

b) Following the change in the authorized share capital and upon Listing, 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; and

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

The new shares allotted and issued during the year ended December 31, 2012 rank pari passu in all respects with the then existing shares in issue.

30. SHARE-BASED COMPENSATION

The Company's share option scheme was adopted by the Company on October 10, 2013 (the "Share Option Scheme") for the primary purpose of giving the grantees an opportunity to have a personal stake in the Company and motivating the grantees to optimise their performance and efficiency, and retaining the grantees whose contributions are important to the Group's long-term growth and profitability. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 5% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted must be taken up within 28 days from the date of grant, upon payment of RMB1.00. Subject to the vesting as detailed below, options may be exercised at any time from the grant date of the share options to the fifth anniversary of the date of grant. The exercise price of the shares in the Company shall be a price determined by the board of directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

On December 30, 2013, the Company granted 30,000,000 share options to the directors of the Company and employees of the Group. Details are set out as follows:

(1) All options granted are at an exercise price of HK$6.95 per share.

(2) The share options will be vested in three tranches, i.e. the first 1/3 from the first anniversary after the date of grant, the second 1/3 from the second anniversary after the date of grant and the remaining from the third anniversary after the date of grant.

(3) The share options will lapse automatically and not be exercisable (to the extent not already exercised) at the earlier of the end of their exercisable periods on when the grantees cease to be employees of the Group.

30. SHARE-BASED COMPENSATION (continued)

The estimated fair value of the share options granted on December 30, 2013 was RMB39,624,000. The fair value was calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

	December 30, 2013
Share price	HK$6.95
Exercise price	HK$6.95
Expected volatility	36.45%
Expected life	3.5 years
Risk-free interest rate	1.00%

The risk-free rate was based on the market yield rate of Hong Kong Government Bond with a maturity of three to five years. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The suboptimal exercise multiple used in the model represents the estimated ratio of the future share price over the exercise price when the grantees will exercise the options and has been adjusted, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in variables and assumptions may result in changes in the fair values of the share options.

Set out below are details of movements of the outstanding options granted under the Share Option Scheme during the year ended December 31, 2013:

	Number of options				
	Outstanding as at 1 January 2013	Issue during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31 December 2013
Director:					
Ms. Wang Liqun	–	200,000	–	–	200,000
Mr. Wang Zhiqiang	–	200,000	–	–	200,000
Mr. Lu Wei	–	200,000	–	–	200,000
Mr. Chen Xianglin	–	200,000	–	–	200,000
Employees	–	29,200,000	–	–	29,200,000
	–	30,000,000	–	–	30,000,000
Exercisable at the end of the year	–				–
Weighted average exercise price (HK$)	–	6.95	–	N/A	6.95

30. SHARE-BASED COMPENSATION (continued)

No share options under the Share Option Scheme were exercised during the year ended December 31, 2013 since the share options had not yet vested.

At December 31, 2013, the number of shares in respect of which options under the Share Option Scheme remained outstanding was 30,000,000 (2012: N/A), representing 2.07% (2012: N/A) of the shares of the Company in issue at that date.

No expense (2012: N/A) was recognized for the year ended December 31, 2013 in relation to share options granted by the Company under the Share Option Scheme.

31. ACQUISITION OF SUBSIDIARIES

(a) In October 2013, the Group acquired 100% equity interests in Shijiazhuang Baohe Automobile Sales and Service Co., Ltd. ("Shijiazhuang Baohe"), Handan Baohe Automobile Sales and Service Co., Ltd. ("Handan Baohe") and Linyi Yubaohang Automobile Sales and Service Company Limited ("Linyi Yubaohang") from an independent third party for an aggregate cash consideration of RMB258 million to expand the Group's dealership network. Shijiazhuang Baohe and Linyi Yubaohang operates BMW 4S dealerships and Handan Baohe operates BMW authorized service center. These companies (together defined as "BMW 1") are located in the Hebei and Shandong Provinces of the PRC.

In October 2013, the Group acquired 100% equity interests in Jiaxing Zhibao Automobile Sales and Service Co., Ltd. ("Jiaxing Zhibao") and 51% equity interests in Zhangjiakou Quanzhibao Autombile Sales and Service Co., Ltd. ("Zhangjiakou Quanzhibao") from independent third parties for an aggregate cash consideration of RMB94 million to expand the Group's dealership network. These companies (together defined as "BMW 2") operate BMW 4S dealership and are located in the Zhejiang and Hebei Provinces of the PRC.

In July and August 2013, the Group acquired 100% equity interests in Lishui Jiacheng Autombile Sales Co., Ltd. ("Lishui Jiacheng"), Shaoxing Hecheng Haichang Automobile Sales and Service Co., Ltd. ("Shaoxing Hecheng Haichang") and Jiaxing Xiangtong Automobile Sales and Repair Co., Ltd. ("Jiaxing Xiangtong") from independent third parties for an aggregate cash consideration of RMB123 million to expand the Group's dealership network. Lishui Jiacheng, Shaoxing Hecheng Haichang and Jiaxing Xiangtong operate Audi, Volvo and Buick 4S dealerships, respectively, and are located in the Zhejiang Province of the PRC.

