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

2015
Interim Report

CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
INTERIM REPORT 2015

Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-chairman and Chief Executive Officer)*
Mr. WANG Zhigao *(Vice-chairman)*
Mr. XU Yue *(President)*
Ms. CHEN Yi *(Vice-president)*

Non-executive Director
Mr. WANG Liqun

Independent Non-executive Directors
Mr. LU Wei
Mr. CHEN Xianglin
Ms. ZHU Anna Dezhen

CORPORATE HEADQUARTER

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
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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao
Ms. MOK Ming Wai

AUDIT AND COMPLIANCE COMMITTEE

Ms. ZHU Anna Dezhen *(Chairman)*
Mr. LU Wei
Mr. CHEN Xianglin

REMUNERATION COMMITTEE

Ms. ZHU Anna Dezhen *(Chairman)*
Mr. WANG Zhigao
Mr. LU Wei

NOMINATION COMMITTEE

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

HONG KONG SHARE REGISTRAR

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

STOCK CODE

03669

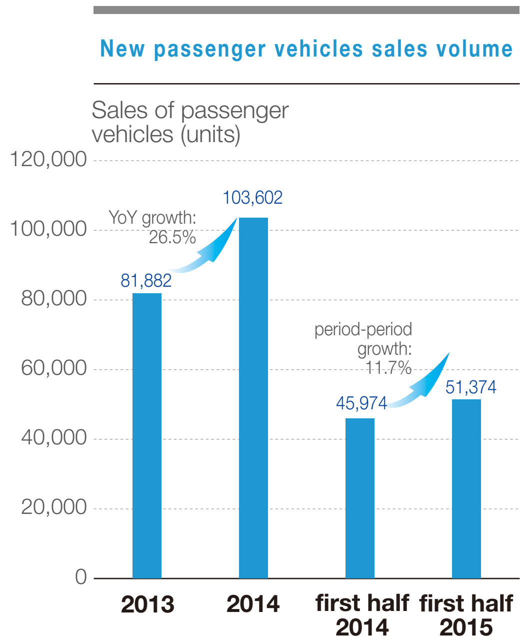
AUDITOR

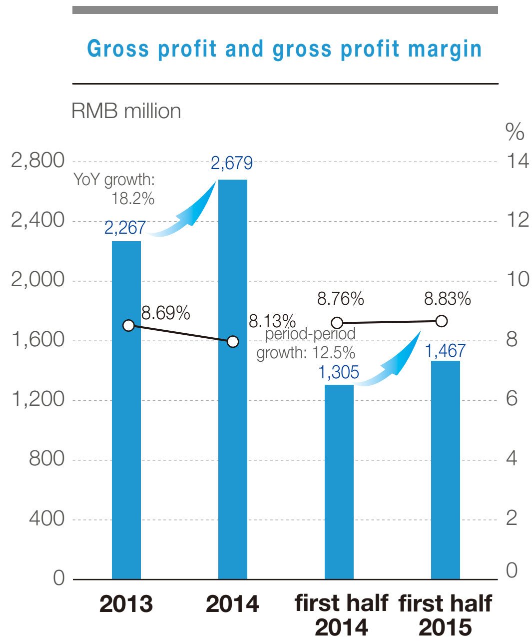
Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

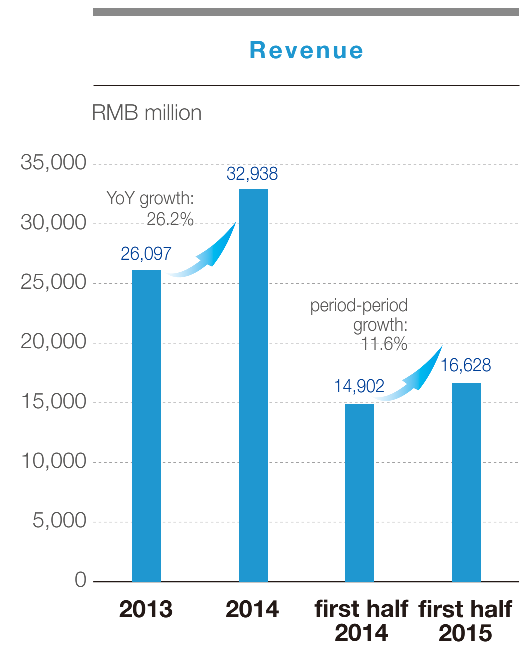
COMPANY WEBSITE

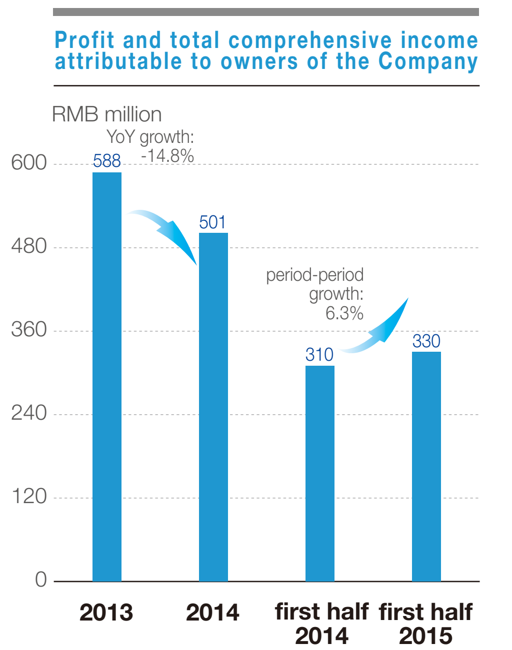
www.ydauto.com.cn

Financial Highlights









Chairman's Statement

Dear shareholders,

On behalf of the board of directors (the "Board") and the management of China Yongda Automobiles Services Holdings Limited (the "Company"), I am pleased to present the 2015 first half report of the Company and its subsidiaries (collectively referred to as "the Group", "we", or "us").

In the first half of 2015, the Group proactively adapted to the complicated market environment and recorded the consolidated revenue (taking into account the revenue from finance and insurance services), consolidated gross profit and net profit attributable to shareholders of the Company of RMB16,807 million, RMB1,646 million and RMB330 million, respectively, representing an increase of 12.0%, 17.1% and 6.3%, respectively over the same period of last year. In the first half of 2015, the highlights of the Group's main results of operations were as follows:

1. the sales of new vehicles reached 51,374 units, representing an increase of 11.7% over the same period of last year. The consolidated gross profit margin of new vehicle sales (including revenue from finance and insurance services) was 4.48%, representing a significant growth compared to 3.75% in the second half of last year;

2. the revenue from after-sales services amounted to RMB1,939 million, representing an increase of 23.4% over the same period of last year;

3. the revenue from finance agency services, revenue from insurance agency services and net profit of finance leasing amounted to RMB99.06 million, RMB79.86 million and RMB21.49 million, respectively, representing a growth of 109.2%, 48.1% and 305.4%, respectively over the same period of last year; and

4. the sales volume of pre-owned vehicles for which we provided agency services was 7,046 units and the revenue from the agency services amounted to RMB36.80 million, representing an increase of 47.0% and 45.5%, respectively over the same period of last year.

The Group is actively promoting further reform and development of our independent after-sales business, automobile finance business, pre-owned vehicle business and automobile rental business, and strives to realize the integration of each individual business segment and capital as soon as possible with a view to achieving our rapid market expansion. During the development process of each business segment, the Group also attached great importance to the concept of "Internet plus" and has started to design the layout of the e-commerce platform since early 2014. We consider that the cooperation with Alibaba Automobile in 2015 will push forward the development of each of our business segments.

In the first half of 2015, the Group continued to promote each of our refined management work streams and made improvements in various areas including cost control, human resources, financial management, informatization construction and business divisions and regional management.

Looking forward, the new era of "Internet plus" will bring along new opportunities for China's automobile sales and after-sales market as well as market for new energy vehicles and we are full of expectations for China's passenger vehicles market in the future. We will face up to the challenges, further strengthen our leading position in the automobile industry and achieve healthy and sustainable development of the Company, so as to bring significant rewards to our investors.

With the collective efforts of our staff and support from various parties in the community, we have achieved stable development. In this regard, I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude.

CHEUNG Tak On
Chairman

August 28, 2015

Management Discussion and Analysis

MARKET REVIEW

During the first half of 2015, China's passenger vehicles market recorded a relatively lower growth in sales volume compared to the corresponding period in 2014. According to China Auto Market, the sales volume of passenger vehicles in China was 9,550,000 units for the first half of 2015, representing an increase of approximately 7.2% compared to the same period in 2014, among which, the sales volume of sport utility passenger vehicles (SUV) and multi-purpose passenger vehicles (MPV) each recorded a faster growth at the growth rate of 48% and 17%, respectively. As the Chinese macro-economic condition further stabilizes, it is expected that the growth of the sales volume of passenger vehicles in China will recover moderately in the second half of 2015, with a faster growth compared to that of the first half of 2015.

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

MARKET REVIEW (continued)

According to the data from the Traffic Management Bureau of the Ministry of Public Security, the vehicle ownership in China reached 154 million units at the end of 2014, and with continuous rise in passenger vehicle ownership and the aging of vehicles in China, the after-sales services market for passenger vehicles in China has maintained its fast growing pace in the first half of 2015. According to the White Paper on Financial Services of China's Automobile Dealership Groups issued jointly by Deloitte Touche Tohmatsu and China CITIC Bank in December 2014, approximately 88% of the revenue of automobile dealers in China was derived from new vehicle sales, and approximately 12% was derived from after-market services, such as automobile maintenance, finance and insurance services, and pre-owned vehicles services; approximately 64% of the gross profit was derived from new vehicle sales, and less than 40% was derived from after-market services, such as automobile maintenance, finance and insurance services, and pre-owned vehicles services. According to the 2014 annual report of Auto Nation, the largest automobile dealer in the United States of America, the revenue and gross profit generated from new vehicle sales in 2014 only accounted for 57.4% and 21.8% of its total revenue and gross profit, respectively, while the remaining revenue and gross profit were generated from after-market services, such as automobile maintenance, accessories, finance and insurance services, and pre-owned vehicles services. It can be seen that there is a big room for improvements in the after-market businesses, such as automobile maintenance, accessories, finance and insurance services, and pre-owned vehicles services in China.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 6,050,000 units in 2014, representing an increase of 16.3% as compared to that of the previous year, while transaction amount was RMB367.6 billion, representing an increase of 26.0% as compared to that of the previous year. With the increase in the vehicle ownership in China and the speeding up of updating and upgrading of products, the pre-owned vehicle sector in China has accelerated its growth. According to China Automobile Dealers Association's forecast, the transaction volume of pre-owned vehicles in China is expected to exceed 10 million units in 2015, and to reach approximately 20 million units by 2020, with a compound annual growth rate ("**CAGR**") of approximately 22% between 2014 and 2020.

MARKET REVIEW (continued)

According to the White Paper on Financial Services of China's Automobile Dealership Groups as mentioned above, the permeability of retail automobile finance in China was merely 18%, whereas the permeability of retail automobile finance in the United States of America and Europe were 92% and 72%, respectively. Benefiting from the higher level of acceptance of automobile finance among the younger generation and the increasing choices for the types of automobile finance products, it is expected that the permeability of retail automobile finance in China will rise further in the future, creating huge potential for growth.

