CAR Inc.

神州租車有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0699)

2014 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of CAR Inc. (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December, 2014 (the "Reporting Period") prepared pursuant to International Financial Reporting Standards.

I. FINANCIAL HIGHLIGHTS

	For the year ended 31 December, 2014	2013	Year-over-year change
	(in RMB millions, except otherwise stated)		%
Rental revenue	2,866	2,208	30%
Total revenue	3,520	2,703	30%
Gross profit	1,239	629	97%
Gross profit margin(2)	43%	28%	+15pp
Net profit/ (loss)	436	(223)	N.A.
Adjusted EBITDA(1)	1,629	918	77%
Adjusted EBITDA margin(2)	57%	42%	+15pp
Adjusted net profit/(loss)(1)	562	(155)	N.A.
Adjusted net profit margin(2)	20%	N.A.	N.A.
Basic EPS (RMB)	0.22	(0.12)	N.A.

Notes:

(1) Adjusted net profit and Adjusted EBITDA are non-IFRS measures. Please refer to "VI. Non-IFRS Financial Reconciliation" for details.

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

II. BUSINESS OVERVIEW

2014 was a successful year with strong profitability and solid financial positions. We continued to be the clear leader in China's car rental market by leveraging on our superior customer experience, cost leadership, technology innovation and enhanced funding capability.

Our total fleet, which excludes vehicles owned by our franchisees, comprised of 63,522 vehicles as of 31 December 2014, compared to 53,022 vehicles as of 31 December 2013. Our operating fleet was 58,773 vehicles as of 31 December 2014, compared to 42,496 vehicles as of 31 December 2013. We disposed of 15,483 used vehicles in 2014 and achieved a gross profit margin of 4.9% in sales of used vehicles, demonstrating our ability to dispose of a large number of used vehicles effectively close to their estimated residual values.

We had an extensive nationwide network of 723 directly operated service locations, which included 234 stores and 489 pick-up points, in 70 major cities in all provinces of China as of 31 December 2014. The majority of our locations are asset-light pick-up points, which substantially reduces capital expenditure requirements and operating expenses. Pick-up points strategy also enables us to easily expand and adjust our network to provide the easiest access to our customers. Our network is further supplemented by 219 service locations in 176 small cities operated by our franchisees. Our customer base grew steadily in 2014. As of 31 December 2014, we had approximately 2,327,000 individual customers and approximately 14,700 institutional customers.

Short-term rentals remain the core of rental business and continued to deliver strong performance. Our short-term rental fleet grew from 33,986 vehicles as of 31 December 2013 to 43,836 vehicles as of 31 December 2014. Our average daily rental rate ("ADRR") and RevPAC increased from RMB246 in 2013 to RMB272 in 2014 and from RMB142 in 2013 to RMB170 in 2014 respectively as we gradually solidified our market leading position in China. The utilization rate increased from 57.9% in 2013 to 62.2% in 2014.

	FY 2013	1Q'14	2Q'14	3Q'14	4Q'14	FY 2014
Fleet size as of period end						
Short-term rental	33,986	34,645	37,195	41,511	43,836	43,836
Long-term rental	6,241	6,111	5,946	5,687	9,368	9,368
Finance leasing	1,097	4,111	4,475	4,845	5,569	5,569
Suspended operating fleet	1,172	575	429	57	—	—
Total operating fleet	42,496	45,442	48,045	52,100	58,773	58,773
Retired vehicles awaiting for sale	5,267	5,062	2,342	3,321	3,497	3,497
Vehicles held for sale (Inventory)	5,259	4,899	2,111	2,324	1,252	1,252
Total fleet	53,022	55,403	52,498	57,745	63,522	63,522

As a technology driven company, we continuously improve operational efficiency and enhance customer experience through technology innovations. We put a significant focus on continuously enhancing our mobile technology. Reservations via mobile application as a percentage of our total reservations increased from 6% for the three months ended 31 March 2013 to 46% for the three months ended 31 December 2014. In December 2014, the percentage of reservations from our mobile application was 51%. As of 31 December 2014, our mobile application had approximately 7,000,000 installations.

We were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 19 September 2014 (the "Listing Date") with approximately 202 times Hong Kong public offering subscription, marking a milestone for us in accessing the public capital market, increasing our public awareness and improving our corporate governance. We subsequently became the constituent stock of several stock indexes managed by Hang Seng Indexes Company Limited.

In January 2015, three major international credit rating agencies, Moody's, Standard & Poor's and Fitch Ratings assigned credit ratings of Ba1, BB+ and BB+ respectively to us, with stable ratings outlook. In February 2015, we issued our inaugural Reg S / 144A US$500 million 6.125% senior unsecured notes duein 2020 to enhance capital structure, diversify funding sources, reduce financing costs and support business growth. The bond represents a landmark development for Chinese non-property high-yield sector and achieved considerable oversubscription with total orderbook exceeding US$7 billion.

III. STRATEGIC HIGHLIGHTS

Over the past year, we continued to expand our rental fleet and increased our revenues while improving our profitability and further solidifying our market leadership position in China's car rental market.

Our short-term rental business continues to be our strategic and operational focus. We intend to continue to grow our rental fleet, increase our fleet utilisation rate, expand our network coverage, enhance customer experience and strengthen our brand. Further, we intend to continue product innovation and closely monitor developments in customer needs, consumer trends using big data analysis, technology, and regulatory landscape in search for new growth opportunities. We believe we are well positioned to expand into other auto related business areas, supported by our clear leadership position in car rental industry, cross business synergies, strong execution capability and funding advantage.

Our vision is to become the leading auto mobility provider in China. As the transportation industry in China evolves, we see ever-increasing consumer adoption of new technologies, such as mobile and location-based services, and growing consumer demand for new forms of auto mobility solutions. We believe these will fuel the need for new mobility options in a market characterized by vehicle purchasing restrictions, increasing costs of car ownership, limited alternative transportation solutions and rigorous legal and regulatory oversight.