31. ACQUISITION OF SUBSIDIARIES (continued)

(a) (continued)

Aggregate assets acquired and liabilities assumed of entities operating in different 4S dealerships on the respective acquisition dates are as follows:

	BMW 1 *RMB'000*	**BMW 2** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Properties, plant and equipment	43,188	61,565	51,447	156,200
Prepaid lease payments	—	19,280	32,599	51,879
Intangible assets	150,440	51,809	34,794	237,043
Deferred tax assets	3,481	2,289	—	5,770
Inventories	100,747	22,805	66,075	189,627
Trade and other receivables *(note 1)*	146,536	78,684	34,064	259,284
Pledged bank deposits	19,556	2,284	30,822	52,662
Bank balances	7,012	52,215	4,968	64,195
Trade and other payables *(note 2)*	(177,322)	(86,601)	(107,825)	(371,748)
Income tax liabilities	(571)	—	(786)	(1,357)
Borrowings	(69,616)	(2,934)	(43,660)	(116,210)
Deferred tax liabilities	(37,610)	(13,326)	(12,439)	(63,375)
Net assets acquired	185,841	188,070	90,059	463,970
Less: non-controlling interests *(note 5)*	—	(14,337)	—	(14,337)
Goodwill *(note 4)*	72,159	—	32,768	104,927
Gain on bargain purchase	—	(20,195)	—	(20,195)
Consideration transferred *(note)*	258,000	153,538	122,827	534,365
Satisfied by:				
Cash				490,027
Consideration payable *(note 3)*				44,338
				534,365

Note: Included were the amounts of approximately RMB195,123,000 paid or payable by the Group for the payables of the acquirees to their respective former shareholders.

	Total *RMB'000*
Net cash outflow arising on acquisition	
Bank balances acquired	64,195
Consideration paid in 2013	(490,027)
	(425,832)

31. ACQUISITION OF SUBSIDIARIES (continued)

(a) Notes:

(1) The fair value of the trade and other receivables at the respective dates of acquisition amounted to RMB259,284,000, which is equal to the gross contractual amounts.

(2) Included in the account were advances from former shareholders of the acquirees amounting to RMB25,479,000 immediately before the acquisition. The balance was settled by the Group to the then former shareholders during the year.

(3) The Group paid approximately RMB430,905,000 during the year ended December 31, 2013 and the remaining balance of approximately RMB44,338,000 will be settled in 2014 in accordance with the terms of the relevant sale and purchase agreements.

(4) Goodwill of approximately RMB104,927,000 arose upon acquisition of Shijiangzhuang Baohe, Handan Baohe and Linyi Yubaohang and Lishui Jiacheng, each constitute a cash generating unit (collectively, the "Cash Generating Units").

Goodwill arose in the acquisition of the Cash Generating Units because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and market penetration in the relevant provinces in the PRC. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Management of the Group determined that there are no impairment indicators of the Cash Generating Units containing goodwill and intangible assets during the year ended December 31, 2013.

The recoverable amounts of the Cash Generating Units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Cash Generating Units. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended December 31, 2013, the Group performed impairment review for goodwill and intangible assets of the Cash Generating Units based on cash flow forecasts derived from the most recent financial budgets for the next five years approved by management using discount rates ranging from 13% to 14% which reflects current market assessments of the time value of money and the risks specific to the Cash Generating Units. The cash flows beyond the next five years are extrapolated using a growth rate of 3% per annum. The growth rates are by reference to industry growth forecasts.

The non-controlling interests in Zhangjiakou Quanzhibao recognized at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to approximately RMB14,337,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of 17%;
- assumed long-term sustainable growth rate of 3%; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in these entities.

Included in the profit for the year is RMB25,441,000 attributable to the subsidiaries acquired since the respective dates of acquisition. Revenue for the year includes RMB608,679,000 generated from these subsidiaries.

31. ACQUISITION OF SUBSIDIARIES (continued)

(a) Notes: (continued)

Had all the acquisitions been completed on January 1, 2013, total group revenue for the year would have been RMB27,467 million, and profit for the year would have been RMB667 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on January 1, 2013, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had the subsidiaries been acquired at the beginning of the current year, the directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(b) In August 2013, the Group acquired 100% equity interests in Jiangyin Leichi Automobile Sales and Services Co., Ltd. ("Jiangyin Leichi") from independent third parties at a consideration of RMB4.65 million.

Jiangyin Leichi was established in the PRC with a registered capital of RMB10 million for the purpose of operating 4S dealership in Jiangyin, Jiangsu Province. At the date of the acquisition, Jiangyin Leichi had not commenced operation and its major asset is a piece of land located in Jiangyin. The acquisition is therefore accounted for as an acquisition of assets through acquisition of a subsidiary.

The assets acquired and the associated liabilities assumed are as follows:

	RMB'000
Properties, plant and equipment	4,000
Prepaid lease payments	29,606
Other receivables	4,627
Bank balances	19
	38,252
Consideration and satisfied by:	
Cash paid	38,252
Net cash outflow arising on acquisition	
Bank balances acquired	19
Consideration transferred *(note)*	(38,252)
	(38,233)

Note: Included was the amount of approximately RMB33,599,000 paid by the Group for the payables of the acquiree to its former shareholders.

