YONDA 永达汽车

CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
中國永達汽車服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：03669

2015
Annual Report

YONDA 永达汽车

CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
ANNUAL 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
Ms. CHEN Yi

Non-executive Director

Mr. WANG Liqun

Independent Non-executive Directors

Mr. LYU 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

COMPANY SECRETARY

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

AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao
Ms. MOK Ming Wai

AUDIT AND COMPLIANCE COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. CHEUNG Tak On *(Chairman)*
Mr. CHEN Xianglin
Mr. LYU 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

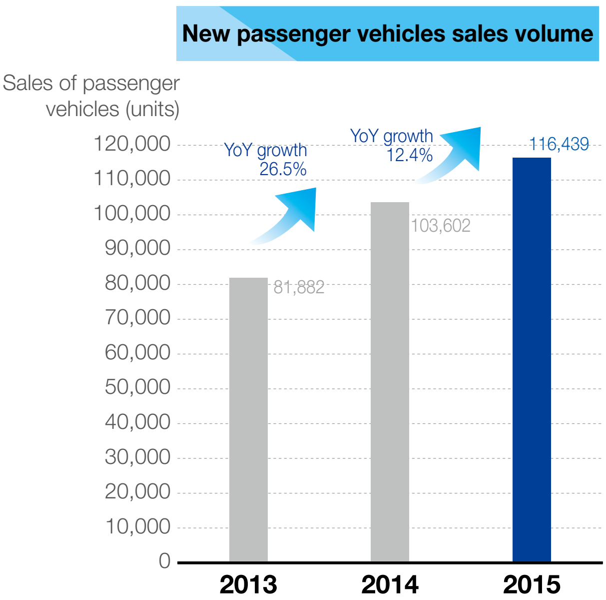
AUDITOR

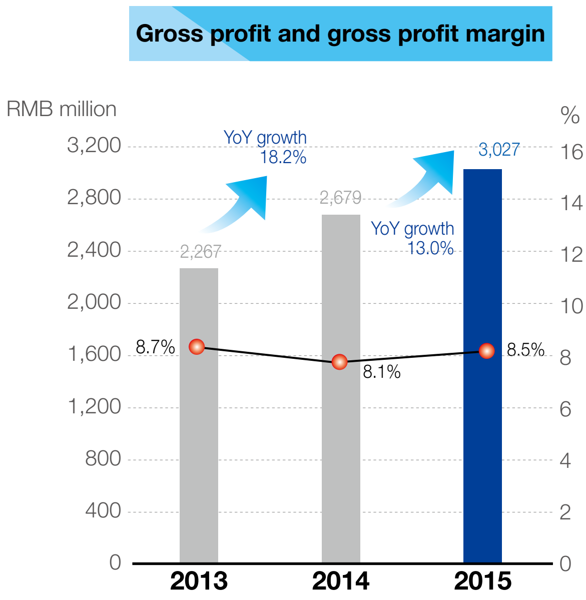
Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

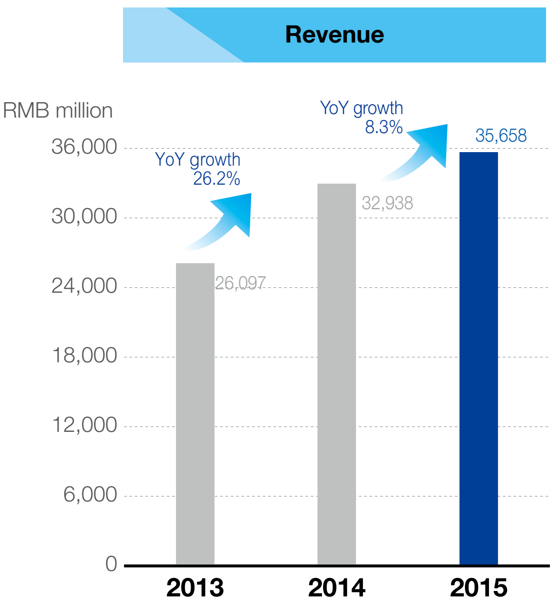
COMPANY WEBSITE

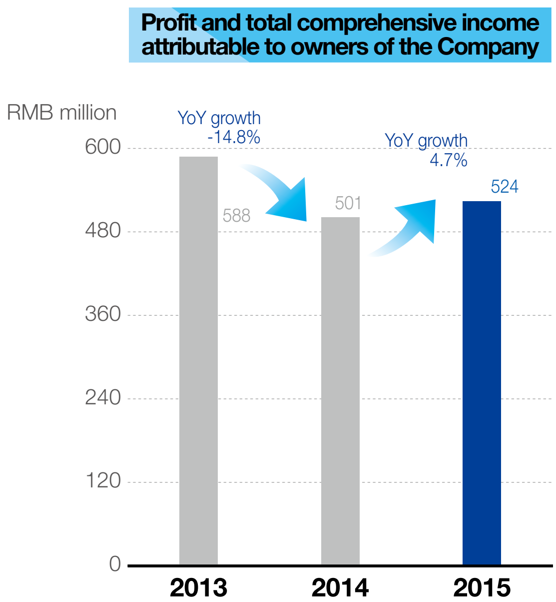
www.ydauto.com.cn

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 Annual Report of the Company and its subsidiaries (collectively referred to as "the Group", "we", "us", or "Yongda Automobile").