Along the value chain, we will continuously explore and evaluate opportunities that will help strengthen our growth prospects. We intend to prudently and selectively enter or further penetrate into adjacent and emerging businesses, such as used car sales, financing services, auto parts and vehicle maintenance.

As China global auto and internet industries evolve, more innovative solutions and technologies will emerge, such as Internet of Cars and Smart Vehicles. We intend to continue product innovation and explore strategic expansion in the broader auto ecosystem.

In January 2015, the Company commenced a collaboration with UCAR Inc. ("UCAR"), an independent third-party car service provider, under a co-branding arrangement (the "Collaboration"). Under the Collaboration, the Company will rent cars to UCAR under both long-term and short-term rental terms at the prevailing market rates, while UCAR will utilize the rental cars and the drivers it hired from labor companies to make chauffeured car services available to customers under the joint-brand "UCAR神州專車". We believe that the Collaboration will further enhance our brand recognition and customer retention, create cross-selling opportunities, and improve our fleet management efficiency. Under the Collaboration, the Company also enjoys priority rights in UCAR's future equity financings, which we believe secures future strategic opportunities in auto mobility services for us.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenues and Profitability Analysis

Rental revenue

	Year ended 31 December,			
	2014		**2013**	
	RMB	*% of rental revenue*	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Short-term rentals	2,295,752	80.1%	1,714,485	77.7%
Long-term rentals	466,418	16.3%	448,903	20.3%
Finance lease	46,825	1.6%	21,709	1.0%
Other revenue	57,215	2.0%	22,715	1.0%
Total rental revenue	2,866,210	100.0%	2,207,812	100.0%

	FY 2013	**1Q'14**	**2Q'14**	**3Q'14**	**4Q'14**	**FY 2014**
Short-term rental metrics						
Average daily fleet(1)	33,475	35,130	36,068	39,376	40,370	37,755
ADRR(2) (RMB)	246	281	273	277	260	272
Utilisation rate(3) (%)	57.9%	60.9%	62.6%	63.7%	61.7%	62.2%
RevPAC(4) (RMB)	142	171	171	177	160	170

Notes:

(1) Average daily short-term rental fleet is calculated by dividing the aggregate days of our short-term rental vehicles in operation in a given period by the aggregate days of that period. When calculating average daily short-term rental fleet, "short-term rental vehicles in operation" refers to our entire short-term fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported, but excluding those vehicles suspended from rental operations because they failed to pass the mandatory biennial inspection due to customer violation of traffic rules.

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

(3) Fleet utilisation rate is calculated by dividing the aggregate days that our vehicles are rented out for short-term rentals by the aggregate days that our short-term rental vehicles are in operation. When calculating fleet utilisation rate, "short-term rental vehicles in operation" refers to our entire short-term fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported, but excluding those vehicles suspended from rental operations because they failed to pass the mandatory biennial inspection due to customer violation of traffic rules.

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

Our total rental revenue increased by 30% from RMB2,207.8 million for the year ended 31 December, 2013 to RMB2,866.2 million for the year ended 31 December, 2014.

- *Short-term rentals.* Our revenue from short-term rentals increased by 34% from RMB1,714.5 million for the year ended 31 December, 2013 to RMB2,295.8 million for the year ended 31 December, 2014. This increase was mainly due to (i) the growing short-term rental fleet size, as our average daily short-term rental fleet size increased from 33,475 vehicles in 2013 to 37,755 vehicles in 2014, and (ii) the increase in our RevPAC, which increased from RMB142 in 2013 to RMB170 in 2014, primarily due to the increase of our ADRR from RMB246 to RMB272 during the same period. For the year ended 31 December, 2014, our revenue from short-term rentals accounted for 80.1% of our rental revenue, compared to 77.7% of our rental revenue for the year ended 31 December, 2013. We have continuously increased our short-term rental fleet size in line with our expansion strategy and in anticipation of strong market demand, which resulted in the increase in the average daily short-term rental fleet during the Reporting Period. As we gradually solidified our market leading position in China and continuously improved our dynamic pricing mechanism, we were able to significantly improve our ADRR since 2013. Our fleet utilization rate remained stable during the Reporting Period mainly because we set our target fleet utilisation rate at around 60% in the past few years as part of our growth strategy, which reflected a deliberate balance between our fleet expansion for building scale, securing license plates and our financial results.

- *Long-term rentals.* Our revenue from long-term rentals increased by 4% from RMB448.9 million in 2013 to RMB466.4 million in 2014. Our long-term fleet size increased from 6,241 vehicles as at 31 December, 2013 to 9,368 vehicles as at 31 December, 2014. The comparatively higher increase in long-term fleet size despite low increase in long-term rentals revenue was because most of the vehicle additions were made in the fourth quarter of 2014 including an addition of 2,575 rental vehicles in late 2014 for the new Zhuanche chauffeured rental business which officially launched to market in January 2015. As a percentage of our rental revenue, our revenue from long-term rentals for the year ended 31 December, 2014 was 16.3%, compared to 20.3% of our rental revenue for the year ended 31 December, 2013.

- *Finance lease.* Our revenue from finance lease increased by 116% from RMB21.7 million for the year ended 31 December, 2013 to RMB46.8 million for the year ended 31 December, 2014, primarily because we commenced our franchise business in December 2013. In 2014, we disposed of 5,298 used vehicles to our franchisees through financial leasing.

- *Other revenue.* Our other revenue increased from RMB22.7 million for the year ended 31 December, 2013 to RMB57.2 million for the year ended 31 December, 2014, primarily due to (i) payments from insurance companies in connection with our in-house vehicle repair and maintenance services, which experienced substantial expansion in the second half of 2013, and (ii) revenue from our franchise business which we commenced in December 2013.