According to the information from Roland Berger, based on income, the highly fragmented long-term automobile rental market accounts for the largest portion of China's automobile rental market. Based on income, long-term automobile rental market increased from approximately RMB7 billion in 2008 to approximately RMB24 billion in 2013 with a CAGR of 28%. Driven by factors such as increased car use by corporations, financial optimization of corporations and policy reforms of government vehicles, the long-term automobile rental market in China will maintain a relatively fast growth area with further integration in the future.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we achieved favorable growth in the first half of 2015. For the first half of 2015, our consolidated revenue and gross profit, taking into account the revenue from finance and insurance services, were RMB16.807 billion and RMB1.646 billion, respectively, representing an increase of 12.0% and 17.1%, respectively, compared to the same period in 2014. Taking into account the revenue from finance and insurance services, our consolidated gross profit margin for the first half of 2015 was 9.80%, representing an increase of 0.43% compared to 9.37% for the same period in 2014. Our earnings before interests, taxation, depreciation and amortization (EBITDA), net profit and net profit attributable to owners of the Company were RMB897 million, RMB356 million and RMB330 million, respectively, for the first half of 2015, representing an increase of 15.7%, 5.3% and 6.3%, respectively, as compared to the same period in 2014. Set forth below is a summary of major developments of our business for the first half of 2015:

BUSINESS REVIEW (continued)

Stable Growth in New Vehicle Sales

During the first half of 2015, based on the changes of market conditions, we strengthened the marketing of the extended services, such as automobile finance, insurance and automobile products, and strived to improve the comprehensive profitability of a single vehicle, to ensure a continued increase in the consolidated gross profit of the new vehicle sales, and effectively controlled inventories and enhanced comprehensive profitability, through examination and approval of sales prices of key vehicle models and multi-dimensional inventory management. Meanwhile, we actively introduced an innovative multi-channel selling pattern, which incorporates the internet platform, capitalized on the efficient integration and sharing of intra-group resources, and strengthened cooperation with reputable companies in the industry, which enhanced the marketing capability and brand effect. We also improved upon internal refined management and augmented the efficient use of customer resources, thus achieving the stable growth of new vehicle sales for the first half of 2015.

Despite the challenging market environment, our sales volume of new vehicles witnessed a stable growth in the first half of 2015, and reached 51,374 units, representing a 11.7% increase compared to the same period in 2014, among which, the sales volume of luxury and ultra-luxury brand new vehicles reached 31,718 units in the first half of 2015, representing a 22.0% increase compared to the same period in 2014. Taking into account the revenue from the finance and insurance services, our consolidated sales revenue of new vehicles was RMB14.651 billion in the first half of 2015, representing a 10.2% increase compared to the same period in 2014, among which, the consolidated sales revenue of luxury and ultra-luxury brand new vehicles reached RMB12.059 billion, representing a 11.2% increase compared to the same period in 2014. The proportion of consolidated sales revenue from luxury and ultra-luxury brand new vehicles in the consolidated sales revenue from new vehicles further increased to 82.3% for the first half of 2015 from 81.6% for the same period in 2014. Taking into account the revenue from the finance and insurance services, the Group's consolidated gross profit margin of new vehicles was 4.48% in the first half of 2015, which was at the similar level compared to 4.74% in the first half of 2014, but represented a significant increase, compared to 3.75% for the second half of 2014.

BUSINESS REVIEW (continued)

Fast Growth in After-sales Services

In the first half of 2015, we actively seized the opportunities brought by the changing after-sales service market. We actively improved the quality and efficiency of our maintenance, and at the same time, by taking advantage of the fast development of internet technology, we developed the mobile terminals based on the booking platform system of after-sales services, which is convenient for our customers and improves the service efficiency of each of our 4S outlets. The customer booking rate has been effectively increased and has maintained its upward momentum. Meanwhile, we also launched the vehicle delivery and pick-up service with customized services, which achieved good results. In addition, in respect of cost control, we effectively reduced the procurement cost of spare parts, through parallel import and centralized procurement of certain spare parts. In particular, we established a strategic cooperation relationship with a professional chemical manufacturer established in the United States of America over a century ago in respect of automobile maintenance and care products, to manufacture a professional series of care and maintenance products under a customized OEM self-owned "QUICKACT" brand, which helps to reduce middle links, while ensuring product quality, thus bringing a new growth point for our profits, increasing our competitiveness while cutting costs.

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

BUSINESS REVIEW (continued)

Fast Growth in After-sales Services (continued)

In the first half of 2015, our after-sales services business, which mainly includes repair and maintenance services and automobile extended products and services, achieved a revenue of RMB1.939 billion, representing an increase of 23.4% compared to the same period in 2014, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB1.541 billion, representing an increase of 29.1% compared to the same period in 2014. In the first half of 2015, our gross profit margin of after-sales services was 46.81%, which remained stable as compared to 46.60% for the same period in 2014.

Proactive Layout of Automobile Rental Services

During the first half of 2015, revenue from our automobile rental services reached RMB154 million, representing an increase of 17.2% as compared to the same period in 2014, and the growth rate has increased compared to 2014. During the first half of 2015, the gross profit margin of our automobile rental services was 26.30%, which remained stable as compared to that of the same period in 2014.

In view of the development space and opportunities in the automobile rental market, in terms of network layout, we proactively conducted the layout of rental network in the provinces and cities outside Shanghai since 2014 and have achieved preliminary results. In the first half of 2015, we have set up leasing companies or commenced operations in ten cities including Guangzhou, Shenzhen, Chengdu, Hangzhou, Nanjing, Qingdao and Hefei, and at the same time actively prepared for establishing new leasing companies in more than ten cities across the country. Meanwhile, we actively explored opportunities for equity cooperation with automobile rental companies with established customer base and license resources in the markets across the country.

With respect to the advantageous business of long-term leasing and high-end business limousine services, we actively introduced professional talents to ensure and improve our share in such market. With respect to the online automobile rental reservation business, we kept a close watch on the development of major domestic automobile rental reservation platforms, established specialized rental operating companies, successively built partnerships with various platforms and expanded our platform business market by systematically importing our vehicles and driver resources into such platforms. Furthermore, we also cooperated with internationally renowned enterprises, and plan to introduce the electric vehicles timeshare rental business with great market potential in Shanghai and Eastern China, so as to keep pace with the trend of clean energy and resources sharing in the automobile rental market.

Rapid Development of Automobile Finance Business

In the first half of 2015, we completed the reconstruction of organizational system of finance business, including organizational structure, positions and duties, personnel skills and performance assessment, which laid the foundation for rapid growth of the automobile finance business. In respect of the agency business, the penetration rate of the Group's automobile finance agency business increased to 31.4% in the first half of 2015 from 21.7% for the same period of 2014. In terms of revenue, revenue from finance agency services was RMB99.06 million, representing an increase of 109.2% as compared to RMB47.34 million for the same period of 2014, also representing 73.5% of the 2014 whole year revenue of the finance agency services; revenue from insurance agency services was RMB79.86 million, representing an increase of 48.1% as compared to RMB53.92 million for the same period of 2014.

BUSINESS REVIEW (continued)

Rapid Development of Automobile Finance Business (continued)

With respect to our proprietary business, in the first half of 2015, our finance leasing business achieved additional interest-bearing assets of RMB687 million, representing an increase of 159.4% as compared to the same period of 2014, and recorded net profit of RMB21.49 million, representing an increase of 305.4% as compared to the same period of 2014. Along with the steady growth of the scale of our finance leasing business, the business structure has been further improved. The business from retail channels accounted for 85.8%, which not only reduced the risk factors of the leased assets, but also strengthened our relationship with the end customers by financial means.

In particular, the contribution margin ratio of the above agency and proprietary finance business increased to 13.4% in the first half of 2015 from 10.9% for the year 2014, representing an increase of 69.6% as compared to 7.9% for the same period of 2014.

With respect to financial investment, Yangtze United Financial Leasing Co., Ltd (長江聯合金融租賃有限公司), a company in which we held an equity interest, has been approved by the China Banking Regulatory Commission, and has commenced operations officially. This indicated that the Group intended to actively obtain various financial licenses through investment, equity participation and sole proprietorship, and to rely on the existing industrial foundation to achieve rapid financial transformation and innovation of the industry.

With respect to innovation business, we proactively explored the automobile finance internet business and took a leading role in the establishment of a trading platform for automobile finance assets. With “Golden Touch” as its brand, this platform aims to address the interests and demands of the users and pipeline operators in the automobile finance value chain with the concept of “self-finance” by creating an independent risk assessment system, and to reconstruct a new pattern of automobile finance by utilizing the internet platform. The platform achieved a trading volume of over RMB100 million and attracted more than ten thousand clients in less than two months after its commencement of operation.

Rapid Growth of the Pre-owned Vehicle Business

We vigorously promoted the development of the pre-owned vehicle business and strived to build the most influential pre-owned vehicle chain group in China. In the first half of 2015, we officially launched the e-commerce platform of “Yongda pre-owned vehicle mall”, which closed the loop for online and offline transactions using big data system as a tool and with offline chain outlets driving O2O business, and we have also expanded the functions of mobile access to satisfy the demand of different customers. We accelerated the synchronized construction of the chain outlets of “Yongda pre-owned vehicle mall”, and have successively commenced the operations of four outlets in Shanghai, which will form a chain development pattern with more than 10 outlets by the end of 2015. The offline chain outlets cover agency services, acquisition services, assessment services, formalities handling agency, pre-sales and after-sales, which was not only a good customer experience center, but also the carrier of offline integrated business services. Meanwhile, the effective regional coverage and the capacity of chain expansion at low cost determined the core value of the integrated comprehensive online and offline pre-owned vehicle business.

BUSINESS REVIEW (continued)

Rapid Growth of the Pre-owned Vehicle Business (continued)

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

In the first half of 2015, the sales volume of pre-owned vehicles for which we provided agency services was 7,046 units, representing an increase of 47.0% as compared to the same period of 2014; revenue from the pre-owned vehicles agency services amounted to RMB36.80 million, representing an increase of 45.5% as compared to the same period of 2014.

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

We began to rapidly transform in early 2014 by taking advantage of "Internet plus" and started to make arrangement in the automobile e-commerce field. We have also created the rudimentary form of "Yongda Auto Life" e-commerce platform in the first half of 2015. Through integration of offline business and online business, we strived to build a closed-loop automobile e-commerce ecosystem within our own system to meet various vehicle demands from our customers on the one hand, and to proactively seek external internet partners to further improve the operating efficiency of our proprietary business and develop growth point of new business on the other hand.

In the first half of 2015, we and Alibaba Automobile carried out in-depth strategic cooperation, which was the first comprehensive strategic cooperation between Alibaba Automobile and a large automobile dealership group, and also demonstrated that we have taken a solid step in the field of automobile e-commerce.

In the course of our strategic cooperation, we and Alibaba Automobile conducted comprehensive strategic cooperation in the following areas: sales of exclusive customized automobiles, sales of parallel imported vehicles, maintenance and repair reservation services, offline network of vehicle pick-up and comprehensive service points, pre-owned vehicle business and automobile finance business, through resources integration of both sides. Through such cooperation, we will be able to provide all-round, three-dimensional and convenient automobile-related services for over 80 million car owners of Alibaba Automobile, and jointly set up an industry leading auto-life O2O platform — "One Yongda Auto Life".

For new vehicles sales, through the sales of exclusive customized automobiles and parallel imported vehicles, we aim to achieve regional breakthrough in new vehicles sales by leveraging on Alibaba Automobile's "Car Port", a national vehicle pick-up points platform, and truly realise a national O2O new vehicles sales program for online vehicle purchase and payment and offline vehicle pick-up, which will become a new growth point of our new vehicles sales, as well as a sustainable business model of internet new vehicles sales.