2015 was the first full year for the Chinese economy to enter into the New Normal. The macro economy showed an overall slow growth. Although against such background, the automobile industry has been relatively prosperous. China's passenger vehicle sales volume was approximately 21,150,000 units for 2015, representing an increase of approximately 7.3% as compared with that of 2014. Meanwhile, extended services such as automobile repair, automobile finance, pre-owned vehicle and automobile rental achieved robust development.

As a leading passenger vehicle retailer and comprehensive service provider in China, we achieved favorable results in 2015. In 2015, our consolidated revenue and gross profit were RMB36,079 million and RMB3,449 million, respectively. Our earnings before interests, taxation, depreciation and amortization (EBITDA), net profit and net profit attributable to owners of the Company were RMB1,649 million, RMB567 million and RMB524 million, respectively, representing an increase of 13.6%, 5.2% and 4.7%, respectively, as compared to those of the corresponding period in 2014.

I. MAJOR HIGHLIGHTS OF OPERATION AND MANAGEMENT IN 2015

1. Our sales volume of new vehicles reached 116,439 units, representing a 12.4% increase compared to the same period in 2014, among which, the sales volume of luxury and ultra-luxury brand new vehicles reached 68,664 units in 2015, representing a 14.0% increase compared to the same period in 2014;

2. Our after-sales services achieved a revenue of RMB4,135 million, representing an increase of 16.9% compared to the same period in 2014, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB3,268 million, representing an increase of 19.8% compared to the same period in 2014;

3. The automobile finance business of the Group witnessed remarkable developments. In respect of the automobile agency business, our revenue from the automobile finance agency services was RMB240 million in 2015, representing an increase of 78.2% compared to the same period in 2014; revenue from automobile insurance agency services was RMB192 million, representing an increase of 26.7% compared to the same period in 2014. With respect to our proprietary business, our finance leasing business recorded new interest-bearing assets of RMB1,458 million, with a net profit of RMB46.26 million, representing an increase of 99.0% as compared to 2014.

4. In 2015, the Group also made substantial progress in "Internet+", new energy vehicle business and network expansion. We will continue to pursue our customer-oriented business philosophy to propel our refined management on an on-going basis.

II. FUTURE PROSPECTS

The Group plans to focus on facilitating the following four aspects in the next three years:

1. we will proactively pursue the proposed spin-off listing in the Mainland A-share market for certain assets of Yongda Automobile. Leveraging on the active A-share financing platform, vigorously carry out M&A strategy for the purpose of completing the channel mapping of the Group in the China market;

2. we will actively foster our automobile finance, pre-owned vehicle, independent after-sales and spare parts and accessories, automobile rental businesses as well as new energy automobile related business, striving to capture great market opportunities in three-year time;

3. we will actively carry forward various works relating to "Internet +", and fully achieve integration with the nation-wide offline network, in order to establish an efficient O2O customer service system;

4. we will adhere to the customer-oriented business strategy and continuously implement refined operation and management for various businesses of the Group.

Despite the fact that the Chinese economy is undergoing a period of transformation and the economy is facing severe challenge, we still see the enormous development opportunity of the automobile industry and formulate mid-and-long term development strategy for this reason. We will carry forward various works in respect of operation and management in an active and orderly manner, devoting to bringing substantial returns for investors.

On behalf of the Board, I would like to express our sincere gratitude to all of the staff for their efforts and to various parties in the community for their supports towards the steady development of the Group.

CHEUNG Tak On
Chairman

March 20, 2016

Management Discussion & Analysis

MARKET REVIEW

In 2015, China's passenger vehicles maintained a relatively steady growth in sales volume as compared to 2014. According to China Association of Automobile Manufacturers, China's automobile sales volume was 21,150,000 units for 2015, representing an increase of 7.3% compared to the same period in 2014, among which, the sales volume of sport utility passenger vehicles recorded a faster growth at a growth rate of 52.4% as compared to the same period in 2014. In the second half of 2015, driven by China's preferential policies on vehicle purchases, the sales volume of passenger vehicles accelerated notably at a faster growth rate than the first half of the year. 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 2016, with a faster growth compared to that of 2015.

In 2015, some of the manufacturers of luxury brand passenger vehicles took initiative to reduce their sales volume growth targets for 2015 in order to stabilize retail prices of new vehicles and 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 stayed level in 2015. However, in medium- to long-term, driven by strong demand to update and upgrade products and the rising permeability of automobile retail 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 overall passenger vehicles in China, 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.

According to the statistics of Traffic Management Bureau of the Ministry of Public Security, vehicle ownership in China reached 172 million units by the end of 2015, ranking at the second place in the world, only after the United States of America (the "U.S."). With the 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 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, 88% of the revenue of automobile dealers in China was derived from new vehicle sales, and only 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 2015 annual report of AutoNation, the largest automobile dealer in the U.S., the revenue and gross profit generated from new vehicle sales in 2015 only accounted for 57.4% and 20.3% 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. These illustrate that there is big room for improvement 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 9,420,000 units in 2015. According to the data analysis of the association, pre-owned vehicles in use for 3–6 years accounted for the largest portion of the transaction volume of pre-owned vehicles, representing 67% of the total transaction volume. 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. China Automobile Dealers Association forecasts that the transaction volume of pre-owned vehicles in China is expected to reach approximately 20 million units by 2020.