Depreciation and Direct operating expenses of rental services

	Year ended 31 December,			
	2014		2013	
	RMB	*% of rental revenue*	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Depreciation of rental vehicles	670,163	23.4%	690,027	31.3%
Direct operating expenses				
- Payroll costs	354,533	12.4%	235,746	10.7%
- Store expenses	123,925	4.3%	116,414	5.3%
- Insurance fees	151,582	5.3%	157,259	7.1%
- Repair and maintenance fees	98,409	3.4%	120,139	5.4%
- Fuel expenses	78,336	2.7%	73,949	3.3%
- Others	182,091	6.4%	158,131	7.2%
Total direct operating expenses	988,876	34.5%	861,638	39.0%
Total costs of car rental business	1,658,039	57.9%	1,551,665	70.3%

Depreciation of rental vehicles. Depreciation of rental vehicles decreased slightly by 3% from RMB690.0 million in 2013 to RMB670.2 million in 2014. As a percentage of our rental revenue, depreciation expenses decreased from 31.3% in 2013 to 23.4% in 2014. The decrease was primarily due to an increase in the average purchase discount of our rental fleet and the nation-wide VAT reform in August 2013 in which taxes relating to vehicle purchases became deductible.

Direct operating expenses of rental services. Our direct operating expenses of rental services increased by 15% from RMB861.6 million in 2013 to RMB988.9 million in 2014. The increase was primarily due to our increase in service locations to enhance urban penetration. As a percentage of our rental revenue, direct operating expenses accounted for 34.5% and 39.0% for the year ended 31 December, 2014 and 2013, respectively.

Sales of used vehicles (revenue & cost)

	Year ended 31 December,	
	2014	**2013**
	RMB	*RMB*
	(in thousands, except percentages)	
Revenue from sales of used vehicles	654,226	494,903
Cost of sales of used vehicles	621,982	522,126
Cost as % of revenue from sales of used vehicles	95.1%	105.5%
Number of used vehicles disposed	15,483	9,986
Number of used vehicles sold	10,185	9,986
Number of used vehicles leased to franchisees	5,298	—

Our revenue from sales of used vehicles increased by 32% from RMB494.9 million for the year ended 31 December, 2013 to RMB654.2 million for the year ended 31 December, 2014, primarily as a result of (i) the increase in the number of used vehicles sold, which increased from 9,986 vehicles in 2013 to 10,185 vehicles in 2014, in line with our business expansion and our efforts to keep a young fleet, (ii) the implementation of our disposition channels, which provides a more systematic and cost-efficient way for us to sell our used vehicles to end users, dealers and franchisees, and (iii) the increase of used vehicles sales price on an average basis.

Our cost of sales of used vehicles represents the net book value of the disposed rental vehicles from our fleet. We periodically adjust the expected residual value of our rental vehicles to reflect latest market conditions. Our cost of sales of used vehicles were 105.5% and 95.1% of our revenue from sales of used vehicles for the years ended 31 December 2013 and 2014, respectively.

We were able to dispose our used vehicles in a timely manner. As of 31 December, 2014, 3,497 vehicles were retired and awaiting for sale, which included vehicles that would be transferred to our new Zhuanche chauffeured car services.

The results continued to demonstrate our proven capabilities in managing the full cycle of rental vehicles and effective estimation of residual values.

Gross profit

	Year ended 31 December, 2014	2013
	RMB	*RMB*
	(in thousands, except percentages)	
Gross profit of car rental business	1,207,171	656,147
Gross profit margin of car rental business	*42.1%*	*29.7%*
Gross profit/(loss) of sales of used vehicles	32,244	(27,223)
Gross profit/(loss) margin of sales of used vehicles	*4.9%*	*(5.5%)*
Total gross profit	1,239,415	628,924
Total gross profit margin as % of rental revenue	43.2%	28.5%

Our total gross profit increased by 97% from RMB628.9 million in 2013 to RMB1,239.4 million in 2014. Our total gross profit margin increased from 28.5% in 2013 to 43.2% in 2014, primarily due to increasing RevPAC, improved operating efficiency and the reduction of costs related to suspended fleet.

Selling and distribution expenses

	Year ended 31 December, 2014		2013	
	RMB	*% of rental revenue*	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	18,261	0.6%	27,125	1.2%
Advertising expenses	53,260	1.9%	112,813	5.1%
Share-based compensation	2,199	0.1%	3,767	0.2%
Others	18,990	0.7%	9,027	0.4%
Total	92,710	3.3%	152,732	6.9%

Our selling and distribution expenses decreased by 39% from RMB152.7 million in 2013 to RMB92.7 million mainly due to the increase of reservations via mobile application, downsizing of our long-term rental sales force and reduced brand marketing needs. As a percentage of our rental revenue, our selling and distribution expenses decreased from 6.9% in 2013 to 3.3% in 2014.

Administrative expenses

	Year ended 31 December, 2014		2013	
	RMB	*% of rental revenue*	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	140,681	4.9%	162,918	7.4%
Office expenses	42,783	1.5%	55,531	2.5%
Rental expenses	21,447	0.7%	20,701	0.9%
Share-based compensation	77,642	2.7%	93,732	4.2%
Others	67,554	2.4%	45,344	2.1%
Total	350,107	12.2%	378,226	17.1%

Our administrative expenses decreased by 7% from RMB378.2 million to RMB350.1 million. As a percentage of our rental revenue, our administrative expenses decreased from 17.1% in 2013 to 12.2% in 2014. The decrease was mainly due to economies of scale, enhanced operational efficiency driven by our improved in-house system integration, and the impact from share based compensation.

Other income and expenses, net. Other income and expenses, net increased by 27% from RMB20.7 million in 2013 to RMB26.2 million in 2014, primarily due to the increase in interest income and government grants which was partially offset by the decrease in exchange gain.

Finance costs. Our finance costs decreased by 8% from RMB334.6 million in 2013 to RMB309.5 million in 2014, primarily due to the decrease in our borrowings and average interest rates.