BUSINESS REVIEW (continued)

Built an Automobile Industry Ecosystem by Taking Advantage of "Internet plus" (continued)

For after-sales services, we will connect our own after-sales reservation system with Alibaba Automobile's car platform, which enables the customers to reserve the service outlet, service timeframe and available service staff online directly. The customers may select the available service staff for better services and more favorable price through precise time management of service staff. In addition, we will integrate service resources of vehicle pick-up and delivery and further create a closed-loop O2O after-sales service experience, which will further enhance the operating efficiency of offline 4S outlets, improve customers' satisfaction and attract new customers to visit our outlets.

For the pre-owned vehicle business, through cooperation with Alibaba Automobile, we have initially created a business model of O2O by integrating online platform client resources and achieving offline assessment, certification, display, retail and services at pre-owned vehicles retail outlets, which will improve the overall procurement and marketing capacities of our pre-owned vehicle network. For the automobile finance service, we, as a strategic partner of Alibaba Automobile's "Instant Automobile Financing" business, aim to provide better automobile finance services for customers through such cooperation.

Based on the above comprehensive strategic business cooperation, we and Alibaba Automobile had jointly organized the first ever "Internet Automobile Fair" successfully and we propose to promote this event as an annual highlight of the internet automobile industry.

Another significant area in our cooperation with Alibaba Automobile is that we, as the most important strategic partner of Alibaba Automobile's "Car Port" service at this stage, will actively participate in the establishment of a national network of "car ports" by Alibaba Automobile, to open up a new form of asset-light offline sales service network under the "Internet plus" model. It is anticipated that over 200 "car ports" service outlets in 100 regions will be set up within 2 years, thereafter, we could overcome geographic restrictions to provide better O2O services for new vehicle, pre-owned vehicle, repair and maintenance, automobile product, finance and insurance and rental to customers across the nation. The purpose of the strategic cooperation with Alibaba Automobile is to complement each other's advantages by fully utilize the strong online network of Alibaba Automobile and our rich offline resources in order to provide a new "Auto Life" services experience to consumers.

We will accelerate the comprehensive integration of "Internet plus" with our existing businesses. The upcoming comprehensive customer relationship management system of new vehicle and after-sales services will fully utilize the experience features of offline 4S dealership to better achieve online and offline interactive activities as well as to promote sales of new vehicle and on-demand after-sales services to customers by precise marketing based on large data analysis. Combining with our existing rental resources, we will introduce electric vehicles cooperative partners to create mobile internet automobile rental model such as timeshare rentals. We will also focus on customers and explore finance industry positioning with payment and credit loans as the main threads and actively build an "Internet+Automobile+Finance" business model of comprehensive auto life. In the future, we aim to carefully and gradually build a new type of business in the automobile sales and services industry, which combines big data, cloud services, e-commerce platform and mobile internet.

Continuous and Active Expansion of Our Network

In the first half of 2015, we continued to maintain and develop our strong and long-term strategic relationships with leading manufacturers of luxury and ultra-luxury brand passenger vehicles. We continued to focus on luxury and ultra-luxury brands, including BMW, MINI, Audi, Porsche, Jaguar/Land Rover, Bentley, Volvo, Cadillac, Lincoln, Infiniti and Lexus. In addition, we also selectively expanded the sales and services network of mid- to high-end brands, mainly including Buick, Volkswagen and Ford.

BUSINESS REVIEW (continued)

Continuous and Active Expansion of Our Network (continued)

In the first half of 2015, we obtained authorization to open 8 new passenger vehicles sales and services outlets focusing mainly on luxury and ultra-luxury brands, including one BMW 4S dealership, five Volvo 4S dealerships, one DENZA electric vehicles 4S dealership and one Buick 4S dealership, particularly we opened four Volvo 4S dealerships and obtained authorization to open one DENZA electric vehicles 4S dealership in Southern China, which strengthened our outlet network in Southern China.

In the first half of 2015, we opened 6 new passenger vehicle sales and services outlets mainly for luxury and ultra-luxury brands, including two BMW 4S dealerships, one Audi 4S dealership, one Jaguar/Land Rover 4S dealership, one FAW-Volkswagen 4S dealership and one Ford 4S dealership.

In the first half of 2015, the five "Auto Repair (車易修)" luxury automobile maintenance and repair centers opened by us achieved good business development and accumulated valuable experience for the operation and management of new "Auto Repair (車易修)" luxury automobile maintenance and repair centers to be opened in the future. We are now planning to build more than ten "Auto Repair (車易修)" luxury automobile maintenance and repair centers which we aim to open in the second half of 2015.

In the first half of 2015, we actively expanded our network of finance leasing, automobile rental services, pre-owned vehicle and passenger vehicle comprehensive showrooms by establishing 5 branch companies for finance leasing services, 2 branch companies for automobile rental services, 2 pre-owned vehicle comprehensive showrooms and 1 passenger vehicle comprehensive showroom.

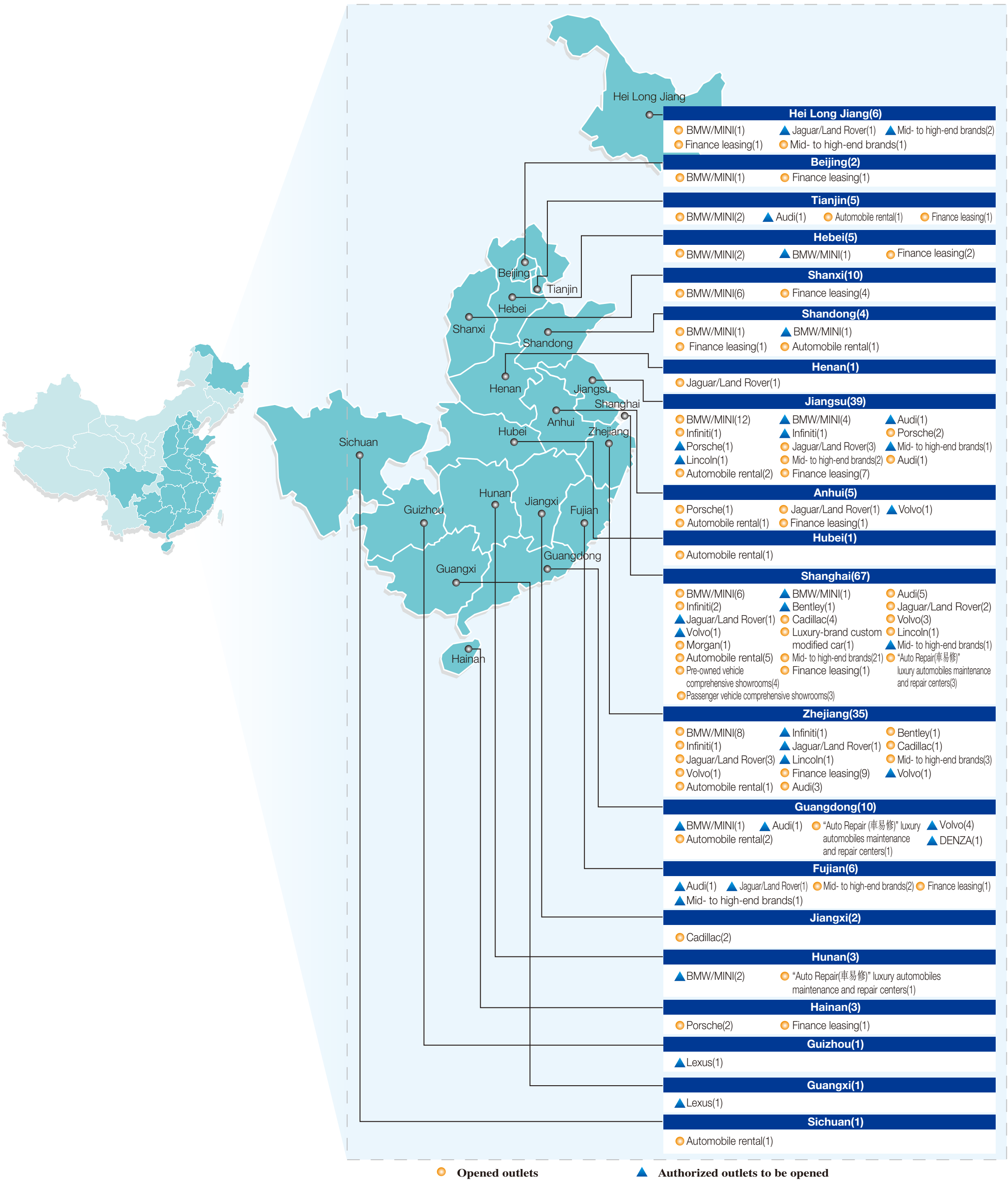
The table below sets forth the details of our outlets as of June 30, 2015:

	Outlets opened	Outlets authorized to open	Total
Luxury and ultra-luxury brand 4S dealerships	65	30	95
Mid- to high-end brand 4S dealerships	30	4	34
Luxury brands city showrooms	11	—	11
Luxury brands authorized service centers	4	4	8
Luxury brands authorized certified pre-owned vehicle centers	2	—	2
Total manufacturer authorized outlets	112	38	150
Self-owned "Auto Repair (車易修)" luxury automobile maintenance and repair centers	5	—	5
Automobile rental services outlets	15	—	15
Finance leasing outlets	30	—	30
Passenger vehicle comprehensive showrooms	3	—	3
Pre-owned vehicle comprehensive showrooms	4	—	4
Total self-owned outlets	57	—	57
Total outlets	169	38	207

BUSINESS REVIEW (continued)

Continuous and Active Expansion of Our Network (continued)

We continued to operate our extensive network with the Yangtze River Delta as the center and have expanded our network to other regions in China, such as Northern China, Northeast China, Central China and Southern China. We have a total of 207 outlets opened and authorized to open, which are located across 3 municipalities and 55 cities in 17 provinces in China as of June 30, 2015. The geographic coverage of our outlets is illustrated below:



Note:

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

BUSINESS REVIEW (continued)

Continuously Improving Management Capability

Along with our rapid business expansion, we continued to standardize and optimize our management processes. In the first half of 2015, we particularly focused on enhancing our management by adopting the following key measures:

- For operational management, we continued to strengthen resources sharing and synergies among same-brand and same-region sales and services outlets through continuous enhancement of our brand division and regional management pattern; we continuously strengthened the target and budget management of gross profit margin, inventory and expenses; we also engaged first-class international management consulting firms to conduct professional diagnosis on our operation management status and provide assistance to us to develop and implement enhancement measures which aim to continuously improve our profitability.

- For cost management, we continued to strengthen the execution of budgetary system, implemented different budget monitoring system for group companies at different development stages and effectively controlled the major expenditures of the Company such as fixed asset investment, finance and human resources; in addition, we also enhanced the level of meticulous management and refinement and achieved significant effect in respect of cost control.

- For human resources management, we carried out an advanced ranking management system and remuneration management system introduced in 2014 and continuously optimized and explored the remuneration model for corporate general managers and their teams, by linking their remuneration to corporate operating results, we effectively raised the team's sense of ownership and enthusiasm for work; we also established a talent reservation system for our new sector development in the future by combined measures of external recruitment and internal training.

- For capital management, we continued to establish a capital pool for each of our brand divisions so as to maximize the efficiency of capital utilization while reducing the finance costs. Meanwhile, we endeavored to achieve the best balance among capital liquidity, safety and profitability through effective management measures within the Group.

- For information management, we continued to conduct digital transformation of existing information management system, thereby constructing internal decision-making and management systems and optimizing the external customer relationship management system that allows us to create new competitive advantages in the new age of information connectivity.