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

32. DISPOSAL OF A SUBSIDIARY

During the year ended December 31, 2013, the Group disposed of the entire equity interests in Shanghai Qingpu Yongda Automobile Sales and Service Co., Ltd. at a consideration of approximately RMB3,993,000. The net assets at the date of disposal were as follows:

	RMB'000
Properties, plant and equipment	10,955
Deferred tax assets	1,753
Inventories	3,176
Trade and other receivables	1,413
Bank balances and cash	827
Trade and other payables	(13,413)
Net assets disposed of	4,711
Consideration received	3,993
Loss on disposal	(718)
Net cash inflow arising on disposal:	
Cash	3,993
Less: bank balances and cash disposed of	(827)
	3,166

The entity did not have material impacts on the Group's results and cash flows in the current year.

33. ACQUISITION OF NON-CONTROLLING INTERESTS

In July 2013, the Group acquired an additional 49% interest in Shanghai Yongda Lujie Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Lujie") of approximately RMB35,684,000, an additional 49% in Shanghai Yongda Lusheng Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Lusheng") of approximately RMB8,033,000 and an additional 21.1% interest in Yongjia Baozen Automobile Sales and Services Co., Ltd. ("Yongjia Baozen") of approximately RMB1,112,000 for cash consideration of approximately RMB125,100,000, RMB4,900,000 and RMB1,055,000, respectively, resulting to an aggregate consideration amount of approximately RMB131,055,000. The difference between the consideration paid/ payable and the non-controlling interests of approximately RMB44,829,000 acquired was approximately RMB86,226,000 which was recognized in the special reserve in the consolidated statement of changes in equity.

33. ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

As at December 31, 2013, approximately RMB60 million of the consideration had not been paid by the Group.

34. MAJOR NON-CASH TRANSACTION

During the year ended December 31, 2012, the Group issued 1,279,800,000 new ordinary shares by way of capitalization, details of which are set out in Note 29(b).

35. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	2013 RMB'000	2012 RMB'000
Associate held by the Group		
Shanghai Oriental Yongda Automobile Sales Co., Ltd.		
(“Shanghai Oriental Yongda”)	**1,206**	825
Joint ventures held by the Group		
Harbin Yongda	**31,970**	–
Shanghai Bashi Yongda Automobile Sales Co., Ltd.		
(“Shanghai Bashi Yongda”)	**–**	401
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd.		
(“Shanghai Yongda Fengdu Automobile”)	**–**	3,513
	33,176	4,739
Analyzed as:		
Trade-related *(note)*	**1,206**	1,727
Non trade-related	**31,970**	3,012
	33,176	4,739

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

Note: The Group offers, at its discretion certain related parties with credit period up to 90 days.

35. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	2013 RMB'000	2012 RMB'000
Non-controlling shareholders *(note a)*	9,591	12,739
Joint ventures held by the Group		
Shanghai Bashi Yongda	1,415	—
Entity controlled by the shareholders		
Yongda CLS *(note b)*	9,688	13,735
	20,694	26,474
Analyzed as:		
Trade-related *(note c)*	1,415	530
Non trade-related	19,279	25,944
	20,694	26,474

The above non-traded balances are unsecured, interest-free 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 approximately RMB9,591,000 (2012: RMB12,209,000).

b. Included in the balance as at December 31, 2013 was a dividend payable of approximately RMB9,688,000 (2012: RMB13,735,000).

c. A credit period of not exceeding 90 days is given to the Group by the related parties.

35. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions

	2013 RMB'000	2012 RMB'000
a) Sales of motor vehicles		
Shanghai Bashi Yongda	**4,102**	14,279
Shanghai Yongda Fengdu Automobile	**–**	6,943
Yongda CLS	**–**	2,085
	4,102	23,307

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 RMB516,462,000 and RMB791,077,000 for the years ended December 31, 2012 and 2013, respectively. A commission of approximately RMB4,762,000 and RMB5,458,000 was paid to Shanghai Oriental Yongda for the marketing and promotion activities it carried out for the Group for the years ended December 31, 2012 and 2013, respectively.

	2013 RMB'000	2012 RMB'000
b) Purchase of motor vehicles		
Shanghai Bashi Yongda	**9,912**	8,719
Shanghai Yongda Fengdu Automobile	**4,309**	3,575
Shanghai Yongda Changrong	**–**	228
	14,221	12,522
c) Sales of spare parts		
Shanghai Yongda Fengdu Automobile	**138**	1,020
Shanghai Yongda Changrong	**71**	2,324
Shanghai Shenbao	**–**	84
Shanghai Bashi Yongda	**–**	20
	209	3,448

35. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

	2013 RMB'000	2012 RMB'000
d) Purchase of spare parts		
Shanghai Bashi Yongda	418	—
Shanghai Yongda Changrong	47	—
Shanghai Yongda Fengdu Automobile	—	1
	465	1
e) Provision of after-sales services		
Shanghai Yongda Fengdu Automobile Consulting Service Co., Ltd	—	282
	—	282
f) Purchase of property, plant and equipment from		
Shanghai Bashi Yongda	7,548	5,628
Shanghai Yongda Changrong	175	2,387
Shanghai Yongda Fengdu Automobile	—	414
	7,723	8,429
g) Interest expenses		
A non-controlling shareholder with significant influence over the relevant subsidiary	457	1,066
h) Proceeds from disposal of properties and prepaid lease payments to		
Yongda CLS	—	134,711
i) Proceeds from disposal of available-for-sale investments to		
Yongda CLS	—	1,000

35. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

	2013 RMB'000	2012 RMB'000
j) Acquisition from Yongda CLS in relation to		
Yangzhou Yongda	–	10,000
k) Rental expenses paid to		
Yongda CLS and Shanghai Yongda Transportation Equipment Co., Ltd (note)	8,499	5,648

note: The related party transaction constitutes continuing connected transaction for the Company within the meaning of the Listing Rules, the details of which are disclosed in the section headed "Connected and Continuing Connected Transactions" in this annual report.