Profit/(loss) before tax. Our profit/(loss) before tax increased from a loss before tax of RMB215.9 million in 2013 to a profit before tax of RMB513.3 million in 2014.

Income tax expenses. Our income tax expenses increased from RMB7.4 million in 2013 to RMB77.2 million in 2014 due to the increased profitability of the group. Effective tax rate was (3.4%) and 15.0% for the years ended 31 December, 2013 and 2014, respectively.

Profit/(loss) after tax. As a result of the foregoing, we recorded a net loss of RMB223.4 million in 2013, compared to a net profit of RMB436.1 million in 2014.

2. **Financial Positions**

	As at 31 December,	
	2014	**2013**
	(RMB in millions)	
Total assets	9,842.3	6,167.0
Total liabilities	4,252.7	6,094.1
Total equity	5,589.6	72.9
Cash and cash equivalents	1,352.4	841.8
Restricted cash	53.1	1.8
Available-for-sale investments	1,070.0	—
Total cash	2,475.5	843.6
Interest bearing bank and other borrowings - current	2,778.9	2,247.6
Interest bearing bank and other borrowings - non-current	831.8	1,563.3
Total debt	3,610.7	3,810.9
Net debt (total debt less total cash)	1,135.2	2,967.3

Cash

In 2014, we financed our business operations primarily through cash generated from operations, bank and other borrowings, and the net proceeds we received from our initial public offering completed in September 2014.

We continued to generate strong operating cash flows and maintain a strong liquidity position during the year. As at 31 December, 2014, we had cash and cash equivalents of RMB1,352.4 million and available-for-sale investments of RMB1,070.0 million. These available-for-sale investments represent investments in certain financial products denominated in RMB offered by certain financial institutions in China and were made as part of our cash management policy to manage the excess cash generated from operations and achieve higher interest income. These investments have expected interest rates ranging from 1.9% to 5.4% per annum. In addition, we had restricted cash of RMB53.1 million as of 31 December, 2014.

Net proceeds from the initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the offering, which the Company received amounted to approximately RMB3,183.3 million.

Capital expenditures

The majority of our capital expenditure is for vehicle acquisitions. During the year ended 31 December, 2014, we incurred RMB2,729.1 million for purchases of rental vehicles. Cash outflows from vehicle acquisitions were partially offset by cash inflows from the disposal of rental vehicles of RMB705.0 million in 2014. Other capital expenditures, which amounted to RMB103.8 million in 2014, were mainly for purchases of other property, plant and equipment, and purchases of intangible assets.

Borrowings

As at 31 December, 2014, we had total interest-bearing bank and other borrowings of RMB3,610.7 million compared to RMB3,810.9 million as at 31 December 2013.

Our net debt position improved from RMB2,967.3 million as at 31 December, 2013 to RMB1,135.2 million as at 31 December, 2014, where net debt is defined as total interest-bearing bank and other borrowings less total cash.

Diversified funding sources

We have access to multiple funding channels, including onshore bank facilities, financial leasing, OEM financing and offshore equity and debt financing.

We continue to possess strong onshore funding capabilities and maintain strong relationships with various PRC banks. After the initial public offering, we have been able to obtain onshore bank facilities without the financial guarantees from Legend Holdings Corporation ("Legend Holdings"). With the recent cuts in benchmark interest rates by China's PBOC, we also expect to enjoy lower costs of borrowing for our existing and future onshore loans.

As a public company since September 2014, we have obtained better access to additional funding sources, including global capital markets, and expect to achieve more favorable financing terms. In February 2015, we issued US$500 million 6.125% five year non-call three year senior unsecured notes. Through maintaining diversified financing channels, we aim to lower our overall funding costs and improve our financial stability.

Credit ratings and credit metrics

For the purpose of the senior notes offering in February 2015, we completed a credit ratings process and obtained corporate and issue ratings of Ba1, BB+ and BB+ from Moody's, Standard & Poor's and Fitch Ratings, respectively.

Alongside our business expansion, we continue to see improvement in our key credit metrics. We will continue to exercise financial discipline and seek to maintain a strong credit profile.

Key credit metrics

	2014	**2013**
Debt / asset ratio (%)	36.7%	61.8%
Net debt[(1)] / asset ratio (%)	11.5%	48.1%
Debt / adjusted EBITDA (times)	2.2x	4.2x
Net debt[(1)] / adjusted EBITDA (times)	0.7x	3.2x
Adjusted EBITDA / gross interest expense (times)	5.3x	2.7x
FFO[(2)] / debt (%)	36.9%	15.3%

Notes:

(1) Net debt is defined as total interest bearing bank and other borrowings less cash and cash equivalents, restricted cash and available-for-sale investments.

(2) FFO ("funds from operations") is defined as adjusted EBITDA minus net interest expense and taxes paid.

We believe that our strong cash position, cash flow from operations and access to diversified funding channels provide us with significant flexibility and will enable us to meet our working capital, capital expenditures, and other funding requirements in the foreseeable future.

V. FINANCIAL INFORMATION

Consolidated statements of profit or loss

	Notes	**For the year ended 31 December,** **2014** *RMB'000*	**2013** *RMB'000*
Rental revenue		2,866,210	2,207,812
Sales of used vehicles		654,226	494,903
Total revenue	3	3,520,436	2,702,715
Depreciation of rental vehicles		(670,163)	(690,027)
Direct operating expenses of rental services		(988,876)	(861,638)
Cost of sales of used vehicles		(621,982)	(522,126)
Gross profit		1,239,415	628,924
Other income and expenses, net	3	26,195	20,704
Selling and distribution expenses		(92,710)	(152,732)
Administrative expenses		(350,107)	(378,226)
Finance costs	4	(309,466)	(334,611)
Profit/(loss) before tax	5	513,327	(215,941)
Income tax expenses	6	(77,214)	(7,424)
Profit/(loss) for the year		436,113	(223,365)
Attributable to:			
The owners of the parent		436,113	(223,365)
Earnings/(loss) per share attributed to ordinary equity holders of the parent			
Basic	7	RMB 0.22	RMB (0.12)
Diluted	7	RMB 0.22	RMB (0.12)