- For strategic management, we also engaged first-class international management consulting firms to conduct forward-looking analysis on the industry development trends, new business segments and innovative development model which is aimed at accurately seizing the industry development trends, showing the strategic plans for our future development and capturing the future business and profit growth in time to lay a solid foundation for our rapid and sustainable development in the future.

FINANCIAL REVIEW

Revenue

Revenue was RMB16,628.1 million for the six months ended June 30, 2015, a 11.6% increase from RMB14,901.6 million for the six months ended June 30, 2014, which was primarily due to the growth from sales and after-sales services in relation to luxury and ultra-luxury brand passenger vehicles. The table below sets forth a breakdown of our revenue and relevant information for the periods indicated:

	For the six months ended June 30,					
	2015			2014		
	Amount *(RMB in thousands)*	Sales Volume *(Units)*	Average Selling Price *(RMB in thousands)*	Amount *(RMB in thousands)*	Sales Volume *(Units)*	Average Selling Price *(RMB in thousands)*
Passenger Vehicle Sales						
Luxury and ultra-luxury brands	11,912,853	31,718	376	10,759,900	25,992	414
Mid- to high-end brands	2,559,458	19,656	130	2,430,133	19,982	122
Subtotal	14,472,311	51,374	282	13,190,033	45,974	287
After-sales services	1,938,944	–	–	1,570,725	–	–
Automobile rental services	153,822	–	–	131,220	–	–
Finance leasing services	63,044	–	–	9,598	–	–
Total	16,628,121	–	–	14,901,576	–	–

The sales volume of passenger vehicle was 51,374 units for the six months ended June 30, 2015, a 11.7% increase from 45,974 units for the six months ended June 30, 2014, among which the sales volume of luxury and ultra-luxury brand passenger vehicle for the six months ended June 30, 2015 was 31,718 units, a 22.0% increase from 25,992 units for the six months ended June 30, 2014.

Revenue from passenger vehicle sales was RMB14,472.3 million for the six months ended June 30, 2015, a 9.7% increase from RMB13,190.0 million for the six months ended June 30, 2014, among which the revenue from luxury and ultra-luxury brand passenger vehicle sales was RMB11,912.9 million for the six months ended June 30, 2015, a 10.7% increase from RMB10,759.9 million for the six months ended June 30, 2014.

Despite the increased proportion of entry-level models and domestically manufactured models leading to a decrease in average selling prices of luxury and ultra-luxury brand passenger vehicles, the proportion of revenue from luxury and ultra-luxury brand passenger vehicle sales continued to increase, which resulted in the overall average selling price of our passenger vehicles for the six months ended June 30, 2015 to remain in line with that of the six months ended June 30, 2014.

Revenue from after-sales services was RMB1,938.9 million for the six months ended June 30, 2015, a 23.4% increase from RMB1,570.7 million for the six months ended June 30, 2014.

FINANCIAL REVIEW (continued)

Revenue (continued)

Revenue from automobile rental services was RMB153.8 million for the six months ended June 30, 2015, a 17.2% increase from RMB131.2 million for the six months ended June 30, 2014.

Revenue from finance leasing services was RMB63.0 million for the six months ended June 30, 2015, a 556.8% increase from RMB9.6 million for the six months ended June 30, 2014.

Cost of Sales and Services

Cost of sales and services was RMB15,160.7 million for the six months ended June 30, 2015, a 11.5% increase from RMB13,596.8 million for the six months ended June 30, 2014, which was generally in line with the growth of revenue.

Cost of sales and services for passenger vehicles was RMB13,994.7 million for the six months ended June 30, 2015, an increase of 10.5% from RMB12,661.1 million for the six months ended June 30, 2014, which was generally in line with the growth in revenue from passenger vehicle sales.

Cost of sales and services for after-sales services was RMB1,031.3 million for the six months ended June 30, 2015, an increase of 22.9% from RMB838.8 million for the six months ended June 30, 2014, which was generally in line with the growth in revenue from after-sales services.

Cost of sales and services for automobile rental services was RMB113.4 million for the six months ended June 30, 2015, a 17.2% increase from RMB96.7 million for the six months ended June 30, 2014, which was generally in line with the growth in revenue from automobile rental services.

Cost of sales and services for finance leasing services was RMB21.3 million for the six months ended June 30, 2015.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB1,467.4 million for the six months ended June 30, 2015, a 12.5% increase from RMB1,304.8 million for the six months ended June 30, 2014. Gross profit margin increased to 8.83% for the six months ended June 30, 2015 from 8.76% for the six months ended June 30, 2014.

Gross profit from passenger vehicle sales was RMB477.6 million for the six months ended June 30, 2015, a 9.7% decrease from RMB528.9 million for the six months ended June 30, 2014. Gross profit margin for passenger vehicle sales decreased to 3.30% for the six months ended June 30, 2015 from 4.01% for the six months ended June 30, 2014.

Gross profit from after-sales services was RMB907.6 million for the six months ended June 30, 2015, an increase of 24.0% from RMB731.9 million for the six months ended June 30, 2014. Gross profit margin for after-sales services was 46.81% for the six months ended June 30, 2015, which remained basically flat compared to 46.60% for the six months ended June 30, 2014.

FINANCIAL REVIEW (continued)

Gross Profit and Gross Profit Margin (continued)

Gross profit from automobile rental services was RMB40.5 million for the six months ended June 30, 2015, an increase of 17.2% compared to RMB34.5 million for the six months ended June 30, 2014. Gross profit margin for automobile rental services was 26.30% for the six months ended June 30, 2015, which remained basically flat compared to 26.31% for the six months ended June 30, 2014.

Gross profit from finance leasing services for the six months ended June 30, 2015 was RMB41.8 million, representing an increase of RMB32.3 million compared to RMB9.5 million for the six months ended June 30, 2014. Gross profit margin for finance leasing services was 66.23% for the six months ended June 30, 2015.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB187.4 million for the six months ended June 30, 2015, a 33.4% increase compared to RMB140.4 million for the six months ended June 30, 2014. The increase was primarily due to the fact that our revenue from after-market services in respect of finance and insurance amounted to RMB178.9 million for the six months ended June 30, 2015, a 76.7% increase compared to RMB101.3 million for the six months ended June 30, 2014.

Distribution and Selling Expenses

Distribution and selling expenses were RMB651.5 million for the six months ended June 30, 2015, a 20.7% increase from RMB539.5 million for the six months ended June 30, 2014, which was 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 increased from 3.62% of the revenue for the six months ended June 30, 2014 to 3.92% of the revenue for the six months ended June 30, 2015, which was primarily due to the fact that the newly opened outlets in 2014 and the first half of 2015 were still in the initial development stage.

Administrative Expenses

Administrative expenses were RMB319.1 million for the six months ended June 30, 2015, a 15.1% increase compared to RMB277.2 million for the six months ended June 30, 2014, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, our administrative expenses were 1.92% of the revenue for the six months ended June 30, 2015, which remained basically flat compared to 1.86% for the six months ended June 30, 2014.

Finance Costs

Finance costs were RMB206.5 million for the six months ended June 30, 2015, a 7.5% increase from RMB192.1 million for the six months ended June 30, 2014, which was primarily due to the increased average balance of financing as a result of the expansion in sales and services network and business scale.

Profit before Tax

As a result of the foregoing, profit before tax was RMB481.7 million for the six months ended June 30, 2015, a 8.8% increase from RMB442.7 million for the six months ended June 30, 2014.

FINANCIAL REVIEW (continued)

Income Tax Expense

Income tax expense was RMB125.7 million for the six months ended June 30, 2015, a 20.2% increase compared to RMB104.6 million for the six months ended June 30, 2014. Our effective income tax rate was 26.1% for the six months ended June 30, 2015, a slight increase compared to 23.6% for the six months ended June 30, 2014.

Profit and Total Comprehensive Income

As a result of the foregoing, profit and total comprehensive income was RMB356.0 million for the six months ended June 30, 2015, a 5.3% increase from RMB338.1 million for the six months ended June 30, 2014.

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

As a result of the foregoing, profit and total comprehensive income attributable to the owners of the Company was RMB330.0 million for the six months ended June 30, 2015, a 6.3% increase from RMB310.4 million for the six months ended June 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

For the six months ended June 30, 2015, our net cash from operating activities was RMB117.9 million, an increase of RMB396.6 million compared to net cash used in operating activities of RMB278.7 million for the six months ended June 30, 2014, which was primarily due to a significant decrease in the net increase of inventories and prepayment balance for the six months ended June 30, 2015 compared to the corresponding period of 2014. After deducting the net cash outflow from operating activities of RMB228.2 million resulting from the increase in finance leasing receivables, our net cash from other operating activities, excluding finance leasing business, was RMB346.1 million for the six months ended June 30, 2015.

For the six months ended June 30, 2015, our net cash used in investing activities was RMB1,118.0 million, compared to net cash used in investing activities of RMB661.4 million for the six months ended June 30, 2014. This was primarily used for our payment for purchases of property, plant and equipment, land use rights and intangible assets in the amount of RMB938.6 million and for investment in affiliated company in the amount of RMB150.7 million and purchase of available-for-sale financial assets in the amount of RMB71.7 million, which was partially offset by the proceeds from disposals of property, plant and equipment and intangible assets in the amount of RMB122.8 million.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Cash Flow (continued)

For the six months ended June 30, 2015, our net cash from financing activities was RMB 144.7 million, compared to net cash from financing activities of RMB715.1 million for the six months ended June 30, 2014, which mainly comprises the proceeds from bank loans and other borrowings of RMB10,982.5 million, which was partially offset by the repayment of bank loans and other borrowings of RMB10,535.2 million, payment of interest of RMB162.6 million and payment of dividends of RMB148.0 million.

Inventories and Inventory Prepayments

Our inventories mainly include passenger vehicles, spare parts and accessories. Prepayments paid to suppliers are prepayments made to suppliers for purchases of inventories, i.e., passenger vehicles, spare parts and accessories.

Our inventories were RMB4,503.0 million as of June 30, 2015, a 19.2% increase from RMB3,777.0 million as of June 30, 2014. Since the second half of 2014, due to our continuous enhancement in inventories and inventory prepayment turnover management, our inventories and inventory prepayment were RMB5,107.4 million in aggregate as of June 30, 2015, representing a 13.7% decrease from RMB5,921.1 million as of June 30, 2014.

The following table sets forth our average inventory turnover days and average inventory and inventory prepayments turnover days for the periods indicated:

	For the six months ended June 30,	
	2015	2014
Average inventory turnover days(1)	**53.1**	48.5
Average inventory and inventory prepayments turnover days(2)	**60.5**	70.6

Note:

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

(2) Average inventory and inventory prepayments turnover days for the period is the average of opening and closing inventories and inventory prepayments balances in aggregate divided by the cost of sales and services for that period and multiplied by 183 days for the six months period.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Capital Expenditures and Investment

Our capital expenditures comprised primarily expenditures on the purchase of property, plant and equipment, land use rights and intangible assets. For the six months ended June 30, 2015, our total capital expenditures of purchase of property, plant and equipment, land use rights and intangible assets amounted to RMB938.6 million. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the six months ended June 30, 2015 (RMB in millions)
Expenditures on purchase of property, plant and equipment	538.8
Expenditures on purchase of land use rights	389.0
Expenditures on purchase of intangible assets	10.8
Total	938.6

Borrowings and Bonds

We obtained borrowings, consisting of bank loans and other borrowings from automobile manufacturers' captive finance companies, issued bonds and convertible bonds to fund our working capital and network expansion. As of June 30, 2015, the outstanding amount of our borrowings, bonds and convertible bonds amounted to RMB7,563.9 million, a 6.7% increase from RMB7,091.8 million as of December 31, 2014, primarily due to an increase in borrowings as a result of capital expenditures for the six months ended June 30, 2015. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2015:

	As of June 30, 2015 (RMB in millions)
Within one year	5,171.0
One year to two years	1,220.6
Two years to five years	1,136.9
More than five years	35.4
Total	7,563.9

As of June 30, 2015, our gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was 70.2% (as of December 31, 2014: 69.0%). The net debt was total debt net of cash and cash equivalents, pledged bank deposits and cash in transit.