	2013 RMB'000	2012 RMB'000
l) Dividends paid to		
Yongda CLS	4,047	–
m) Compensation of key management personnel		
Short-term benefits	4,107	3,028
Post-employment benefits	95	87
	4,202	3,115

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

36. OPERATING LEASES

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the Group's outlets which fall due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	**146,196**	87,174
In the second to fifth years inclusive	**421,383**	213,712
After five years	**693,190**	185,013
	1,260,769	485,899

Operating lease payments represent rentals payable by the Group for certain properties and land. The leases in general run for an initial period of two to twenty years with an option to renew the leases when all the terms are renegotiated. Certain leases also contain an escalation clause.

The Group as lessor

At the end of each reporting period, the Group had contracted with car renters for the following future minimum lease payments:

	2013 RMB'000	2012 RMB'000
Within one year	**268,095**	125,444
In the second to fifth years inclusive	**83,324**	54,939
	351,419	180,383

The Group provides automobile rental services for a term of no more than three years and for fixed rentals.

37. CAPITAL COMMITMENTS

	2013 RMB'000	2012 RMB'000
Capital expenditure in respect of acquisition of		
— property, plant and equipment contracted for but not provided	**89,446**	176,891

38. RETIREMENT BENEFITS SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

38. RETIREMENT BENEFITS SCHEME (continued)

The total cost charged to the consolidated statements of comprehensive income of approximately RMB70,606,000 and RMB40,602000 for the years ended December 31, 2013 and 2012, respectively, represent contributions payable to the scheme by the Group for the respective years.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at December 31, 2013 is as follows:

	NOTE	2013 RMB'000	2012 RMB'000
Investments in subsidiaries and amounts due from subsidiaries		**1,688,469**	1,200,102
Other assets		**13,746**	351,557
Total assets		**1,702,215**	1,551,659
Total liabilities		**(304,663)**	(8,012)
		1,397,552	1,543,647
Capital and reserves			
Share capital		**12,065**	12,065
Reserves	(a)	**1,385,487**	1,531,582
		1,397,552	1,543,647

Note (a):

	Share premium RMB'000	(Accumulated losses)/ Retained profit RMB'000	Total RMB'000
As at January 1, 2012	524,998	(9,406)	515,592
Issue of shares by way of capitalization of share premium account	(10,433)	—	(10,433)
Issue of shares by initial public offerings	1,074,552	—	1,074,552
Transaction costs attributable to issue of shares	(63,027)	—	(63,027)
Profit for the year	—	14,898	14,898
As at December 31, 2012	1,526,090	5,492	1,531,582
Dividends recognized as distribution	(140,602)	—	(140,602)
Loss for the year	—	(5,493)	(5,493)
As at December 31, 2013	1,385,488	(1)	1,385,487

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY

Details of the Company's principal subsidiaries at December 31, 2013 and 2012 are as follows:

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Directly held:						
Sea of Wealth International Investment Company Limited 富海國際投資有限公司	The British Virgin Islands	November 15, 2011	1 share of US$1.00 each	**100**	100	Investment holding
Indirectly held:						
Grouprich International Investment Holdings Limited 香港匯富國際投資集團有限公司	Hong Kong	September 10, 2004	1,000,000 shares of HK$1.00 each	**100**	100	Investment holding
Shanghai Yongda Investment Holdings Group Co., Ltd. 上海永達投資控股集團有限公司 (formerly known as Shanghai Yongda Investment Co., Ltd. 上海永達投資有限公司)	PRC	September 25, 2003	RMB290,000,000	**100**	100	Investment holding
Shanghai Yongda Automobile Group Co., Ltd. 上海永達汽車集團有限公司 (formerly known as Shanghai Yongda Automobile International Investment Management Co., Ltd. 上海永達汽車國際投資管理有限公司)	PRC	September 15, 2003	RMB910,000,000	**100**	100	Investment holding
Shanghai Yongda Automobile Leasing Co., Ltd. 上海永達汽車租賃有限公司	PRC	February 21, 2000	RMB50,000,000	**100**	100	Automobile rental services
Shanghai Baozen Automobile Sales and Services Co., Ltd. 上海寶誠汽車銷售服務有限公司	PRC	January 6, 2004	RMB80,000,000	**100**	100	4S dealership
Shanghai Baozen Zhonghuan Automobile Sales and Services Co., Ltd. 上海寶誠中環汽車銷售服務有限公司	PRC	August 30, 2007	RMB50,000,000	**100**	100	4S dealership
Shanghai Putuo Baozen Automobile Sales and Services Co., Ltd. 上海普陀寶誠汽車銷售服務有限公司	PRC	June 4, 2010	RMB15,000,000	**100**	100	4S dealership
Beijing Baozen Baiwang Automobile Sales and Services Co., Ltd. 北京寶誠百旺汽車銷售服務有限公司	PRC	August 5, 2009	RMB30,000,000	**100**	100	4S dealership
Beijing Yongda Fengchi Used Automobile Agency Co., Ltd. 北京永達風馳舊機動車經紀有限公司	PRC	October 13, 2010	RMB100,000	**100**	100	Pre-owned vehicle business