Consolidated statements of financial position

	Notes	As at 31 December, 2014 *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Rental vehicles	8	5,234,194	4,023,956
Other property, plant and equipment	9	213,804	89,226
Finance lease receivables — non-current	10	132,782	68,677
Prepayments for rental vehicles		440,910	54,660
Prepaid land lease payments		6,907	7,076
Goodwill		6,224	5,650
Other intangible assets		158,179	145,294
Rental deposits		4,626	2,292
Restricted cash		53,129	1,830
Deferred tax assets		573	3,142
Total non-current assets		6,251,328	4,401,803
CURRENT ASSETS			
Inventories		121,905	330,304
Trade receivables	11	236,407	208,426
Prepayments, deposits and other receivables	12	655,172	342,222
Due from a related party		—	119
Finance lease receivables — current	10	155,072	42,362
Available-for-sales investments	13	1,070,000	—
Cash and cash equivalents		1,352,435	841,835
Total current assets		3,590,991	1,765,268
CURRENT LIABILITIES			
Trade payables		24,671	13,802
Other payables and accruals	14	326,813	317,610
Advances from customers		192,771	174,838
Interest-bearing bank and other borrowings	15	2,778,887	2,247,576
Due to related parties		—	133,542
Due to shareholders		6,707	1,597,568
Income tax payable		38,999	6,008
Total current liabilities		3,368,848	4,490,944

	Notes	As at 31 December, 2014	2013
		RMB'000	*RMB'000*
NET CURRENT ASSETS/(LIABILITIES)		222,143	(2,725,676)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,473,471	1,676,127
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	831,802	1,563,299
Deposits received for rental vehicles		14,777	19,291
Deferred tax liabilities		37,308	20,599
Total non-current liabilities		883,887	1,603,189
NET ASSETS		5,589,584	72,938
EQUITY			
Equity attributable to owners of the parent			
Share capital		145	—
Reserves		5,762,413	668,468
Accumulated losses		(172,974)	(595,530)
TOTAL EQUITY		5,589,584	72,938

Consolidated statements of cash flows

	2014	2013
	RMB'000	*RMB'000*
Cash flows from operating activities:		
Profit/(loss) before tax	513,327	(215,941)
Adjustments for operating activities:		
Impairment on trade receivable	5,434	14,667
Impairment of inventories	—	1,462
Depreciation of rental vehicles	670,163	690,027
Depreciation of other property, plant and equipment	29,279	23,076
Loss/(gain) on disposal of other property, plant and equipment	49	(872)
Loss on disposal of subsidiary	417	—
Amorrtisation of other intangible assets	9,390	6,595
Amortisation of prepaid land lease payment	169	169
Exchange loss/(gain) arising from an amount due to a shareholder	6,235	(39,100)
Equity-settled share option expenses	80,632	101,148
Finance costs	309,466	334,611
Interest income	(34,620)	(3,284)
	1,589,941	912,558
Increase of trade receivables	(33,249)	(114,141)
Decrease/(increase) of inventories	208,399	(314,148)
Increase in prepayments and other receivables	(700,491)	(88,919)
Increase/(decrease) of trade payables	10,869	(3,051)
Increase of due to a shareholder of operating activities	24,222	7,356
Increase of advances from customers	13,419	69,733
Decrease of other payables and accruals	(66,143)	(10,208)
Increase of rental vehicles	(1,880,401)	(1,002,571)
Increase of finance lease receivables	(176,815)	(44,023)
Tax paid	(19,943)	(2,898)
Net cash flows used in operating activities	(1,030,192)	(590,312)

	2014	2013
	RMB'000	*RMB'000*
Cash flows from investing activities:		
Purchases of other property, plant and equipment	(81,220)	(32,171)
Proceeds from disposal of other property, plant and equipment	3,857	1,055
Purchases of other intangible assets	(21,901)	(27,775)
Acquisition of subsidiaries, net of cash acquired	(1,321)	73,687
Disposal of available-for-sale investments	725,000	—
Purchase of available-for-sales investments	(1,795,000)	—
Interest received	34,620	3,274
Net cash flows generated from/(used in) investing activities	(1,135,965)	18,070
Cash flows from financing activities:		
Restricted cash	(51,299)	7,494
Proceeds from bank and other borrowings	1,612,618	3,330,953
Repayments of bank and other borrowings	(1,812,804)	(2,663,484)
Proceeds from a shareholder	195,277	823,358
Repayment to a shareholder	—	(5,994)
Proceeds from issuance of ordinary shares	3,183,306	—
Repayments to related parties	(133,542)	(649,738)
Interest paid	(315,762)	(329,814)
Net cash flows from financing activities	2,677,794	512,775
Net increase/(decrease) in cash and cash equivalents	511,637	(59,467)
Cash and cash equivalents at beginning of year	841,835	910,372
Effect of foreign exchange rate changes, net	(1,037)	(9,070)
Cash and cash equivalents at end of year	1,352,435	841,835

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standard Board ("IASB"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB"), with values rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Pursuant to the corporate reorganisation the details of which are set out in the section entitled "Our History, Reorganisation and Corporate Structure" to our prospectus (the "Corporate Reorganisation"), the Company became the holding company of the companies now comprising the Group on 15 May 2014. The Corporate Reorganisation has no substance and did not form a business combination and accordingly, the consolidated financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Corporate Reorganisation had been completed at the beginning of the years for the purpose of this report.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. REVENUE, OTHER INCOME AND EXPENSES, NET

Revenue, which is also the Group's turnover, mainly represents the value of car rental service rendered and the net invoiced value of rental vehicles sold, net of business tax and discounts allowed.