As of June 30, 2015, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets which were subject to these mortgages or pledges as of June 30, 2015 consisted of (i) inventories of RMB867.1 million; (ii) property, plant and equipment of RMB147.2 million; (iii) land use rights of RMB76.5 million; and (iv) finance leasing receivables of RMB77.2 million.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Contingent Liabilities

As of June 30, 2015, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rates on our borrowings. Certain of our borrowings were variable-rate borrowings that are mostly linked to the benchmark rates of the People's Bank of China or 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. We do not currently use any derivative financial instruments to hedge our exposure to interest rate risk.

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

Use of Proceeds

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

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

FUTURE PROSPECT AND STRATEGIES

From 2015 and in the future, in light of the progress of domestic urbanization and strong demand for upgrading and updating vehicle ownership, China's automobile market is expected to maintain a positive and stable growth trend, especially for the luxury and ultra-luxury brand automobile market, which is expected to maintain relatively faster growth. We also realized that extended services such as automobile repair, pre-owned vehicle, automobile decoration, care and maintenance, as well as after-market businesses such as automobile finance and insurance service and automobile rental are expected to have robust development with unlimited business opportunities after experiencing the rapid growth over the past few years. Therefore, we will adhere to the operating concept of "Introducing Auto Life" and continue developing the Company into a leading retailer and services provider of luxury and ultra-luxury brand passenger vehicles offering premium customer experience in China. At the same time, we will rely on the well-established industrial chain of automobile services and, taking advantage of the "Internet plus" trends, closely cooperate with the leading internet industry players to reconstruct a brand new business model of "internet + industry", which consists of automobile finance, pre-owned vehicle, independent after-sales and automobile rental businesses. In addition, we will also actively lay out and develop new energy automobile industry by means of industry cooperations to meet new development trends of the automobile industry in the future.

FUTURE PROSPECT AND STRATEGIES (continued)

Combining with Alibaba Automobile establishment of national O2O automobile sales and services network of "Car Port", we will continue to expand nationwide automobile sales and services network via self-establishment and mergers and acquisitions to enhance the coverage and responsiveness of our services. For outlets construction and layout, we plan to pay more attention to self-owned outlets construction under lightweight, modular and intensive principles according to market transformation trend in the automobile industry, so that we can fully utilize the efficacy of our existing and future outlets. In the future, our outlets, including those added to the Alibaba Automobile network of "Car Port", will be able to meet the demand for various industrial positionings in relation to automobile sales and service, pre-owned vehicle, automobile finance and automobile rental businesses.

We will carry out strategic cooperation with Alibaba Automobile under Alibaba Group Holding Ltd., a domestic internet giant, to organize the "Internet Automobile Fair" with global influence and to set up an automobile sales and services franchise store — "One Yongda Auto Life" — as the most influential luxury automobile sales and services franchise store in China, via Alibaba Automobile's platform. Meanwhile, as the most important strategic partner of Alibaba Automobile, we will strive to become the most professional automobile O2O internet service provider under the layout of a national network of "Car Port" service (which provides integrated solutions in the internet automobile sales and services industrial chain) by Alibaba Automobile.

We will also conduct in-depth cooperation with Alibaba Automobile in exclusive customized vehicles, parallel imported cars, after-sales maintenance and repair reservation, automobile finance and pre-owned vehicle to construct our "Auto Life" internet ecosystem.

We also note that the utilization of big data will be significant to commercial enterprises in the future. Big data will play a crucial role in guiding precision marketing, customer value maximization and refined enterprise management. We will work closely with leading domestic big data operation teams on modeling and developing big data application platform for automobile sales and services industry and we aim to become the first dealership group in automobile sales industry who is equipped with multidimensional professional ability to conduct big data collection, analysis, utilization and sharing.

We will further promote and deepen our automobile finance business and continue to improve financial penetration rate and agency services revenue for agency business in order to nurture and consolidate our market position and customer base for future financial transformation. We will actively set up a licensed financial services system. Currently, we have established two finance leasing companies and we intend to establish an internet micro-finance company, which has received a preliminary approval from the financial regulatory authorities and has proceeded to preparatory stage. We will continue to focus on payment, credit and wealth management and actively obtain necessary licenses. Our purpose is to improve the functions of our existing distributors in the automobile finance chain with self-finance concept in order to enjoy more revenue generated from finance business focused on automobile consumption in the same way as financial institutions.

In respect of our internet automobile finance services, relying on the automobile asset trading platform "Golden Touch" established by us, we aim to launch more innovative products to the market which meet the demands of our customers in order to boost the automobile related spending and consumption. In the near future, such platform will launch its first targeted after-sales financial product, which is the first of such product in the automobile consumption and finance segment and will realize the core value of the complementary effect of finance and automobile consumption.

FUTURE PROSPECT AND STRATEGIES (continued)

We will continue to expand our pre-owned vehicle business and actively cooperate with e-commerce platforms such as Bitauto, Youxinpai and Alibaba Automobile. Leveraging on the e-commerce platforms on the internet, and through centralized procurement inquiry and standardized pricing mechanism, regionalized offline physical service network layout and construction and centralized display and promotion of online resources, we endeavor to build up our reputation in the pre-owned vehicle retail market and to attract the recognition and awareness of the market in order to become the "CARMAX" in the pre-owned vehicle business in China.

We will enter into the independent after-sales business sector and further expand the business type and scope of parallel imported parts, actively introduce OEM customized brand, and develop qualified independent automobile spare parts. We will continue to cooperate with leading chemical manufacturer in United States of America to develop and sell self-owned automobile care and maintenance products (QUICKACT series), and to create the most professional self-owned automobile care and maintenance service brand in China and to rapidly expand our business size and market share. At the same time, we will also leverage on our scale advantage in automobile parts procurement and maintenance technology accumulated over the years and aim to become the most professional accessories e-commerce platform in China via the integration of downstream accessories retailer and upstream manufacturers, and on the above basis, we also aim to create an independent after-sales fast repair service chain system that could achieve rapid expansion of outlets nationwide.

We will continue to rapidly expand our automobile rental network in more economically developed cities outside Shanghai in order to achieve synergies and business growth through business sizes and network, while conducting comprehensive cooperation in chauffeured rental business, in particular, new energy chauffeured rental business with internet automobile rental platforms (e.g. UBER) both in China and abroad for the purpose of rapidly increasing market share and asset efficacy of automobile rental industry. We will also actively conduct trial operation of electric vehicle rental on timeshare basis in first-tier cities with developed markets in order to prepare for the early layout of the future consumption trends.

New energy vehicle represents the future development trends of automobile sector, we will conduct strategic cooperation with international leading electrical manufacturing groups to combine cooperative partners' production technical reserves strengths with our channel advantages in the automobile sector, to focus on the development of new energy electric vehicle industry. Moreover, we will also actively participate in the layout of urban intelligent electric vehicle charging station projects, in order to participate in the industrial chain of urban intelligent transportation in the future.

We will focus on the further development of our business segments including, but not limited to, pre-owned vehicle, independent after-sales, spare parts, automobile finance and automobile rental business segments which have greater potential. We will also access the capital market in due course for the purpose of introducing new platform and injecting growth impetus for the next round of development of such business segments.

Looking forward, we will proactively achieve the transformation of existing business by close alignment of "Internet plus" and our industry, exert great efforts in improving the operational standard and profitability of our existing industry, create new business segments with greater potential for the purposes of further reinforcing our leading position within the automobile industry and achieving a new phase of harmonious, stable and sustainable development to bring continuous and significant rewards for our investors.

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

As at the date of this interim report, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded 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 Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the Company's shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On (1)	Founder of a discretionary trust	384,000,000 (long position)	25.946
	Interest of controlled corporation	267,080,000 (long position)	18.046
	Beneficial owner	1,803,000 (long position)	0.122
Mr. CAI Yingjie (2)	Interest of controlled corporation	108,288,000 (long position)	7.317
	Beneficial owner	674,500 (long position)	0.046
Mr. WANG Zhigao (3)	Interest of controlled corporation	57,160,000 (long position)	3.862
	Beneficial owner	910,500 (long position)	0.062
Mr. XU Yue	Beneficial owner	1,420,000 (long position)	0.096
Ms. CHEN Yi	Beneficial owner	900,000 (long position)	0.061

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 267,080,000 shares held by Asset Link.

(iii) Mr. CHEUNG Tak On also holds 1,803,000 shares of the Company as 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 674,500 shares of the Company as 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 57,160,000 shares held by Golden Rock. He also holds 910,500 shares of the Company as beneficial owner.

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

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. XU Yue	Beneficial owner	3,000,000	0.203
Ms. CHEN Yi	Beneficial owner	1,300,000	0.088
Mr. WANG Liqun	Beneficial owner	200,000	0.014
Mr. LU Wei	Beneficial owner	200,000	0.014
Mr. CHEN Xianglin	Beneficial owner	200,000	0.014

* Mr. WANG Zhiqiang is interested in 200,000 share options granted to him by the Company, representing 0.014% of the total issued share capital of the Company. On May 8, 2015, Mr. WANG Zhiqiang resigned as an independent non-executive director of the Company.

Save as disclosed above, as at the date of this interim report, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

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

As at the date of this interim report, 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 of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

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

Interests 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	267,080,000 (long position)	18.046
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	43,340,000 (long position)	2.928
	Interest of controlled corporation	76,800,000 (long position)	5.189
Mr. GU Mingchang [4]	Interest of controlled corporation	120,140,000 (long position)	8.117
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
Mr. Jean Eric SALATA [5]	Interest of controlled corporation	94,136,500 (long position)	6.360

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

Interests in the shares and underlying shares of the Company (continued)

Notes:

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

(2) Asset Link is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 267,080,000 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 43,340,000 shares held by Sun Moon as well as 76,800,000 shares held by Runda Holdings.

(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.. Mr. 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 Mr. Jean Eric SALATA is therefore deemed to be interested in 94,136,500 shares held by Baring Private Equity Asia V Holding (7) Limited. Mr. Jean Eric SALATA disclaims beneficial ownership of such shares, other than to the extent of his economic interest in such entities.

Save as disclosed above, as at the date of this interim report, the directors and the chief executives of the Company were 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 reporting period and up to the date of this interim report was the Company or any of its subsidiaries, 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.

CONVERTIBLE BONDS

Pursuant to the announcement of the Company dated June 25, 2014 in relation to the proposed issue of the RMB1,000,000,000 1.5% USD settled convertible bonds due in 2019 (the "Bonds"), all conditions precedent under the subscription agreement have been satisfied (or waived) and completion of the subscription agreement took place on July 18, 2014. The net proceeds from the issue of the Bonds, after deduction of expenses, amount to approximately RMB977,000,000, will be used by the Group for establishing and acquiring 4S dealerships, and working capital. Assuming full conversion of the Bonds at the initial conversion price of HK$7.958 per share, the Bonds would be convertible into approximately 158,259,610 shares.

Approval was granted by the Hong Kong Stock Exchange for the listing of the Bonds and the conversion shares. For further details and principal terms of the Bonds, please refer to the above-mentioned announcement.