According to the data from the White Paper on Automobile Finance in China (2015) issued by Delottle Touche Tohmatsu, the permeability rate of automobile consumer finance in China for 2014 was merely 20%, whereas the permeability rate of automobile finance in the U.S. was 84%. Benefiting from higher level of acceptance of automobile finance among the younger generation and the increasing variety 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. Deloitte Touche Tohmatsu forecasts in the White Paper on Automobile Finance in China (2015) that the permeability of automobile finance in China in 2020 will reach 50%, and the market size is expected to exceed RMB2 trillion.

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 RMB7 billion in 2008 to RMB24 billion in 2013 with a CAGR of 28%. Driven by factors such as increased car use by corporations, financial optimization of corporations and reforms of government vehicles, the long-term automobile rental market in China will maintain a relatively fast growth with further integration in the future. According to the forecast by Deloitte Touche Tohmatsu in the White Paper on Automobile Finance in China (2015) as mentioned above, it is expected that the market size of China's automobile rental market in 2018 will amount to RMB58 billion.

Management Discussion & Analysis

Based on the latest data released by the Ministry of Industry and Information, the production and sales volume of the new energy vehicles for 2015 in China reached 340,000 units and 330,000 units, respectively, representing a year-on-year increase of 334% and 343% respectively. With the speedy launch of competitive vehicle models, more supportive national policies put in place, and the continuous improvement of infrastructure, it is believed that the new energy vehicles will enjoy great potential for growth in the future.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we achieved favorable growth in 2015. In 2015, our consolidated revenue and gross profit, taking into account the revenue from finance and insurance services, were RMB36,079 million and RMB3,449 million, respectively, representing an increase of 8.6% and 16.3% respectively compared to the corresponding period in 2014. Taking into account the revenue from finance and insurance services, our consolidated gross profit margin for 2015 was 9.56%, representing an increase of 0.63 percentage point compared to 8.93% 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 RMB1,649 million, RMB567 million and RMB524 million respectively for 2015, representing an increase of 13.6%, 5.2% and 4.7% respectively as compared to the same period in 2014. Set forth below is a summary of major developments of our business for 2015:

Stable Growth in New Vehicle Sales

Despite a slowdown in the overall automobile sales market, our sales volume of new vehicles witnessed a stable growth in 2015 and reached 116,439 units, representing a 12.4% increase compared to the same period in 2014, among which, the sales volume of luxury and ultra-luxury brand new vehicles reached 68,664 units in 2015, representing a 14.0% 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 vehicle sales from our passenger vehicle sales and services segment was RMB31,662 million in 2015, representing a 7.4% increase compared to the same period in 2014, among which, the consolidated sales revenue of luxury and ultra-luxury brand new vehicles reached RMB25,588 million, representing a 6.1% increase compared to the same period in 2014. The Group's consolidated gross profit margin for new vehicles taking into account the revenue from the passenger vehicle sales and services segment including that from the finance and insurance services was 4.38% in 2015, representing an increase as compared to 4.18% in 2014.

With respect to the management and marketing of new vehicle sales, we further enhanced the retail rate of new vehicles, strengthened the marketing of the extended services, such as services of automobile finance, automobile insurance and automobile products, and strived to improve the comprehensive profitability of new vehicle per unit, to ensure a continued increase in the consolidated gross profit of new vehicle sales. In addition, we effectively controlled inventories and cost of sales, with focus on audit of sales prices of key vehicle models and multi-dimensional inventory management. Meanwhile, we actively introduced an innovative multi-channel selling pattern, which incorporates internet platform, capitalizes on efficient integration, sharing of intra-group resources and strengthening cooperation with reputable companies in the industry, which enhanced the marketing capability and brand effect. We also improved internal refined management and reinforced the effective use of customer resources, thus achieving the stable growth in new vehicle sales for 2015.

Fast Growth in After-sales Services

In 2015, we actively seized the opportunities brought by the rapid development of internet technology and the increase in the amount and frequency of online spending of customers, promoted and sold various after-sales products and services to our customers through our self-owned booking platform system for after-sales services as well as third party internet platforms, such as Tmall. This method helped to expand external customers inflow and offer flexibilities for our customers, and accordingly, achieved good results. Meanwhile, we launched the vehicle delivery and collection service with differentiated and customized services, which further increased customer dependency and achieved good results. Through the above measures and the continued improvement of internal business processes, our utilization rate of the maintenance workforce and average revenue contribution of after-sales services provided by maintenance staff recorded a rapid growth in 2015.

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 cooperated with a renowned professional chemical manufacturer established in the U.S., to manufacture a professional series of care and maintenance products under a customized OEM self-owned “QUICKACT” brand, which reduces intermediate links/processes, while ensuring product quality and reducing procurement costs. Meanwhile, we made efforts to achieve stable increase in the sales volume of our customized OEM self-owned “QUICKACT” brand, which effectively increased gross profit of the care and maintenance products business and enhanced our competitiveness.

In respect of improvement of maintenance skills, we have established a technical support platform for automobile maintenance to provide our maintenance personnel with new channels for self-learning and exchange of ideas, and bring along more learning and skill enhancement opportunities. These measures would enable us to better identify and retain technical talents, thus reinforcing the echelon building of our maintenance personnel and maintaining our leading position in technical ability within the industry.