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Kunshan Baozen Automobile Sales and Services Co., Ltd. 昆山寶誠汽車銷售服務有限公司	PRC	November 4, 2009	RMB40,000,000	100	100	4S dealership
Taicang Baozen Automobile Sales and Services Co., Ltd. 太倉寶誠汽車銷售服務有限公司	PRC	August 5, 2009	RMB10,000,000	100	100	4S dealership
Linfen Baozen Automobile Sales and Services Co., Ltd. 臨汾寶誠汽車銷售服務有限公司	PRC	July 10, 2009	RMB20,000,000	100	100	4S dealership
Changzhi Baozen Lufu Automobile Sales and Services Co., Ltd. 長治寶誠潞府汽車銷售服務有限公司	PRC	January 29, 2010	RMB20,000,000	100	100	4S dealership
Yuncheng Baozen Automobile Sales and Services Co., Ltd. 運城市寶誠汽車銷售服務有限公司	PRC	February 3, 2010	RMB5,000,000	100	100	After-sales services
Taiyuan Baozen Automobile Sales and Services Co., Ltd. ("Taiyuan Baozen") 太原寶誠汽車銷售服務有限公司	PRC	October 23, 2007	RMB15,000,000	60	60	4S dealership
Nantong Baozen Automobile Sales and Services Co., Ltd. 南通寶誠汽車銷售服務有限公司	PRC	September 1, 2006	RMB30,000,000	90	90	4S dealership
Jiangyin Baozen Automobile Sales and Services Co., Ltd. 江陰寶誠汽車銷售服務有限公司	PRC	August 15, 2007	RMB25,000,000	88	88	4S dealership
Wenzhou Baozen Automobile Sales and Services Co., Ltd. 溫州寶誠汽車銷售服務有限公司	PRC	September 3, 2008	RMB30,000,000	78	78	4S dealership
Taizhou Baozen Automobile Sales and Services Co., Ltd. 台州寶誠汽車銷售服務有限公司	PRC	November 12, 2008	RMB15,000,000	60	60	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. 無錫寶誠汽車銷售服務有限公司	PRC	September 13, 2004	RMB11,500,000	82	82	4S dealership
Yancheng Baozen Automobile Sales and Services Co., Ltd. 鹽城寶誠汽車銷售服務有限公司 (formerly known as Yancheng Baozen Automobile Co., Ltd. 鹽城寶誠汽車服務有限公司)	PRC	December 9, 2008	RMB1,500,000	71	71	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Linhai Baozen Automobile Sales and Services Co., Ltd. 臨海寶誠汽車銷售服務有限公司	PRC	November 24, 2009	RMB5,000,000	**60**	60	After-sales services
Yongjia Baozen Automobile Sales and Services Co., Ltd. 永嘉寶誠汽車銷售服務有限公司	PRC	January 19, 2010	RMB5,000,000	**83.5** *(note 1)*	62.4	After-sales services
Wuxi Baozen Gaohui Automobile Sales Co., Ltd. 無錫寶誠高惠汽車銷售有限公司	PRC	May 21, 2010	RMB5,000,000	**82**	82	Pre-owned vehicle business
Jiangyin Baozen Automobile Complementary Services Co., Ltd. 江陰寶誠汽車配套服務有限公司	PRC	June 18, 2010	RMB500,000	**88**	88	Title transfer and registration and automobile consultation services
Jiangyin Xiangyue Baozen Automobile Sales and Services Co., Ltd. 江陰享悦寶誠汽車銷售服務有限公司	PRC	November 4, 2011	RMB40,000,000	**88**	88	4S dealership
Shengzhou Baozen Automobile Sales and Services Co., Ltd. 嵊州市寶誠汽車銷售服務有限公司	PRC	March 15, 2012	RMB10,000,000	**100**	100	4S dealership
Shanghai Huangpu Baozen Automobile Sales Co., Ltd 上海黃浦寶誠汽車銷售有限公司	PRC	June 5, 2012	RMB10,000,000	**100**	100	Sales of passenger vehicles
Hainan Mengfa Automobile Sales and Services Co., Ltd. 海南永達汽車銷售服務有限公司 (formerly known as Hainan Mengfa Trade & Development Co., Ltd 海南盟發貿易發展有限公司	PRC	August 23, 2007	RMB30,000,000	**100**	100	4S dealership
Anhui Yongda Baoyi Automobile Sales and Services Co., Ltd. 安徽永達寶易汽車銷售服務有限公司	PRC	January 6, 2011	RMB20,000,000	**72**	72	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. ("Wuxi Yongda Oriental") 無錫永達東方汽車銷售服務有限公司	PRC	April 15, 2011	RMB20,000,000	**51**	51	4S dealership
Shanghai Yongda Infiniti Automobile Sales and Services Co., Ltd. 上海永達英菲尼迪汽車銷售服務有限公司	PRC	September 18, 2006	RMB30,000,000	**100**	100	4S dealership
Shanghai Yongda Infiniti Qibao Automobile Sales and Services Co., Ltd. 上海永達英菲尼迪七寶汽車銷售服務有限公司	PRC	August 14, 2009	RMB10,000,000	**100**	100	4S dealership
Shaoxing Yongda Wuxian Automobile Sales and Services Co., Ltd. 紹興永達無限汽車銷售服務有限公司	PRC	August 22, 2011	RMB20,000,000	**85**	85	4S dealership
Yangzhou Yongda Automobile Sales and Services Co., Ltd. 揚州永達汽車銷售服務有限公司	PRC	January 30, 2011	RMB10,000,000	**100**	100	4S dealership
Shanghai Yongda Lujie 上海永達路捷汽車銷售服務有限公司	PRC	September 6, 2010	RMB10,000,000	**100** *(note 2)*	51	4S dealership
Shanghai Yongda Lusheng 上海永達路勝汽車銷售服務有限公司	PRC	June 30, 2011	RMB10,000,000	**100** *(note 2)*	51	4S dealership
Zhengzhou Yongda Hexie Automobile Sales and Services Co., Ltd. 鄭州永達和諧汽車銷售服務有限公司	PRC	December 26, 2011	RMB20,000,000	**70**	70	4S dealership