As at the date of this interim report, none of the conversion rights attached to the Bonds was exercised.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On June 25, 2014, the Company as borrower entered into a letter of credit facility agreement (the "Facility Agreement") with DBS Bank Ltd. in relation to the letter of credit issued to the trustee in an amount up to RMB1,025,000,000 as part of the credit-enhancement or guarantee arrangement for the Bonds.

The Facility Agreement contains, inter alia, covenants to the effect that Mr. CHEUNG Tak On (whether directly or indirectly, or as the beneficiary of a trust acting individually or together) shall beneficially own not less than 30% of the issued share capital having the right to cast votes in general meetings of the Company. A breach of such covenants will constitute an event of default under the Facility Agreement.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at June 30, 2015, we had 9,093 employees (as at June 30, 2014: 8,372 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' remuneration 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.

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.

SHARE OPTION SCHEME (continued)

Further details of the Share Option Scheme are set out in the circular of the Company dated September 5, 2013. Details of movements in the options granted under the Share Option Scheme during the six months period ended June 30, 2015 are as follows:

	Number of Share Options										Weighted average price of the Company's shares	
Category and Name of grantee	As at January 1, 2015	Granted during the period	Exercised during the period	Forfeited/ Cancelled during the period	Lapsed during the period	As at June 30, 2015	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*
Executive Directors												
XU Yue	3,000,000	0	–	–	–	3,000,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
CHEN Yi	1,300,000	0	–	–	–	1,300,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
Non-executive Director												
WANG Liqun	200,000	0	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
Independent Non-executive Directors												
WANG Zhiqiang*	200,000	0	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
LU Wei	200,000	0	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
CHEN Xianglin	200,000	0	–	–	–	200,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–
Other Employees in aggregate	24,600,000	0	–	–	–	24,600,000	December 30, 2013	December 30, 2013 to December 29, 2018	6.950	6.850	–	–

* Mr. WANG Zhiqiang is interested in 200,000 share options granted to him by the Company, representing 0.014% of the total issued share capital of the Company. On May 8, 2015, Mr. WANG Zhiqiang resigned as an independent non-executive director of the Company.

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 Shanghai Yongda Holding (Group) Limited ("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 was amended to include 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 six months ended June 30, 2015, no award has been made pursuant to the Amended Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2015.

CHANGE IN DIRECTORATE AND INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Changes in directorate and information of directors and senior management of the Company, which are required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules are as follows:

Name of director/senior management	Details of changes in directorate
Mr. CAI Yingjie	Re-designated from president of the Company to chief executive officer of the Company with effect from March 23, 2015
Mr. WANG Zhigao	Re-designated from non-executive director of the Company to executive director of the Company; resigned as a member of audit and compliance committee of the Company with effect from March 23, 2015
Mr. XU Yue	Appointed as executive director and president of the Company with effect from March 23, 2015
Ms. CHEN Yi	Appointed as executive director of the Company with effect from March 23, 2015
Mr. WANG Zhiqiang	Resigned as independent non-executive director of the Company; resigned as chairman of the audit and compliance committee and chairman of the remuneration committee of the Company with effect from May 8, 2015
Ms. ZHU Anna Dezhen	Appointed as independent non-executive director of the Company and chairman of the audit and compliance committee and chairman of the remuneration committee of the Company with effect from May 8, 2015
Ms. ZHANG Hong	Appointed as joint company secretary of the Company with effect from June 30, 2015

Name of director/senior management	Details of changes in information
Mr. CHEUNG Tak On	Named as "2015 National Model Worker (二零一五年全國勞動模範)" by the Central Committee of the Communist Party of China and the State Council of the PRC
Mr. WANG Liqun	Appointed as an independent director of each of the following listed companies: • Pengxin International Mining Co., Ltd (Shanghai Stock Exchange Stock Code: 600490) • Shanghai Jiao Yun Group Co. Ltd. (Shanghai Stock Exchange Stock Code: 600676) • Huayi Brothers Media Corporation (Shenzhen Stock Exchange Stock Code: 300027)
Mr. LU Wei	Ceased to be the head of preparatory group of the Faculty of the Cultural and Creative Industry of University of Southern California and Shanghai Jiao Tong University (上海交通大學美國南加州大學文化創意產業學院)

CHANGE IN THE INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (continued)

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted 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 under the CG Code during the six months ended June 30, 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of 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 six months ended June 30, 2015.

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

AUDIT AND COMPLIANCE COMMITTEE

The audit and compliance committee of the Company (the "Audit and Compliance Committee") has three members comprising three independent non-executive directors, being Ms. ZHU Anna Dezhen (chairman), Mr. LU Wei and Mr. CHEN Xianglin, with terms of reference in compliance with the Listing Rules.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2015. The Audit and Compliance Committee considers that the interim financial results for the six months ended June 30, 2015 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2015 (for the six months ended June 30, 2014: nil) to the shareholders of the Company.

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

Hong Kong, August 28, 2015

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 64, which comprise the condensed consolidated statement of financial position as of June 30, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 28, 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2015

	NOTES	For the six months ended June 30, 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	3	**16,628,121**	14,901,576
Cost of sales and services		**(15,160,673)**	(13,596,802)
Gross profit		**1,467,448**	1,304,774
Other income and other gains and losses	4	**187,421**	140,446
Distribution and selling expenses		**(651,495)**	(539,548)
Administrative expenses		**(319,065)**	(277,230)
Finance costs	5	**(206,512)**	(192,100)
Share of profits of joint ventures		**3,472**	5,305
Share of profits of associates		**456**	1,006
Profit before tax	6	**481,725**	442,653
Income tax expense	7	**(125,678)**	(104,587)
Profit and total comprehensive income for the period		**356,047**	338,066
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**330,033**	310,420
Non-controlling interests		**26,014**	27,646
		356,047	338,066
Earnings per share – basic and diluted	9	**RMB0.22**	RMB0.21

Condensed Consolidated Statement of Financial Position

At June 30, 2015

	NOTES	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	3,372,087	3,210,162
Prepaid lease payments	10	580,243	578,739
Goodwill		286,624	286,624
Intangible assets		500,401	490,421
Deposits paid for acquisition of property, plant and equipment		150,587	101,205
Deposits paid for acquisition of land use rights		422,405	41,230
Interests in joint ventures		79,718	76,246
Interests in associates		166,262	15,106
Available-for-sale investments	11	71,696	—
Finance lease receivables	12	528,877	467,969
Deferred tax assets		105,039	102,557
		6,263,939	5,370,259
Current assets			
Prepaid lease payments	10	15,482	15,285
Inventories	13	4,502,952	4,324,167
Finance lease receivables	12	524,394	357,144
Trade and other receivables	14	3,373,187	3,353,186
Amounts due from related parties	24	71,914	37,874
Cash in transit		99,480	72,125
Pledged bank deposits		658,623	1,515,013
Bank balances and cash		1,018,812	1,874,217
		10,264,844	11,549,011
Current liabilities			
Trade and other payables	15	3,786,928	4,986,004
Amounts due to related parties	24	20,193	11,370
Income tax liabilities		474,270	427,908
Borrowings	16	5,171,031	4,855,730
		9,452,422	10,281,012

Condensed Consolidated Statement of Financial Position

At June 30, 2015

	NOTES	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Net current assets		812,422	1,267,999
Total asset less current liabilities		7,076,361	6,638,258
Non-current liabilities			
Borrowings	16	330,833	198,757
Medium-term note	17	1,155,577	1,153,682
Convertible bonds	18	906,485	883,669
Other liabilities	15	184,579	118,515
Deferred tax liabilities		106,182	107,945
		2,683,656	2,462,568
Net assets		4,392,705	4,175,690
Capital and reserves			
Share capital	19	12,065	12,065
Reserves		4,021,848	3,831,826
Equity attributable to owners of the Company		4,033,913	3,843,891
Non-controlling interests		358,792	331,799
Total equity		4,392,705	4,175,690

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2015

	Attributable to owners of the Company									
	Issued share capital	Share premium	Statutory surplus reserve	Share-based payments reserve	Convertible bond reserve	Special reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2014 (audited)	12,065	1,385,488	252,889	–	–	247,713	1,525,910	3,424,065	267,391	3,691,456
Profit for the period	–	–	–	–	–	–	310,420	310,420	27,646	338,066
Capital injection	–	–	–	–	–	–	–	–	6,395	6,395
Acquisition of non-controlling interests of subsidiaries	–	–	–	–	–	4,966	–	4,966	(20,160)	(15,194)
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	571	–	571	1,547	2,118
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	32,643	32,643
Recognition of equity-settled share-based payments	–	–	–	6,636	–	–	–	6,636	–	6,636
Dividends recognized as distribution (Note 8)	–	(177,603)	–	–	–	–	–	(177,603)	–	(177,603)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(3,372)	(3,372)
At June 30, 2014 (unaudited)	12,065	1,207,885	252,889	6,636	–	253,250	1,836,330	3,569,055	312,090	3,881,145
Profit for the period	–	–	–	–	–	–	190,710	190,710	10,704	201,414
Capital injection	–	–	–	–	–	–	–	–	32,800	32,800
Recognition of equity-settled share-based payments	–	–	–	21,636	–	–	–	21,636	–	21,636
Transfer to statutory reserve	–	–	94,876	–	–	–	(94,876)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(23,795)	(23,795)
Recognition of equity component of convertible bonds	–	–	–	–	62,490	–	–	62,490	–	62,490
At December 31, 2014 (audited)	12,065	1,207,885	347,765	28,272	62,490	253,250	1,932,164	3,843,891	331,799	4,175,690
Profit for the period	–	–	–	–	–	–	330,033	330,033	26,014	356,047
Capital injection	–	–	–	–	–	–	–	–	21,050	21,050
Acquisition of non-controlling interests of subsidiaries	–	–	–	–	–	(15)	–	(15)	(585)	(600)
Recognition of equity-settled share-based payments	–	–	–	8,006	–	–	–	8,006	–	8,006
Dividends recognized as distribution (Note 8)	–	(148,002)	–	–	–	–	–	(148,002)	–	(148,002)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(19,486)	(19,486)
At June 30, 2015 (unaudited)	12,065	1,059,883	347,765	36,278	62,490	253,235	2,262,197	4,033,913	358,792	4,392,705

Note: 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.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2015

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**481,725**	442,653
Adjustments for:		
Finance costs	**206,512**	192,100
Interest income	**(6,779)**	(12,408)
Loss on disposal of property, plant and equipment	**8,986**	1,596
Depreciation of property, plant and equipment	**179,150**	130,434
Release of prepaid lease payments	**6,166**	6,341
Amortization of intangible assets	**6,276**	3,609
Share-based payment expenses	**8,006**	6,636
Gain on disposal of interest in an associate	**—**	(8,195)
Gain on subsequent adjustment to acquisition consideration	**—**	(2,269)
Share of profits of joint ventures	**(3,472)**	(5,305)
Share of profits of associates	**(456)**	(1,006)
Operating cash flows before movements in working capital	**886,114**	754,186
Increase in inventories	**(178,785)**	(141,047)
Decrease (increase) in trade and other receivables	**3,451**	(1,013,776)
Increase in finance lease receivables	**(228,158)**	(159,286)
Increase in cash in transit	**(27,355)**	(17,952)
Increase in other liabilities	**66,064**	26,230
(Decrease) increase in trade and other payables	**(1,187,942)**	57,855
Decrease (increase) in amounts due from related parties	**2,868**	(4,720)
Increase in amounts due to related parties	**8,823**	1,923
Withdrawal of pledged bank deposits	**1,515,013**	1,016,737
Placement of pledged bank deposits	**(658,623)**	(713,235)
Cash generated from/(used in) operations	**201,470**	(193,085)
Income taxes paid	**(83,561)**	(85,574)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**117,909**	(278,659)
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(538,754)**	(545,248)
Additions to and deposits paid for prepaid land lease payments	**(389,042)**	(17,156)
Purchase of intangible assets	**(10,830)**	(8,478)
Purchase of available-for-sale investments	**(71,696)**	—
Proceeds on disposal of property, plant and equipment, intangible assets and land use rights	**122,770**	84,369
Acquisition of subsidiaries	**(23,190)**	(145,927)
Interest received	**6,779**	12,408
Advance to related parties	**(67,351)**	(12,985)
Advance to non-controlling shareholders	**(32,000)**	(13,775)
Advance to independent third parties	**—**	(25,100)
Collection of advance to related parties	**30,443**	18,500
Collection of advance to non-controlling shareholders	**5,600**	—
Investment in a joint venture	**—**	(8,000)
Investment in associates	**(150,700)**	—