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

In 2015, our after-sales services business (which is a branch of our passenger vehicle sales and services segment) mainly includes repair and maintenance services and automobile extended products and services, achieved a revenue of RMB4,135 million, representing an increase of 16.9% compared to the same period in 2014, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB3,268 million, representing an increase of 19.8% compared to the same period in 2014. In 2015, our gross profit margin for after-sales services was 45.56%, which remained level as compared to 45.79% for the same period in 2014.

Management Discussion & Analysis

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 brand of pre-owned vehicle chain group in China. In 2015, we launched official website for "Yongda pre-owned vehicle mall" and WeChat platform, which closed the loop for online and offline transactions using big data system as a tool and with offline chain outlets to provide impetus to the offline to online ("O2O") interactive business. We have also expanded the functions of mobile access to satisfy the demand of different customers. We actively promoted the construction and operation of the chain outlets of "Yongda pre-owned vehicle mall", and have commenced the operations of 10 outlets in Zhabei, Longdong, Yuqiao, Zhonghuan, Songjiang, Qingpu, Jiading, Qibao, Nanhui and Changshu in the Shanghai and Jiangsu region. The offline outlet chain covers assessment services, acquisition services, extended services, agency services, and replacement services, which does 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 closed-loop online and offline transaction.

Furthermore, we fully deployed pre-owned vehicle ERP system across the 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 facilitated the connection between the pre-owned vehicle business and the strong internet marketing channels, such as Bitauto, Youxin and Alibaba Automobile. We launched the 12-12 Yongda Pre-owned Vehicle Carnival throughout China, aiming at promoting the brand effect.

Rapid Development of the Automobile Finance Business

In 2015, the automobile finance business of the Group witnessed a remarkable development. Both the business scale and probability increased significantly as compared to last year. In respect of the automobile finance agency business, the permeability rate of the Group's automobile finance agency business in 2015 increased by 73% compared to the same period of 2014. At the same time, our revenue of the automobile finance agency services from our passenger vehicle sales and services segment was RMB240 million in 2015, representing an increase of 78.2% as compared to RMB135 million in 2014; revenue from automobile insurance agency services was RMB192 million, representing an increase of 26.7% as compared to RMB151 million in 2014.

With respect to our proprietary business, our finance leasing services segment maintained its sound momentum of growth in 2015, creating additional interest-bearing assets of RMB1,458 million, with actual net profit of RMB46.26 million, representing an increase of 99.0% as compared to 2014. Along with the steady growth in the scale of our finance leasing business, the business structure of the automobile finance business has been further improved. The business from our retail channels accounted for 82.0%, which not only reduced the risk of the finance leasing assets, but also strengthened the connection with the end customers through financial means.

In particular, the contribution margin ratio of the above automobile finance agency and proprietary finance leasing business increased to 15.1% in 2015 from 10.9% for the year 2014, representing an increase of 38.5% as compared to 2014.

In October 2015, we have obtained the Notice on the Establishment of National Online Small Loan Companies after strict review and evaluation. The envisaged online small loan business will mainly be deployed in the small and short-term financial products for the automobile after-sales market. It will, leveraging on the existing offline channels and internet technologies, form the operating model of offline verifications, online reviews and centralized loan granting, thus resolving various funding issues encountered by our customers in the course of the use of automobiles.

With respect to financial investment, Yangtze United Financial Leasing Co., Ltd (長江聯合金融租賃有限公司) ("Yangtze United Financial Leasing"), a company in which we hold an equity interest, has commenced operation in June 2015. After a half-year of operation, it has made investments in the amount of over RMB6 billion and realized profit in the year. Yangtze United Financial Leasing mainly focuses on medium- and long-term project finance, which enjoys unparalleled advantages over ordinary finance leasing companies in terms of risk management and financial cost by capitalizing on the banking background of the principal promoter, and achieves the complementary effect and resources sharing with the Group's finance leasing business.

Proactive Layout of Automobile Rental Services

In 2015, revenue from our automobile rental services segment reached RMB330 million, representing an increase of 20.5% as compared to the same period in 2014. In 2015, the gross profit margin for our automobile rental services was 32.85%, representing an increase as compared to that of the same period in 2014.

In view of the room for development and opportunities in the automobile rental market, in terms of network layout, we proactively conducted the layout of rental network in provinces and cities outside Shanghai since 2015 and have achieved preliminary results. As of the end of 2015, we have set up automobile rental companies or commenced automobile rental operations in a number of cities, such as Guangzhou, Shenzhen, Chengdu, Hangzhou, Nanjing, Qingdao, Hefei, Fuzhou and Wuxi and at the same time proactively prepared for the establishment of new rental companies in more than ten cities across the country. Meanwhile, we actively explored opportunities for cooperation with companies with established customer base and relevant licenses in the markets across the country, such as Beijing, Tianjin, Yunnan and Hainan.

With respect to the advantageous businesses such as long-term rental and high-end business and conference limousine services, we actively introduced professional talents to ensure and improve our market share. In 2015, we obtained long-term rental and business and conference automobile rental business from certain renowned companies and institutions, and undertook the automobile rental business for certain major sports and cultural events. At the end of 2015, we reached a strategic cooperation agreement with Samsung Group in respect of enterprise automobile rental business of a number of Korea-invested enterprises in China, including Samsung. With respect to the online automobile rental reservation business, we established a specialized operating entity, built partnerships with famous domestic online automobile rental reservation platforms, injected our vehicles and drivers into such platforms and expanded our platform business. Furthermore, we developed cooperation with Foxconn, an internationally renowned enterprise, to prepare for the introduction of electric vehicles timeshare rental business, which has great market potential in Shanghai and Eastern China.