An analysis of revenue, other income/(expenses) is as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Revenue		
Short-term rental income	2,295,752	1,714,485
Long-term rental income	466,418	448,903
Finance lease income	46,825	21,709
Sales of used rental vehicles	654,226	494,903
Franchise related income	11,396	—
Others	45,819	22,715
	3,520,436	2,702,715
Other income and expenses, net		
Interest income from bank deposit	34,620	3,284
Exchange gain/(loss)	(19,564)	22,711
Government grants*	10,530	1,834
(Loss)/gain on disposals of items of other property, plant and equipment	(49)	872
Others	658	(7,997)
	26,195	20,704

* There were no unfulfilled conditions and other contingencies attaching of government assistance that had been recognised.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other loans wholly repayable within five years	309,466	333,876
Others	-	735
	309,466	334,611

5. PROFIT/(LOSS) BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of sales of used vehicles	621,982	522,126
Depreciation of rental vehicles	670,163	690,027
Depreciation of other property, plant, and equipment	29,279	23,076
Recognition of prepaid land lease payments	169	169
Amortisation of other intangible assets**	9,390	6,595
Minimum lease payments under operating leases in respect of		
— offices and stores	52,802	50,144
— rental vehicles	40,243	18,118
Wages and salaries	414,046	332,469
Equity-settled share option expenses	80,632	101,148
Pension scheme contribution*	99,429	79,991
Insurance expenses	151,582	157,259
Repair and maintenance	98,409	120,139
Exchange loss/(gain)	19,564	(22,711)
Auditors' remuneration	8,000	2,851
Impairment on trade receivables	5,434	14,667
(Gain)/loss on disposal of items of other property, plant and equipment	49	(872)
Advertising and promotion expenses	53,260	112,813
Provision for impairment losses - Inventories	—	1,462

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

** The amortisation of other intangible assets are included in "Administrative expenses" in the consolidated statements of profit or loss.

6. INCOME TAX

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

	2014	2013
	RMB'000	*RMB'000*
Current income tax:		
Mainland China	57,936	8,958
Deferred tax	19,278	(1,534)
Total tax charge for the year	77,214	7,424

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

The provision for current income tax in PRC is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

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

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

	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) before tax	513,327	(215,941)
Tax at PRC statutory tax rate of 25%	128,332	(53,985)
Tax effect of tax rate difference between PRC and oversea entities	21,424	18,537
Impact/(utilisation) of unrecognised deferred tax assets	(73,353)	40,927
Expenses not deductible for tax	811	1,945
Total charge for the year	77,214	7,424

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,005,050,818 ordinary shares (2013: 1,867,220,070 ordinary shares) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

(a) ***Basic earnings/(loss) per share***

	2014	**2013**
	RMB'000	*RMB'000*
Consolidated net profit/(loss) attributable to ordinary equity holders of the Company	436,113	(223,365)
Weighted average number of ordinary shares outstanding	2,005,050,818	1,867,220,070
Basic earnings/(loss) per share	RMB0.22	RMB(0.12)

(b) ***Diluted earnings/(loss) per share***

Consolidated net profit/(loss) attributable to ordinary equity holders of the Company	436,113	(223,365)
Weighted average number of ordinary shares outstanding	2,005,050,818	1,867,220,070
Effect of dilution - Adjustment for share options	26,770,021	—*
Weighted average number of ordinary shares for diluted earnings per share	2,031,820,839	1,867,220,070
Diluted earnings/(loss) per share	RMB0.22	RMB(0.12)

* Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2013 and were disregarded in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the loss for the year RMB223,365,000, and the weighted average number of 1,867,220,070 ordinary shares in issue during the year ended 31 December 2013.

8. RENTAL VEHICLES

	TOTAL
	RMB'000
At 1 January, 2013:	
Cost	4,361,760
Accumulated depreciation	(820,731)
Net carrying amount	3,541,029
At 1 January, 2013, net of accumulated depreciation	3,541,029
Additions	1,888,999
Acquisition of subsidiaries	170,383
Disposals and transfers to inventories	(806,301)
Transfers to finance leases	(80,127)
Depreciation provided during the year	(690,027)
At 1 January, 2014, net of accumulated depreciation	4,023,956
At 31 December, 2013 and at 1 January, 2014:	
Cost	5,015,742
Accumulated depreciation	(991,786)
Net carrying amount	4,023,956
At 1 January, 2014, net of accumulated depreciation	4,023,956
Additions	2,729,073
Disposals and transfers to inventories	(705,014)
Transfers to finance leases	(143,658)
Depreciation provided during the year	(670,163)
At 31 December, 2014, net of accumulated depreciation	5,234,194
At 31 December, 2014:	
Cost	6,420,412
Accumulated depreciation	(1,186,218)
Net carrying amount	5,234,194

Vehicles with carrying values of RMB582,663,000 and RMB378,816,000 as of 31 December 2013 and 2014, respectively, were pledged as securities for certain of the Group's interest-bearing loans.