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2015

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH USED IN INVESTING ACTIVITIES	**(1,117,971)**	(661,392)
FINANCING ACTIVITIES		
New borrowings raised	**10,982,527**	6,881,979
Repayment of borrowings	**(10,535,150)**	(5,599,958)
Transaction costs paid in relation to issue of medium-term note	**(2,819)**	(1,879)
Capital injection by non-controlling shareholders	**21,050**	6,395
Acquisition of non-controlling interests of subsidiaries	**(600)**	(75,194)
Proceeds from disposal of partial interests in subsidiaries without losing of control	**—**	2,118
Advance from non-controlling shareholders	**4,860**	315
Prepayment of advance from non-controlling shareholders	**(800)**	—
Interest paid	**(162,580)**	(168,437)
Placement of time deposits pledged for borrowings	**—**	(100,000)
Placement of deposits to entities controlled by suppliers for borrowings	**—**	(39,775)
Dividends paid as distribution	**(148,002)**	(177,603)
Dividends paid to non-controlling shareholders	**(16,777)**	(12,877)
Withdrawal of pledged deposits to entities controlled by suppliers for other borrowings	**2,948**	—
NET CASH FROM FINANCING ACTIVITIES	**144,657**	715,084
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(855,405)**	(224,967)
CASH AND CASH EQUIVALENTS AT JANUARY 1, REPRESENTED BY BANK BALANCES AND CASH	**1,874,217**	1,418,408
CASH AND CASH EQUIVALENTS AT JUNE 30, REPRESENTED BY BANK BALANCES AND CASH	**1,018,812**	1,193,441

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on the Stock Exchange 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 finance and insurance products, provision of automobile rental services and automobile finance leasing services in the PRC. The Company and its subsidiaries are collectively referred to as the "Group" thereafter.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2014.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period.

The application of the new Interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

[1] Effective for annual periods beginning on or after January 1, 2018
[2] Effective for first annual IFRS financial statements beginning on or after January 1, 2016
[3] Effective for annual periods beginning on or after January 1, 2016

The directors of the Company do not anticipate that the application of the above new or revised IFRSs will have any significant impact on the Group's financial results and financial position except for IFRS 15.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

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

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

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

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

3. SEGMENT INFORMATION

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

For the six months ended June 30, 2015

	Passenger vehicle sales and services *RMB'000* **(Unaudited)**	**Automobile rental services** *RMB'000* **(Unaudited)**	**Finance leasing services** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue	**16,411,255**	**153,822**	**63,044**	**16,628,121**
Segment profit	**1,385,247**	**40,450**	**41,751**	**1,467,448**
Other income and other gains and losses				**187,421**
Distribution and selling expenses				**(651,495)**
Administrative expenses				**(319,065)**
Finance costs				**(206,512)**
Share of profits of joint ventures				**3,472**
Share of profits of associates				**456**
Profit before tax				**481,725**

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

For the six months ended June 30, 2014

	Passenger vehicle sales and services *RMB'000* (Unaudited)	Automobile rental services *RMB'000* (Unaudited)	Finance leasing services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue	14,760,758	131,220	9,598	14,901,576
Segment profit	1,260,779	34,527	9,468	1,304,774
Other income and other gains and losses				140,446
Distribution and selling expenses				(539,548)
Administrative expenses				(277,230)
Finance costs				(192,100)
Share of profits of joint ventures				5,305
Share of profits of associates				1,006
Profit before tax				442,653

3. SEGMENT INFORMATION (continued)

Segment profit represents the profit earned by each segment without allocation of other income and other gains and losses, distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the board of directors.

Revenue from major products and services

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of passenger vehicles:		
— Luxury and ultra-luxury brands (note a)	**11,912,853**	10,759,900
— Mid- to high-end brands (note b)	**2,559,458**	2,430,133
Sub-total	**14,472,311**	13,190,033
After-sales services	**1,938,944**	1,570,725
Automobile rental services	**153,822**	131,220
Financing lease services	**63,044**	9,598
	16,628,121	14,901,576

Notes:

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

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income comprises:		
Service income (note a)	**178,915**	101,261
Advertisement support received from automobile manufacturers (note b)	**2,722**	4,157
Government grants (note c)	**12,492**	12,513
Interest income on bank deposits	**6,779**	12,408
Others	**—**	746
	200,908	131,085
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	**(8,986)**	(1,596)
Gain on disposal of interest in an associate	**—**	8,195
Gain on subsequent adjustment to acquisition consideration	**—**	2,269
Foreign exchange loss	**(4,940)**	—
Others	**439**	493
	(13,487)	9,361
Total	**187,421**	140,446

Notes:

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

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

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

5. FINANCE COSTS

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interests on borrowings wholly repayable within five years:		
— convertible bonds	**30,316**	—
— bank loans	**104,155**	114,706
— borrowings from entities controlled by suppliers	**10,057**	10,158
— reimbursement to suppliers (note a)	**41,045**	42,687
— medium-term note	**37,120**	38,791
Release of capitalized transaction cost in relation to issue of medium-term note (Note 17)	**1,895**	1,895
Less: interests capitalized (note b)	**(18,076)**	(16,137)
	206,512	192,100

5. FINANCE COSTS (continued)

Notes:

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

b. Borrowing costs capitalized during the period arose on the general borrowing pool and are calculated by applying a capitalization rate of 6.60% (2014: 7.00%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**179,150**	130,434
Release of prepaid lease payments	**6,166**	6,341
Amortization of intangible assets	**6,276**	3,609
Share-based payment expenses	**8,006**	6,636

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**129,900**	112,190
Under(over) provision of PRC EIT in prior years	**55**	8
	129,955	112,198
Deferred tax		
Current period	**(4,277)**	(7,611)
	125,678	104,587

7. INCOME TAX EXPENSE (continued)

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

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

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

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

8. DIVIDENDS

During the current interim period, a final dividend of RMB0.10 per share in respect of the year ended December 31, 2014 (2013: RMB0.12 per share) was declared and paid out of share premium to the owners of the Company in Hong Kong dollars (the "HK$") based on the medium exchange rate between RMB and HK$ as announced by the People's Bank of China on 8 May 2015 (HK$1.00 to RMB0.78863). The aggregate amount of the 2014 final dividend declared and paid in the interim period amounted to approximately RMB148,002,000 (for the six months ended June 30, 2014: RMB177,603,000).

The Board of directors of the Company have determined that no dividend will be paid in respect of the interim period for the six months ended June 30, 2015 (for the six months ended June 30, 2014: nil).

9. EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**330,033**	310,420
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,480,022**	1,480,022

9. EARNINGS PER SHARE (continued)

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

Outstanding share options of the Company during the six months ended June 30, 2015 and June 30, 2014 have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's earnings per share for the six months ended June 30, 2015 and June 30, 2014, respectively.

10. PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS

Property, plant and equipment

During the period, the Group acquired property, plant and equipment of approximately RMB472,757,000 (for the six months ended June 30, 2014: RMB774,312,000) for business expansion.

During the period, the Group disposed of property, plant and equipment with a carrying amount of approximately RMB131,682,000 (for the six months ended June 30, 2014: RMB85,965,000).

In addition, during the period, the Group paid approximately RMB49,382,000 (for the six months ended June 30, 2014: RMB75,370,000) as deposits for acquisition of property, plant and equipment for business expansion.

Prepaid lease payments

During the period, the Group acquired medium-term land use rights situated in the PRC of RMB7,867,000 (for the six months ended June 30, 2014: RMB153,054,000) for business expansion.

11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	June 30, 2015 *RMB'000* **(Unaudited)**	December 31, 2014 *RMB'000* (Audited)
Unlisted equity securities	**71,696**	—

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

12. 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.

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Analysed as:		
Current	524,394	357,144
Non-current	528,877	467,969
	1,053,271	825,113

	Minimum lease payments		Present value of minimum lease payments	
	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Finance lease receivables comprise:				
Within one year	575,491	398,319	524,394	357,144
In more than one year but not more than two years	283,304	193,321	237,538	150,091
In more than two years but not more than five years	369,831	372,290	291,339	317,878
	1,228,626	963,930	1,053,271	825,113
Less: unearned finance income	(175,355)	(138,817)	N/A	N/A
Present value of minimum lease payment receivables	1,053,271	825,113	1,053,271	825,113

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

At June 30, 2015, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB167,667,000 (2014: RMB101,603,000) and RMB127,107,000 (2014: RMB65,207,000) were recognized as other non-current liabilities and current liabilities, respectively.

13. INVENTORIES

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Passenger vehicles	**4,022,434**	3,905,713
Spare parts and accessories	**480,518**	418,454
	4,502,952	4,324,167

14. TRADE AND OTHER RECEIVABLES

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

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

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

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Trade receivables	**373,450**	203,013
Other receivables comprise:		
Prepayments to suppliers	**604,398**	627,064
Deposits to suppliers	**195,486**	214,673
Deposits to entities controlled by suppliers for borrowings	**122,937**	122,400
Prepayments and rental deposits on properties	**64,587**	64,779
Rebate receivables from suppliers	**1,483,741**	1,664,046
Insurance commission receivables	**45,117**	33,610
Staff advances	**15,074**	10,555
Value-Added-Tax recoverable	**251,332**	265,617
Advances to non-controlling shareholders (note)	**51,518**	25,118
Advances to independent third parties (note)	**25,100**	25,100
Receivables on disposal of a subsidiary	**10,500**	10,500
Others	**129,947**	86,711
	2,999,737	3,150,173
	3,373,187	3,353,186

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

14. TRADE AND OTHER RECEIVABLES (continued)

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

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
0 to 180 days	373,450	203,013

None of the trade receivables are past due but not impaired as at the end of the reporting period. 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.