Commence the Exploration of the New Energy Vehicles Industry

The year of 2015 was the first year for the rapid development of new energy vehicles in China. New energy vehicle, as one of the three prominent strategic focuses of the country: energy, environmental protection and automobile industry, the sales volume of new energy vehicles recorded 330,000 units in 2015, representing a 3.4 times increase as compared to 2014. The central and local governments continually introduced preferential policies for new energy vehicles, such as licence plate bans exemption, unrestricted use of vehicles, price subsidies and tax subsidies for vehicle purchases. On the other hand, new energy vehicles dealers, rental companies and vehicle charging service providers also made good progress in production scale and improvement in vehicle charging system and actively launched different competitive vehicle models.

Management Discussion & Analysis

We actively captured the industry trend and business development. We entered into strategic cooperation agreement with Foxconn and China Telecom, pursuant to which all parties agreed to explore the construction of "4G+Internet of vehicles+intelligent vehicle charging station+electric vehicles timeshare rental services network construction". We obtained authorization from 3 major domestic new energy vehicles brands (namely, Beijing Automobile Group, JAC and DENZA). We completed the preparation of our new energy vehicles experience center. We also proactively planned our new energy vehicles sales and service outlets in Shanghai and other regions of China as well as carried foward the relevant works for professional team reserves and industry research of charging station.

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

We laid foundations and put forward a transformative concept in the automobile e-commerce domain by taking advantage of "Internet+automobile" in 2014 and gradually created the rudimentary form of "Yongda Auto Life services e-commerce platform" through the efficient integration of the online and offline businesses in 2015. Yongda Automobile has already conducted strategic cooperation with major internet giants to lay a solid foundation for its internet e-commerce expansion.

In 2015, Yongda Automobile supplemented its offline business channels by taking advantage of the strengths of the internet platforms in order to further strengthen its offline channels. Yongda Automobile has established a Customer Relation Management core data cluster, through construction of the underlying data warehouse, alongside the scenario-mode customer lifecycle management platform of various businesses and the commerce intelligence engine platform, thereby establishing a large data center for Yongda Automobile, which serves as an important basis for operation and decision-making in the future. On the other hand, Yongda Automobile began to establish its O2O customer service platform with the principle of "focus on the customer". Meanwhile, it has built a management model of members loyalty and created an exclusive e-commerce ecosystem system for customers (i.e. "Yongda Auto Life services e-commerce platform") by services integration within the Yongda Automobile system. In the future, Yongda Automobile would be able to provide better integrated online and offline services for car owners by taking advantage of the scene-mode membership care service system in the automobile supply chain.

The year of 2015 was the exploratory year for the cooperation between us and other major internet platforms. We has broken through the previous pattern of individual offline physical entity operation by cooperating with reputable internet companies such as Alibaba Automobile, Uber, E Daijia, Bitauto and Youxinpai. In particular, we has furthered its strategic cooperation with Alibaba Automobile in 2015, Yongda Automobile launched its special new vehicle sales activities of Chevrolet Epica at its online franchise store during the Alibaba Automobile Festival in August, pioneered the full payment online mode of automobile purchase and broke down the previous regional sales restrictions with free distribution throughout the country. In addition, we sold out approximately 2,000 units within 13 days and the online payment amounted to over RMB120 million during the Alibaba Automobile Festival. We gained new business growth breakthrough based on the internet concept of sharing resources, data and users with major internet e-commerce platforms.

Continuous and Active Expansion of Our Network

In 2015, we persistently strived to pay more attention to self-owned outlets construction under the "streamlining, modularization and intensification" principle in relation to our outlets construction and layout, so that we could fully utilize the efficacy of our existing and future outlets.

In 2015, we obtained authorization to open 6 new passenger vehicles sales and services outlets focusing mainly on luxury and ultra-luxury brands, including 3 Volvo 4S dealerships, 1 DENZA 4S dealership, 1 Aston Martin 4S dealership and 1 Buick 4S dealership, particularly we opened 3 Volvo 4S dealerships and obtained authorization to open 1 DENZA electric vehicles 4S dealership in Southern China, which strengthened our outlet network in Southern China.

In 2015, we opened 21 new passenger vehicle sales and services outlets mainly for luxury and ultra-luxury brands, including 6 BMW 4S dealerships, 3 Audi 4S dealerships, 2 Jaguar/Land Rover 4S dealerships, 2 Lincoln 4S dealerships, 3 Volvo 4S dealerships, 1 Infiniti 4S dealership, 1 Lexus 4S dealership, 1 DENZA electric vehicles 4S dealership, 1 FAW-Volkswagen 4S dealership and 1 Ford 4S dealership.