9. OTHER PROPERTY, PLANT AND EQUIPMENT

	In-car accessories *RMB'000*	Leasehold improvement *RMB'000*	Office furniture and equipment *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
At 1 January 2013					
Cost	33,912	22,388	31,686	16,333	104,319
Accumulated depreciation	(11,966)	(12,097)	(8,141)	(341)	(32,545)
Net carrying amount	21,946	10,291	23,545	15,992	71,774
At 1 January 2013, net of accumulated depreciation	21,946	10,291	23,545	15,992	71,774
Additions	6,345	7,317	20,432	—	34,094
Acquisition of subsidiaries	—	1,922	4,695	—	6,617
Depreciation provided during the year	(5,456)	(7,473)	(9,806)	(341)	(23,076)
Disposals	—	—	(183)	—	(183)
At 31 December 2013, net of accumulated depreciation	22,835	12,057	38,683	15,651	89,226
At 31 December 2013 and at 1 January 2014					
Cost	40,257	31,627	56,598	16,333	144,815
Accumulated depreciation	(17,422)	(19,570)	(17,915)	(682)	(55,589)
Net carrying amount	22,835	12,057	38,683	15,651	89,226
At 1 January 2014, net of accumulated depreciation	22,835	12,057	38,683	15,651	89,226
Additions	5,589	11,994	8,958	131,222	157,763
Depreciation provided during the year	(7,236)	(7,560)	(12,520)	(1,963)	(29,279)
Disposals	—	(2,902)	(978)	(26)	(3,906)
At 31 December 2014, net of accumulated depreciation	21,188	13,589	34,143	144,884	213,804
At 31 December, 2014					
Cost	45,846	40,719	65,782	148,640	300,987
Accumulated depreciation	(24,658)	(27,130)	(31,639)	(3,756)	(87,183)
Net carrying amount	21,188	13,589	34,143	144,884	213,804

The Group has pledged its building to secure the Group's finance lease payables. The net carrying amount was RMB15,651,000 and RMB15,508,000 as of December 2013 and 31 December 2014. As of 31 December 2014, the Group was in the process of obtaining the property rights certificates of certain of the Group's buildings with a net carrying amount of approximately RMB129,376,000.

10. FINANCE LEASE RECEIVABLES

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

	2014	**2013**
	RMB'000	*RMB'000*
Net minimum lease payments receivable	360,278	146,171
Unearned finance income	(72,424)	(35,132)
Total net finance lease receivables	287,854	111,039
Less: current portion	155,072	42,362
Non-current portion	132,782	68,677

Future minimum lease payments to be received under non-cancellable finance lease arrangements as of 31 December 2013 and 2014 are as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Within one year	204,492	49,056
In the second to fifth years, inclusive	155,786	97,115
	360,278	146,171

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as of 31 December 2013 and 2014 are as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Within one year	155,072	42,362
In the second to fifth years, inclusive	132,782	68,677
	287,854	111,039

11. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	262,261	228,846
Impairment provision	(25,854)	(20,420)
	236,407	208,426

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

An aged analysis of the trade receivables as at the end of each of the Reporting Periods, based on the invoice date and net of provisions, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	156,525	166,547
3 to 6 months	38,998	22,814
6 to 12 months	40,884	19,065
Over 1 year	—	—
	236,407	208,426

The movements in provision for impairment of trade receivables are as follows:

	2014	2013
	RMB'000	*RMB'000*
Balance at beginning of the year	20,420	5,753
Impairment losses recognised	5,434	14,667
Balance at end of the year	25,854	20,420

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	130,284	124,492
Past due but not impaired:		
Less than 3 months past due	57,749	47,091
3 months to 1 year past due	46,263	33,232
Over 1 year past due	—	—
	234,296	204,815

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

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

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Prepayments	247,128	156,980
Other receivables	95,227	55,181
Deductible VAT input	278,233	76,791
Deposits for finance leases	—	28,180
Rental deposits	16,477	13,515
Others	18,107	11,575
	655,172	342,222

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. AVAILABLE-FOR-SALES INVESTMENTS

The following table sets forth our available-for-sale investments for the Reporting Periods indicated:

	2014	**2013**
	RMB'000	*RMB'000*
Available-for-sale investments	1,070,000	—

Our available-for-sale investments are financial products with expected interest rates ranging from 1.9% to 5.4% per annum with a maturity period of 60 to 180 days offered by financial institutions in the PRC. The fair value of the financial products is approximate to their costs plus expected interest.

14. OTHER PAYABLES AND ACCRUALS

	2014	**2013**
	RMB'000	*RMB'000*
Deposits by customers — rental deposits	143,221	130,242
Payroll payable	54,939	58,955
Other payables	128,653	128,413
	326,813	317,610

Other payables and accruals are non-interest-bearing.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2014			2013		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current:						
Short-term loans						
— guaranteed	6.22	2015	199,160	6.00-7.50	2014 or On demand	702,567
Current portion of sale and leaseback obligations						
— secured and guaranteed	6.97	2015	51,727	6.77-7.07	2014	208,640
Current portion of long-term bank loans						
— guaranteed	5.92-8.00	2015	968,063	5.84-7.32	2014 or On demand	1,085,735
Current portion of long-term other loans						
— guaranteed	6.83-9.50	2015	1,439,625	5.69-9.50	2014 or On demand	140,700
— secured and guaranteed	11.06	2015	91,363	11.00	On demand	90,726
— secured	5.54-9.30	2015	28,949	8.04-12.30	2014 or On demand	19,208
			2,778,887			2,247,576
Non-current:						
Bank loans — guaranteed	5.92-8.00	2016	253,793	5.84-7.32	2015	206,830
Other loans — guaranteed	6.83-9.50	2016	496,667	5.69-7.60	2015	1,298,500
Other loans — secured	5.54-9.30	2016 -2017	81,342	8.04-12.30	2015	6,242
Sale and leaseback obligations						
— secured and guaranteed	—	—	—	6.77-7.07	2015	51,727
			831,802			1,563,299
			3,610,689			3,810,875

	2014	2013
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and repayable:		
— within one year or on demand	1,167,222	1,788,302
— in the second year	253,793	206,830
— in the third to fifth years, inclusive	—	—
	1,421,015	1,995,132
— Other borrowings repayable:		
— within one year or on demand	1,559,938	250,634
— in the second year	572,419	1,304,742
— in the third to fifth years, inclusive	5,590	—
	2,137,947	1,555,376
Sale and leaseback obligations:		
— within one year or on demand	51,727	208,640
— in the second year	—	51,727
— in the third to fifth years, inclusive	—	—
	51,727	260,367
	3,610,689	3,810,875

As of 31 December 2014, the Group had overdraft bank facilities which amounted to RMB2,426,608,000 (2013: RMB2,707,336,000), of which RMB2,026,608,000 (2013: RMB2,707,242,000) had been utilised.