Wenzhou Yongda Lujie Automobile Sales and Services Co., Ltd. 溫州永達路捷汽車銷售服務有限公司	PRC	March 30, 2012	RMB10,000,000	**100**	100	4S dealership
Huzhou Yongda Lubao Automobile Sales and Services Co., Ltd. 湖州永達路寶汽車銷售服務有限公司	PRC	March 16, 2012	RMB10,000,000	**100**	100	4S dealership
Shanghai Yongda Dongwo Automobile Sales and Services Co., Ltd. 上海永達東沃汽車銷售服務有限公司	PRC	July 18, 2007	RMB10,000,000	**100**	100	4S dealership
Shanghai Yongda Beiwo Automobile Sales and Services Co., Ltd. 上海永達北沃汽車銷售服務有限公司	PRC	June 7, 2012	RMB10,000,000	**100**	100	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Shanghai Yongda Shenlong Automobile Sales and Services Co., Ltd. 上海永達申龍汽車銷售服務有限公司	PRC	September 5, 2006	RMB10,000,000	100	100	4S dealership
Shanghai Yongda Shensong Automobile Sales and Services Co., Ltd. 上海永達申松汽車銷售服務有限公司	PRC	July 20, 2012	RMB3,000,000	100	100	4S dealership
Jiangxi Yongda Rongjian Automobile Sales and Services Co., Ltd. 江西永達榮建汽車銷售服務有限公司	PRC	September 20, 2012	RMB20,000,000	60	60	4S dealership
Shanghai Yongda Kaihong Automobile Sales and Services Co., Ltd. 上海永達凱鴻汽車銷售服務有限公司	PRC	November 20, 2012	RMB3,000,000	100	100	4S dealership
Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. 上海永達汽車浦東銷售服務有限公司	PRC	December 6, 1999	RMB150,000,000	100	100	4S dealership
Shanghai Yongda Aoxiang Automobile Sales and Services Co., Ltd. 上海永達奧翔汽車銷售服務有限公司	PRC	October 17, 2006	RMB10,000,000	100	100	Automobile sales and after-sales services and pre-owned vehicles business
Shanghai Yongda Aocheng Automobile Services Co., Ltd. 上海永達奧誠汽車銷售服務有限公司	PRC	July 7, 2011	RMB150,000,000	100	100	4S dealership
Huzhou Yongda Aocheng Automobile Sales and Services Co., Ltd. 湖州永達奧誠汽車銷售有限公司	PRC	September 9, 2011	RMB35,000,000	100	100	4S dealership
Shanghai Yongda Aocheng Zhonghuan Automobile Sales and Services Co., Ltd. 上海永達奧誠中環汽車銷售服務有限公司	PRC	December 9, 2011	RMB15,000,000	100	100	4S dealership
Taizhou Yongda Aocheng Automobile Sales and Services Co., Ltd. 台州永達奧誠汽車銷售服務有限公司	PRC	November 15, 2012	RMB15,000,000	70	70	4S dealership
Shanghai Yongda Automobile Businesses and Services Co., Ltd. 上海永達汽車經營服務有限公司	PRC	December 11, 1998	RMB10,000,000	100	100	4S dealership
Shanghai Yongda Guangshen Automobile Sales and Services Co., Ltd. 上海永達廣申汽車銷售服務有限公司	PRC	December 21, 2006	RMB10,000,000	100	100	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Shanghai Yongda Automobile Trade Center Co., Ltd. 上海永達汽車貿易中心有限公司	PRC	November 27, 1998	RMB11,100,000	100	100	4S dealership
Shanghai Yongda Tongmei Automobile Sales and Services Co., Ltd. 上海永達通美汽車銷售服務有限公司	PRC	November 13, 2006	RMB5,270,000	100	100	4S dealership
Shanghai Yongda Automobile Nanhui Sales and Services Co., Ltd. 上海永達汽車南匯銷售服務有限公司	PRC	December 19, 2002	RMB5,000,000	100	100	4S dealership
Shanghai Yongda Automobile Songjiang Sales and Services Co., Ltd. 上海永達汽車松江銷售服務有限公司	PRC	September 3, 2003	RMB6,000,000	100	100	4S dealership
Shanghai Yongda Tongtu Automobile Sales and Services Co., Ltd. 上海永達通途汽車銷售服務有限公司	PRC	February 4, 2009	RMB5,000,000	100	100	4S dealership
Fuzhou Yongda Automobile Sales and Services Co., Ltd. 福州永達汽車銷售服務有限公司	PRC	July 9, 2004	RMB6,100,000	61	61	4S dealership
Shanghai Yongda Baoyunlai Automobile Sales and Services Co., Ltd. 上海永達寶運來汽車銷售服務有限公司	PRC	September 29, 2005	RMB5,460,000	100	100	4S dealership
Shanghai Yongda Tongning Automobile Sales and Services Co., Ltd. 上海永達通寧汽車銷售服務有限公司	PRC	February 20, 2009	RMB5,000,000	100	100	4S dealership
Shanghai Yongda Tongsheng Automobile Sales and Services Co., Ltd. 上海永達通盛汽車銷售服務有限公司	PRC	February 11, 2009	RMB5,000,000	100	100	4S dealership
Shanghai Yongda Tonghao Automobile Sales and Services Co., Ltd. 上海永達通豪汽車銷售服務有限公司	PRC	May 6, 2009	RMB5,000,000	100	100	Sale of passenger vehicles
Fujian Yongda Automobile Sales and Services Co., Ltd. 福建永達汽車銷售服務有限公司	PRC	May 15, 2009	RMB5,000,000	61	61	4S dealership
Shanghai Yongda Zhonghuan Automobile Sales and Services Co., Ltd. 上海永達中環汽車銷售服務有限公司	PRC	November 16, 2004	RMB5,000,000	100	100	4S dealership
Shanghai Yongda Automobile Puxi Sales and Services Co., Ltd. 上海永達汽車浦西銷售服務有限公司	PRC	December 27, 2000	RMB7,170,000	100	100	Sale of passenger vehicles