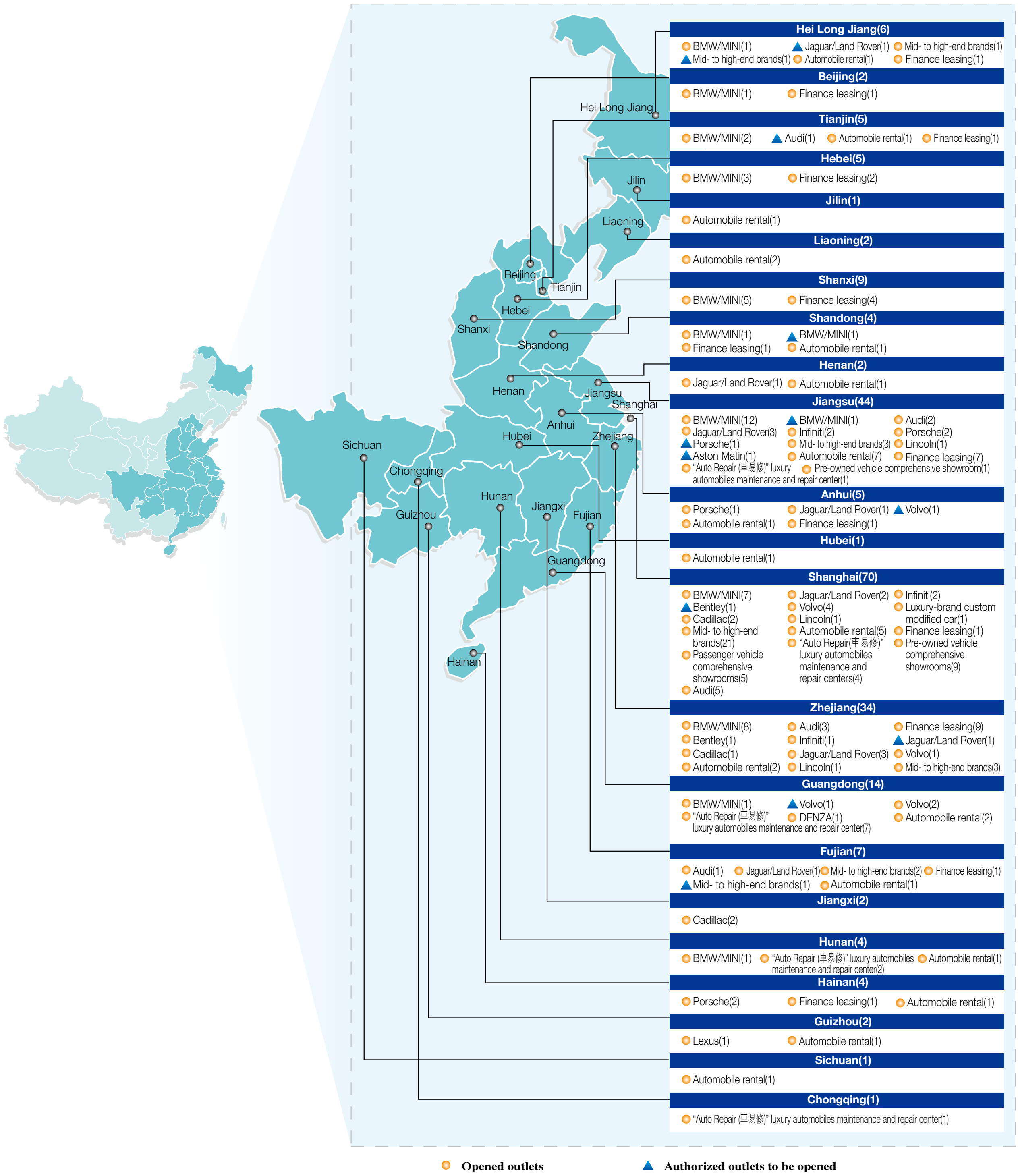
In 2015, we opened 10 "Auto Repair (車易修)" luxury automobile maintenance and repair centers located in Shanghai, Guangdong, Jiangsu and Chongqing respectively.

In 2015, we actively expanded our network of automobile rental services, pre-owned vehicle and passenger vehicle comprehensive showrooms by establishing 17 branches for automobile rental services, 8 pre-owned vehicle comprehensive showrooms and 2 passenger vehicle comprehensive showrooms.

The table below sets forth the details of our outlets as of December 31, 2015:

	Outlets opened	Outlets authorized to open	Total
Luxury and ultra-luxury brand 4S dealerships	77	9	86
Mid- to high-end brand 4S dealerships	30	2	32
Luxury brands city showrooms	10	0	10
Luxury brands authorized service centers	4	1	5
Luxury brands authorized certified pre-owned vehicle centers	2	0	2
Total manufacturer authorized outlets	123	12	135
Self-owned "Auto Repair (車易修)" luxury automobile maintenance and repair centers	15	–	15
Automobile rental services outlets	30	–	30
Finance leasing outlets	30	–	30
Passenger vehicle comprehensive showrooms	5	–	5
Pre-owned vehicle comprehensive showrooms	10	–	10
Total self-owned outlets	90	–	90
Total outlets	213	12	225

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 225 outlets opened and authorized to open, which are located across 4 municipalities and 58 cities in 18 provinces in China as of December 31, 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.

Management Discussion & Analysis

Continuously Improving Management Capability

In 2015, along with our continuous and steady business expansion, we reaffirmed our customer-oriented management concept, emphasized on customer service as the driving force of management, and re-constructed our management processes and service standards from customers' perspective and emphasized on continuous improvement and innovation, and we continued to enhance our management through the following measures so as to create our core competitive edge:

Channel Reforms: We commenced channel reforms which focus on customer contact and experience and implemented an integrated online and offline channel strategy. We also expanded the monotonic offline physical automobile sales and service outlets into channel outlets which consist of related automobile supply chain, such as automobile sales and service, pre-owned vehicle, automobile finance and automobile lifestyle commodities, so that our customers could enjoy the comprehensive one-stop Auto Life services. Meanwhile, we focused on constructing online mobile terminal entrance by establishing internet e-commerce platform, so that our customers can obtain service responses timely.