Bank and other loans with the following amounts outstanding as of the Reporting Periods were secured/guaranteed by the followings:

2014	**2013**	**Lender**
RMB'000	*RMB'000*	
3,357,306	3,433,332	Guaranteed by Legend Holdings*
59,379	25,450	Secured by certain of rental vehicles (a)
51,728	260,367	Secured by certain of the Group's rental vehicles, prepaid land leases and guaranteed by Legend Holdings * under sale and leaseback arrangement [(a), (b)]
—	1,000	Guaranteed by CAR Beijing
91,363	90,726	Secured by certain finance lease income and guaranteed by CAR Beijing
50,913	—	Secured by certain pledged deposits[(c)]
3,610,689	3,810,875	

* On 1 July 2012, Legend Holdings undertook that it will provide financial assistance to the Group in an amount no less than RMB4.6 billion. The financial assistance will be in the form of loans made to the Group either directly or indirectly by Legend Holdings, or loans provided by any banks or non-bank financial institutions to the Group secured by guarantees provided by Legend Holdings. As of 31 December 2013 and 31 December 2014, borrowings in an amount of RMB3,693,699,000 and RMB3,409,033,000, respectively, net-off with administration fee, have been guaranteed by Legend Holdings.

(a) Bank and other borrowings of RMB285,817,000 and RMB111,107,000 as at 31 December 2013 and 31 December 2014 were secured by certain of the Group's rental vehicles, the total carrying amount of which at 31 December 2013 and 31 December 2014 were RMB582,663,000 and RMB378,816,000, respectively.

(b) Such borrowings at 31 December 2014 were also secured by certain of the Group's prepaid land lease, the total carrying amount of which at 31 December 2014 was RMB 7,076,000.

(c) Other borrowings of RMB50,913,000 as at 31 December 2014 were secured by certain of the Group's pledged deposits, the total carrying amount of which at 31 December 2014 was RMB51,829,000.

VI. NON-IFRS FINANCIAL RECONCILIATION

	For the year ended 31 December,	
	2014	2013
	(in RMB thousands, except percentages)	
A. Adjusted net profit/(loss)		
Net Profit/(loss)	436,113	(223,365)
Adjusted for:		
Share-based compensation	80,632	101,148
Foreign exchange loss/(gain) related to Corporate Reorganisation	18,050	(39,100)
IPO-related expenses	27,557	6,142
Adjusted net profit/(loss)	562,352	(155,175)
Adjusted net profit/(loss) margin (as a percentage of rental revenue)	19.6%	(7.0%)
B. Adjusted EBITDA		
Reported EBITDA calculation		
Profit/(loss) before tax	513,327	(215,941)
Adjusted for:		
Finance costs	309,466	334,611
Interest income from bank deposit	(34,620)	(3,284)
Depreciation of rental vehicles	670,163	690,027
Depreciation of other property plant, and equipment	29,279	23,076
Amortisation of other intangible assets	9,390	6,595
Amortisation of prepaid land lease payment.	169	169
Impairments on trade receivables	5,434	14,667
Reported EBITDA	1,502,608	849,920
Reported EBITDA margin (as a percentage of rental revenue)	52.4%	38.5%
Adjusted EBITDA calculation		
Reported EBITDA	1,502,608	849,920
Adjusted for:		
Share-based compensation	80,632	101,148
Foreign exchange loss/(gain) related to Corporate Reorganisation	18,050	(39,100)
IPO-related expenses	27,557	6,142
Adjusted EBITDA	1,628,847	918,110
Adjusted EBITDA margin (as a percentage of rental revenue)	56.8%	41.6%

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

VII. CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. For the year ended 31 December, 2014, the Company had been in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") save and except for code provision A.2.1 with details set out below.

Currently, the Chairman of the Board and Chief Executive Officer of the Company are held by Mr. Charles Zhengyao LU. While this constitutes a deviation from code provision A.2.1 as set out in the CG Code, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Lu acts as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the directors of the Company (the "Directors") and that the Board comprises four independent non-executive Directors out of nine Directors, which is more than the Listing Rules requirement of one-third, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Lu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman of the Board and Chief Executive Officer is necessary.

Details of the Company's corporate governance will be set out in the Company's 2014 Annual Report.

VIII. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code since the Listing Date and up to the date of this announcement.

IX. PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period from the Listing Date to 31 December, 2014.

X. AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the audited 2014 annual results and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. The Audit and Compliance Committee considers that the annual results for the year ended 31 December 2014 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

XI. ANNUAL GENERAL MEETING

A notice convening the 2015 annual general meeting of the Company will be issued and dispatched to the shareholders in due course.

XII. DIVIDEND PAYMENT

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December, 2014.

XIII. PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.zuche.com) and the website of The Stock Exchange of Hong Kong Limited. The 2014 annual report of the Company containing all relevant information required under Appendix 16 to the Listing Rules will be published on the aforementioned websites and dispatched to shareholders of the Company in due course.

The Group employs certain non-IFRS financial figures in measuring the performance of the Group. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and the Company's shareholders and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and when planning and forecasting future periods. The Group's management believes that adjusted EBITDA is a useful financial metrics to assess the Group's operating and financial performance.

This announcement has been issued in the English language with a separate Chinese language translation. If there is any discrepancy between the English language version and the Chinese language version of this announcement, the English language version shall prevail.

By Order of the Board
CAR Inc.
Charles Zhengyao LU
Chairman and CEO

Hong Kong, 12 March 2015

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Charles Zhengyao Lu as Executive Director, Mr. Linan Zhu, Mr. Erhai Liu, Mr. Hui Li, and Mr. Narasimhan Brahmadesam Srinivasan as Non-executive Directors, Mr. Sam Hanhui Sun, Mr. Wei Ding, Mr. Li Zhang, and Mr. Lei Lin as Independent Non-executive Directors.