15. TRADE AND OTHER PAYABLES

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Trade payables	218,582	284,811
Bills payables	2,009,782	2,365,812
	2,228,364	2,650,623
Other payables		
Other tax payables	55,141	49,867
Advances and deposits from customers	851,402	1,621,283
Payables for acquisition of property, plant and equipment	130,630	165,321
Rental payables	36,995	48,854
Salary and welfare payables	20,017	50,760
Accrued interest	69,120	31,823
Accrued audit fee	2,200	4,000
Other accrued expenses	26,550	41,174
Transaction costs payable for issue of medium-term note (Note 17)	626	3,445
Transaction costs payable for issue of convertible bonds (Note 18)	16,912	16,912
Consideration payable on acquisition of subsidiaries	31,394	48,979
Advance from non-controlling shareholders of subsidiaries (note)	128,176	124,683
Advances from former shareholders of acquired subsidiaries (note)	2,528	2,688
Deposits received from customers under finance leases (Note 12)	127,107	65,207
Dividends payable to non-controlling shareholders of subsidiaries	2,709	—
Others	57,057	60,385
	1,558,564	2,335,381
	3,786,928	4,986,004

15. TRADE AND OTHER PAYABLES (continued)

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Non-current		
Other liabilities		
Deposits received from customers under finance leases (Note 12)	167,667	101,603
Transaction costs payable for issue of convertible bonds (Note 18)	16,912	16,912
	184,579	118,515

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

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

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

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
0 to 90 days	2,228,364	2,650,623

16. BORROWINGS

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Bank loans	4,573,222	4,355,153
Other borrowings from entities controlled by suppliers	928,642	699,334
	5,501,864	5,054,487

16. BORROWINGS (continued)

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Carrying amount repayable:		
Within one year	**5,171,031**	4,855,730
More than one year, but not exceeding two years	**65,045**	164,535
More than two years, but not exceeding five years	**230,438**	22,972
More than five years	**35,350**	11,250
	5,501,864	5,054,487
Less: amounts due within one year shown under current liabilities	**(5,171,031)**	(4,855,730)
Amounts shown under non-current liabilities	**330,833**	198,757

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings ranged from 5.10% to 8.55% (2014: 5.60% to 9.36%) per annum.

At June 30, 2015 and December 31, 2014, the Group's borrowings were secured against the Group's assets with carrying amounts as follows:

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Land use rights	**76,541**	152,924
Property, plant and equipment (buildings and passenger vehicles)	**147,176**	140,184
Inventories	**867,063**	689,368
Finance lease receivables	**77,163**	—
Total	**1,167,943**	982,476

17. 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.

17. MEDIUM-TERM NOTE (continued)

At June 30, 2015, unpaid unamortized transaction costs of approximately RMB626,000 (2014: RMB3,445,000) are recognized as current liabilities. The Group paid transaction costs of approximately RMB2,819,000 (2014: RMB1,879,000) during the six months period ended June 30, 2015.

Movement of the medium-term note during the reporting period was as follows:

	RMB'000
At December 31, 2014	1,153,682
Interest charged (Note 5)	1,895
At June 30, 2015	1,155,577

As at June 30, 2015, unpaid interest expenses of approximately RMB19,991,000 (2014: RMB19,991,000) was accrued in other payables.

18. CONVERTIBLE BONDS

The Company issued USD settled convertible bonds (the "Bonds") at a par value in an aggregate principal amount of RMB1,000,000,000 with interest rate of 1.50% per annum on July 18, 2014.

Please refer to the Group's 2014 consolidated financial statements for the principal terms of the Bonds.

The convertible bonds issued on July 18, 2014 are a compound instrument that included a liability component, an equity component and an embedded derivative in respect of the early redemption feature of the convertible bonds. The embedded derivative in respect of the early redemption feature of the convertible bonds is deemed to be clearly and closely related to the host contract and therefore, does not need to be separately recorded. The fair value of the liability component of the convertible bonds was approximately RMB864 million and the equity component was approximately RMB62 million, determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

	RMB'000
Principal amount	1,000,000
Transaction cost	(73,737)
Liability component at the date of issue	(863,773)
Equity component	62,490

At June 30, 2015, unpaid transaction costs of approximately RMB16,912,000 (2014: RMB16,912,000) and RMB16,912,000 (2014: RMB16,912,000) are recognized as non-current liabilities and current liabilities respectively.

18. CONVERTIBLE BONDS (continued)

The movements of the Bonds during the six months ended June 30, 2015 are set out below:

	RMB'000
Liability component at December 31, 2014	**890,336**
Interest charged (Note 5)	**30,316**
Interest paid	**(7,500)**
Liability component at June 30, 2015	**913,152**
Less: interest payables due within one year shown under current liabilities	**(6,667)**
Liability component shown under non-current liabilities	**906,485**

The equity component will remain in convertible bond equity reserve until the embedded conversion option is exercised or the bonds mature.

19. SHARE CAPITAL

	Number of share '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorized:		
As at 1 January 2014 (audited), June 30, 2014 (unaudited), 1 January 2015 (audited) and June 30, 2015 (unaudited)	2,500,000	25,000

	Number of shares '000	Amount HK$'000	Shown in financial statements as RMB'000
Issued and fully paid:			
At January 1, 2014 (audited) and June 30, 2014 (unaudited)	1,480,022	14,800	12,065
At January 1, 2015 (audited) and June 30, 2015 (unaudited)	1,480,022	14,800	12,065

20. SHARE-BASED COMPENSATION

(a) Share Option Scheme

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 Employee 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.

Set out below are details of movements of the outstanding options granted under the Share Option Scheme during the six months period ended June 30, 2015:

	Number of options				
	Outstanding as at January 1, 2015	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2015
Directors:					
Mr. Wang Liqun	200,000	—	—	—	200,000
Mr. Lu Wei	200,000	—	—	—	200,000
Mr. Chen Xianglin	200,000	—	—	—	200,000
Mr. Xu Yue (note 1)	3,000,000	—	—	—	3,000,000
Ms. Chen Yi (note 1)	1,300,000	—	—	—	1,300,000
Former independent non-executive director:					
Mr. Wang Zhiqiang (note 2)	200,000	—	—	—	200,000
Employees	24,600,000	—	—	—	24,600,000
	29,700,000	—	—	—	29,700,000
Exercisable at the end of the period	9,900,000				14,850,000

Note 1: Mr. Xu Yue and Ms. Chen Yi were appointed as executive directors on March 23, 2015.
Note 2: Mr. Wang Zhiqiang resigned as an independent non-executive director of the Company on May 8, 2015.

The Group recognized an expense of approximately RMB6,636,000 (for the six months ended June 30, 2014: RMB6,636,000) for the six months ended June 30, 2015 in relation to the share options granted by the Company under the Share Option Scheme.

20. SHARE-BASED COMPENSATION (continued)

(b) Employee Pre-IPO Incentive Scheme

The Company's employee pre-IPO incentive scheme was adopted by the Company on April 3, 2012 (the "Employee Pre-IPO Incentive Scheme") for the primary purpose of recognition of the contributions of the beneficiaries under the Employee Pre-IPO Incentive Scheme and to incentivize them. Under the Employee Pre-IPO Incentive Scheme, the board of directors of the Company may make cash awards to eligible employees, including directors (other than independent non-executive directors) of the Company and its subsidiaries. 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 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.

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 could be granted to eligible persons ("Grantee") pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director, including independent non-executive directors. No Grantee shall be entitled to any dividend, income or any other right for which the record date is prior to the date on which the restricted shares are completed and actually transferred into the Grantee's account. The unvested restricted shares do not carry any right to vote at general meetings of the Company.

During the year ended December 31, 2014, awards of approximately 7,030,000 restricted shares and cash awards of approximately HK$3,821,000 have been made pursuant to the Amended Scheme. Details are set out as follows:

	Number of shares *'000*	Vesting period	Fair value *RMB'000*
1st batch	3,860	10–15 years	21,894
2nd batch	3,170	1–10 years	17,194

Amount of approximately RMB1,370,000 (for the six months ended June 30, 2014: N/A) was recognized for the six months ended June 30, 2015 in relation to such awards made by the Company under the Amended Scheme.

21. CAPITAL COMMITMENTS

		June 30, 2015 ***RMB'000*** **(Unaudited)**	December 31, 2014 *RMB'000* (Audited)
(a)	Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**137,548**	177,145
(b)	Commitments to establish a subsidiary in the future	**8,800**	—

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

23. ACQUISITION OF A SUBSIDIARY

In April 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire 100% equity interests in Guangzhou Yongda Automobile Rental Co., Ltd. ("Guangzhou Yongda Automobile Rental", previously known as Guangzhou Dafa Automobile Rental Co., Ltd.) at a consideration of RMB5.4 million. The transaction was completed in April 2015.

Guangzhou Yongda Automobile Rental was established in the PRC for the purpose of operating automobile rental services in Guangzhou, Guangdong Province. At the date of the acquisition, Guangzhou Yongda Automobile Rental had not commenced operation and its major assets are vehicle licenses plates. 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
Intangible assets	5,500
Bank balances	1
Other payables	(55)
Net Assets acquired	5,446
Cash consideration and satisfied by:	
Cash	4,357
Consideration payable	1,089
Net Assets acquired	5,446
Net cash outflow arising on acquisition	
Bank balances acquired	(1)
Consideration transferred	4,357
	4,356

24. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	June 30, 2015 RMB'000 (Unaudited)	December 31, 2014 RMB'000 (Audited)
Associate held by the Group		
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda")	314	7,023
Joint venture held by the Group		
Harbin Yongda International Automobile Plaza Co., Ltd. ("Harbin Yongda")	67,351	24,620
Associate held by the Group		
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile")	–	5,787
Shanghai Yongda Shenbao Autombiles Sales and Services Co., Ltd. ("Shanghai Yongda Shenbao")	4,249	370
Shanghai Yongda Advertisement Co., Ltd.	–	38
Shanghai Yongda Fengchi Second-Hand Automobile Management Co., Ltd. ("Shanghai Yongda Fengchi Second-Hand")	–	36
	71,914	37,874
Analyzed as:		
Trade-related, aged within 1 year	4,563	7,431
Non trade-related	67,351	30,443
	71,914	37,874

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

24. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	June 30, 2015 *RMB'000* (Unaudited)	December 31, 2014 *RMB'000* (Audited)
Joint venture held by the Group		
Shanghai Bashi Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda")	5,642	1,682
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong")	2,952	—
Entity controlled by the Shareholders of the Group		
Shanghai Yongda Group Company Limited ("Yongda CLS") (note)	11,599	9,688
	20,193	11,370
Analyzed as:		
Trade-related, aged within 1 year	10,505	1,682
Non trade-related	9,688	9,688
	20,193	11,370

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

Note: The balance as at June 30, 2015 was a dividend payable of RMB9,688,000, a rental payable of RMB1,911,000 and the balance at December 31, 2014 was a dividend payable of RMB9,688,000, respectively.

III. Related party transactions

	For the six months ended June 30, 2015 *RMB'000* (Unaudited)	2014 *RMB'000* (Unaudited)
a) Sales of passenger vehicles		
Shanghai Bashi Yongda	1,109	824

24. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

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 RMB367,662,000 and RMB379,942,000 for the six months ended June 30, 2014 and 2015, respectively. A commission of approximately RMB2,455,000 and RMB1,794,000 was paid to Shanghai Oriental Yongda for the marketing and promotional activities it carried out for the Group for the six months ended June 30, 2014 and 2015, respectively.

		For the six months ended June 30,	
		2015	2014
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
b)	**Purchase of passenger vehicles**		
	Shanghai Bashi Yongda	**8,051**	9,624
	Shanghai Yongda Changrong	**5,589**	154
		13,640	9,778
c)	**Sales of spare parts**		
	Shanghai Yongda Changrong	**160**	72
	Shanghai Yongda Fengdu Automobile	**13**	24
		173	96
d)	**Purchase of spare parts**		
	Shanghai Bashi Yongda	**—**	107
e)	**Purchase of property, plant and equipment from:**		
	Shanghai Bashi Yongda	**7,717**	4,962
f)	**Rental expenses paid to:**		
	Yongda CLS, Shanghai Yongda Fengdu Automobile, Shanghai Yongda Zhiye Development Co.,Ltd and Shanghai Yongda Transportation Equipment Co., Ltd.	**6,984**	4,676
g)	**Compensation of key management personnel:**		
	Short-term benefits	**3,476**	2,908
	Post-employment benefits	**210**	136
	Share-based payments	**2,288**	—
		5,974	3,044

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