Quality Control: We firmly believe in the principle of "brand is the life of enterprise" and firmly adhere to an honest operation mode. We monitored the service quality of channel outlets through a centralized customer service hotline so as to speedily respond to customers' queries. Externally, we continued to improve our service quality through the feedback from external customer interviews; internally, we continued to improve our service level and capability through internal skills contests in the marketing, after-sales service and finance departments.

Process Optimization: We reviewed our business processes based on customer experience and consumption habits, and established several cross-departmental units in order to seamlessly integrate different businesses, as classified by their original functions, into scene-mode service processes by means of performance integration, so that we can satisfy customer demands to the greatest extent and at the same time significantly improve efficiency and maximizing our channel value.

Team Building: We fully designated customer service responsibilities to our teams to ensure the service quality through the improvement of service awareness and job skills of our employees. We strengthened our efforts in the introduction of external talents and cultivation of internal talents to satisfy the business management needs resulting from production chain expansion. We improved the remuneration and assessment management system by closely linking business operation results with team performance. Meanwhile, we also satisfied the young characteristics and consumption trend of our customer base through strengthening the reserve and cultivation of our young talents.

Organization and Coordination: Combining the advantages of our industrial scale and diversified characteristics of the Group, we achieved synergy effect in brand business management, regional management, remuneration and performance management and financing management so as to better reduce operation costs and improve management efficiency. When facing customers, our organization form and response mechanism serve as strong anchor and present ourselves as the forerunner of a top-tier service team.

FINANCIAL REVIEW

Revenue

Revenue was RMB35,657.6 million in 2015, a 8.3% increase from RMB32,938.0 million in 2014, which was primarily due to the fast growth of our after-sales services, automobile rental services and finance leasing services. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the year ended December 31,					
	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	**25,226,251**	**68,664**	**367**	23,891,310	60,237	397
Mid to high end brands	**6,003,948**	**47,775**	**126**	5,312,260	43,365	123
Subtotal	**31,230,199**	**116,439**	**268**	29,203,570	103,602	282
After-sales services	**4,135,496**	**–**	**–**	3,537,661	–	–
Automobile rental services	**330,183**	**–**	**–**	273,904	–	–
Finance leasing services	**126,666**	**–**	**–**	52,595	–	–
Less: inter-segment eliminations	**(164,951)**	**–**	**–**	(129,755)	–	–
Total	**35,657,593**	**–**	**–**	32,937,975	–	–

The sales volume of passenger vehicle sales and services segment was 116,439 units in 2015, a 12.4% increase from 103,602 units in 2014, among which the sales volume of luxury and ultra-luxury brand passenger vehicle in 2015 was 68,664 units, a 14.0% increase from 60,237 units in 2014.

Revenue of passenger vehicle sales from the passenger vehicle sales and services segment was RMB31,230.2 million in 2015, a 6.9% increase from RMB29,203.6 million in 2014, among which the revenue from luxury and ultra-luxury brand passenger vehicle sales was RMB25,226.3 million in 2015, a 5.6% increase from RMB23,891.3 million in 2014.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB4,135.5 million in 2015, a 16.9% increase from RMB3,537.7 million in 2014.

Revenue from the automobile rental services segment was RMB330.2 million in 2015, a 20.5% increase from RMB273.9 million in 2014.

Revenue from the finance leasing services segment was RMB126.7 million in 2015, a 140.8% increase from RMB52.6 million in 2014.

Cost of Sales and Services

Cost of sales and services was RMB32,630.6 million in 2015, a 7.8% increase from RMB30,258.8 million in 2014, which was generally in line with the growth of revenue.

Cost of sales and services for the passenger vehicle sales and services segment was RMB30,276.1 million in 2015, an increase of 7.1% from RMB28,256.6 million in 2014, which was generally in line with the growth in revenue from passenger vehicle sales.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,251.5 million in 2015, a 17.4% increase from RMB1,917.8 million in 2014, which was generally in line with the growth in revenue from after-sales services.

Cost of sales and services for the automobile rental services segment was RMB221.7 million in 2015, a 11.3% increase from RMB199.2 million in 2014, which increased at a relatively lower pace compared to the increase in revenue from automobile rental services.

Cost of sales and services for the finance leasing services segment was RMB36.0 million in 2015, a 141.6% increase from RMB14.9 million in 2014, which was generally in line with the growth in revenue from finance leasing services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB3,026.9 million in 2015, a 13.0% increase from RMB2,679.2 million in 2014. Gross profit margin increased to 8.49% in 2015 from 8.13% in 2014.

Gross profit of passenger vehicle sales from the passenger vehicle sales and services segment was RMB954.1 million in 2015, a 0.7% increase from RMB947.0 million in 2014. Gross profit margin for passenger vehicle sales slightly decreased to 3.06% in 2015 from 3.24% in 2014.

Gross profit of after-sales services from the passenger vehicle sales and services segment was RMB1,883.9 million in 2015, an increase of 16.3% from RMB1,619.8 million in 2014. Gross profit margin for after-sales services was 45.56% in 2015, which remained basically flat compared to 45.79% in 2014.

Gross profit from the automobile rental services segment was RMB108.5 million in 2015, an increase of 45.2% compared to RMB74.7 million in 2014. Gross profit margin for automobile rental services was 32.85% in 2015, representing an increase compared to 27.27% in 2014.