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Shanghai Yongda Qidong Automobile Sales and Services Co., Ltd. 上海永達啟東汽車銷售服務有限公司	PRC	March 11, 2011	RMB15,000,000	60	60	4S dealership
Shanghai Yongda Automobile Pudong Trade Co., Ltd. 上海永達汽車浦東貿易有限公司	PRC	February 21, 2001	RMB5,160,000	100	100	4S dealership
Shanghai Yongda Haojie Automobile Sales and Services Co., Ltd. 上海永達豪捷汽車銷售服務有限公司	PRC	January 7, 2010	RMB5,000,000	100	100	4S dealership
Huzhou Yongda Automobile Sales and Services Co., Ltd. 湖州永達汽車銷售服務有限公司	PRC	June 3, 2008	RMB30,000,000	75	75	4S dealership
Shanghai Yongda Automobile Sales Co., Ltd. 上海永達汽車銷售有限公司 (formerly known as Shanghai Yongda Zhongbao Automobile Sales and Services Co., Ltd. 上海永達中寶汽車銷售服務有限公司)	PRC	September 28, 2002	RMB6,000,000	100	100	Sale of passenger vehicles and after-sales services
Shanghai Yongda Zhongxin Automobile Sales and Services Co., Ltd. 上海永達眾鑫汽車銷售服務有限公司	PRC	November 29, 2012	RMB10,000,000	100	100	4S dealership
Shanghai Qingpu Yongda Automobile Sales and Services Co., Ltd. 上海青浦永達汽車銷售服務有限公司	PRC	April 8, 2010	RMB10,000,000	– (note 3)	100	4S dealership
Shanghai Yongda Weirong Automobile Sales and Services Co., Ltd. 上海永達威榮汽車銷售服務有限公司	PRC	July 18, 2006	RMB10,000,000	100	100	4S dealership
Shanghai Yongda Bashi Automobile Sales and Services Co., Ltd. 上海永達巴士汽車銷售服務有限公司	PRC	March 11, 2008	RMB20,000,000	100	100	4S dealership
Shanghai Yongda Toyota Automobile Sales and Services Co., Ltd. 上海永達豐田汽車銷售服務有限公司	PRC	April 25, 2002	RMB10,000,000	100	100	4S dealership
Shanghai Yongda Xingtian Automobile Sales and Services Co., Ltd. 上海永達星田汽車銷售服務有限公司	PRC	February 9, 2006	RMB10,000,000	100	100	4S dealership
Shanghai Yongda Tongbao Automobile Sales and Services Co., Ltd. 上海永達通寶汽車銷售服務有限公司	PRC	April 18, 2008	RMB20,000,000	100	100	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Shanghai Yongda Automobile Repair Co., Ltd. 上海永達汽車維修有限公司	PRC	January 12, 1995	RMB10,000,000	**100**	100	After-sales services
Shanghai Yongda Automobile Safety Testing Center Co., Ltd. 上海永達機動車安全檢測中心有限公司	PRC	December 18, 1998	RMB3,650,000	**100**	100	After-sales and vehicle inspection services
Shanghai Yongda Automobile Complementary Consulting Services Co., Ltd. 上海永達汽車配套諮詢服務有限公司	PRC	January 26, 1999	RMB1,950,000	**100**	100	After-sales services
Shanghai Automobile Registration Agency Services Co., Ltd. 上海市機動車登記證代理服務中心有限公司	PRC	September 21, 2001	RMB3,000,000	**100**	100	Automobile registration and consultation services
Shanghai Yongda Fengchi Second-Hand Automobile Management Co., Ltd. 上海永達風馳二手機動車經營有限公司	PRC	December 25, 2006	RMB1,000,000	**100**	100	Pre-owned vehicle business
Shanghai Pudong Used Automobile Trading Management Co., Ltd. ("Shanghai Pudong Used Automobile") 上海市浦東舊機動車交易市場經營管理有限公司	PRC	July 13, 1999	RMB5,340,000	**75**	75	Pre-owned vehicle business
Shanghai Zhongzheng Second-Hand Automobile Valuation Services Co., Ltd. 上海中正二手車評估服務有限公司	PRC	September 22, 2005	RMB1,560,000	**80**	80	Pre-owned vehicle business
Shanghai Yongda Finance Leasing Co., Ltd. 上海永達融資租賃有限公司	PRC	March 29, 2013	RMB65,000,000	**100** *(note 4)*	N/A	Finance leasing service
Yueqing Baozen Automobile Consultanting Services Co., Ltd 樂清寶誠汽車諮詢服務有限公司	PRC	January 28, 2013	RMB500,000	**78** *(note 4)*	N/A	After-sales services
Jiaxing Zhibao 嘉興之寶汽車銷售服務有限公司	PRC	July 12, 2012	RMB20,000,000	**100** *(note 5)*	N/A	4S dealership
Shijizhuang Baohe 石家莊寶和汽車銷售服務有限公司	PRC	July 4, 2005	RMB37,000,000	**100** *(note 5)*	N/A	4S dealership
Zhangjiakou Quanzhibao 張家口軒之寶汽車銷售服務有限公司	PRC	April 13, 2011	RMB10,000,000	**51** *(note 5)*	N/A	4S dealership
Handan Baohe 邯鄲市寶和汽車銷售服務有限公司	PRC	December 5, 2007	RMB7,500,000	**100** *(note 5)*	N/A	4S dealership

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES OF THE COMPANY (continued)

Name of subsidiaries#^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company At December 31, 2013 %	2012 %	Principal activities@
Linyi Yubaohang 臨沂宇寶行汽車銷售服務有限公司	PRC	October 26, 2006	RMB30,000,000	**100** *(note 5)*	N/A	4S dealership
Lishui Jiacheng 麗水市嘉誠汽車銷售有限公司	PRC	May 17, 2010	RMB55,000,000	**100** *(note 5)*	N/A	4S dealership
Jiangyin Leichi 江陰雷馳汽車銷售服務有限公司	PRC	August 23, 2010	RMB15,000,000	**100** *(note 5)*	N/A	4S dealership
Shaoxing Hecheng Haichang 紹興和誠海昌汽車服務有限公司	PRC	November 9, 2009	RMB11,800,000	**100** *(note 5)*	N/A	4S dealership
Shanghai Yongda Shenglong Automobile Complementary Consulting Services Co., Ltd. 上海永達申龍汽車配套諮詢服務有限公司	PRC	August 1, 2013	RMB100,000	**100** *(note 4)*	N/A	After-sales services
Jiaxing Yongda Tongcheng Automobile Sales and Service Co., Ltd. 嘉興永達通誠汽車銷售服務有限公司 (formerly known as Jiaxing Xiangtong 嘉興祥通汽車銷售維修有限責任公司)	PRC	November 28, 2000	RMB15,000,000	**100** *(note 5)*	N/A	4S dealership

\# Except for Sea of Wealth and Grouprich International which are limited liability companies, all subsidiaries are domestic limited liability enterprises.

^ The English names of all subsidiaries established in the PRC are translated for identification purpose only.

@ 4S dealership represents an automobile dealership authorized by an automobile manufacturer to engage in the four businesses relating to sales, spare parts, service and survey.

Notes:

1. The Group partially acquired its non-controlling interests in this company during the year ended December 31, 2013.
2. The Group acquired all non-controlling interests in these two companies during the year ended December 31, 2013. Part of the consideration of RMB60 million has not been paid as of December 31, 2013.
3. The Group disposed of all equity interests in this company in the year ended December 31, 2013.
4. These companies were newly set up during the year ended December 31, 2013.
5. These companies were newly acquired in 2013.

None of the subsidiaries had issued any debt securities at the end of the year, except for Shanghai Yongda Investment Holdings Group Co., Ltd. which issued a medium-term note with principal amount of RMB1.16 billion. Details of the medium-term note are set out in note 28.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	Year ended December 31,				
	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
REVENUE	**26,096,526**	21,711,998	20,304,119	15,017,931	9,104,198
Profit before tax	**852,577**	681,317	740,869	558,761	258,644
Income tax expense	**(210,540)**	(165,850)	(177,703)	(140,195)	(65,199)
Profit and total comprehensive income for the year	**642,037**	515,467	563,166	418,566	193,445
Attributable to:					
Owners of the Company	**588,310**	470,016	504,782	385,586	185,046
Non-controlling interests	**53,727**	45,451	58,384	32,980	8,399
	642,037	515,467	563,166	418,566	193,445
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**12,898,157**	9,995,648	8,158,716	4,324,814	3,080,377
TOTAL LIABILITIES	**(9,206,701)**	(6,677,049)	(6,420,649)	(3,128,574)	(2,310,504)
NON-CONTROLLING INTERESTS	**(267,391)**	(256,016)	(158,947)	(80,401)	(47,592)
	3,424,065	3,602,583	1,579,120	1,115,839	722,281