Gross profit from the finance leasing services segment in 2015 was RMB90.7 million, an increase of 140.5% from RMB37.7 million in 2014. Gross profit margin for finance leasing services was 71.60% in 2015, which remained basically flat compared to 71.70% in 2014.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB414.6 million in 2015, a 10.6% increase compared to RMB374.8 million in 2014. The increase was primarily due to the fact that revenue of our after-market finance and insurance services from our passenger vehicle sales and services segment amounted to RMB432.1 million in 2015, a 50.9% increase from RMB286.3 million in 2014.

Distribution and Selling Expenses

Distribution and selling expenses were RMB1,503.4 million in 2015, a 16.8% increase from RMB1,287.5 million in 2014, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, our distribution and selling expenses increased from 3.91% in 2014 to 4.22% in 2015, which was primarily due to the newly opened outlets in 2015 which were still in the early development stage.

Administrative Expenses

Administrative expenses were RMB730.1 million in 2015, a 12.7% increase from RMB647.8 million in 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 2.05% in 2015, which remained basically flat compared to 1.97% in 2014.

Finance Costs

Finance costs were RMB447.1 million in 2015, a 5.9% increase from RMB422.3 million in 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 RMB776.5 million in 2015, a 10.1% increase from RMB705.2 million in 2014.

Income Tax Expense

Income tax expense was RMB209.2 million in 2015, a 26.2% increase from RMB165.8 million in 2014. Our effective income tax rate was 26.9% in 2015, a slight increase compared to 23.5% for the year 2014.

Profit and Total Comprehensive Income

As a result of the foregoing, profit and total comprehensive income was RMB567.3 million in 2015, a 5.2% increase from RMB539.5 million in 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 RMB524.5 million in 2015, a 4.7% increase from RMB501.1 million in 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 operating activities, capital injections, 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.

In 2015, our net cash from operating activities was RMB1,968.2 million, an increase of RMB1,248.7 million compared to net cash from operating activities of RMB719.5 million in 2014, which was primarily due to a significant decrease in the net increase of inventories and prepayment balance in 2015 compared to that of 2014, and a significant increase in the net cash inflow from operating activities resulting from the finance leasing business in 2015 compared to that of 2014.

In 2015, our net cash used in investing activities was RMB1,571.1 million, compared to net cash used in investing activities of RMB1,309.5 million in 2014. This was primarily due to our payment for purchases of property, plant and equipment, land use rights and intangible assets in the amount of RMB1,484.0 million.

In 2015, our net cash used in financing activities was RMB739.3 million, compared to net cash from financing activities of RMB1,045.9 million in 2014, which mainly comprised the proceeds from issuance of short-term debentures of RMB800.0 million and proceeds from bank loans and other borrowings of RMB23,286.4 million, which was partially offset by repayment of bank loans and other borrowings of RMB24,187.8 million, payment of interest of RMB476.4 million and payment of dividends of RMB148.0 million.

Inventories and Inventory Prepayments

Our inventories mainly include passenger vehicles and spare parts and accessories. Inventory prepayments are payments made in advance to suppliers for purchases of passenger vehicles, spare parts and accessories.

Our inventories were RMB4,083.1 million as of December 31, 2015, a 5.6% decrease from RMB4,324.2 million as of December 31, 2014. The following table sets forth our average inventory turnover days for the periods indicated:

	For the year ended December 31,	
	2015	2014
Average inventory turnover days[1]	**47.0**	46.9

Note:

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

Our inventory and inventory prepayments were RMB4,746.2 million as of December 31, 2015, a 4.1% decrease from RMB4,951.2 million as of December 31, 2014. The following table sets forth our average inventory and inventory prepayment turnover days for the periods indicated:

	For the year ended December 31,	
	2015	2014
Average inventory and inventory prepayments turnover days[1]	**54.2**	57.6

Note:

[1] 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 365 days.

Average inventory and inventory prepayment turnover days in 2015 was 54.2 days, compared to 57.6 days in 2014. This was primarily due to our continuous enhancement of our inventory and inventory prepayment turnover management since the second half of 2014.

Management Discussion & Analysis

Capital Expenditures and Investment

Our capital expenditures comprised primarily expenditures on the purchase of property, plant and equipment, land use rights and intangible assets. In 2015, our total capital expenditures on purchase of property, plant and equipment, land use rights and intangible assets amounted to RMB1,484.0 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the year ended December 31, 2015 *(RMB in millions)*
Expenditures on purchase of property, plant and equipment	1,026.7
Expenditures on purchase of land use rights	410.5
Expenditures on purchase of intangible assets	46.8
Total	**1,484.0**

Borrowings and Bonds

We obtained borrowings consisting of bank loans and other borrowings from automobile manufacturers' captive finance companies, bonds and convertible bonds to fund our working capital and network expansion. As of December 31, 2015, the outstanding amount of our borrowings, bonds and convertible bonds amounted to RMB7,036.9 million, a 0.8% decrease from RMB7,091.8 million as of December 31, 2014. The following table sets forth the maturity profile of our borrowings and bonds as of December 31, 2015:

	As of December 31, 2015 *(RMB in millions)*
Within one year	5,857.0
One year to two years	163.4
Two to five years	991.7
More than five years	24.8
Total	**7,036.9**

As of December 31, 2015, our gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was 68.1% (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 December 31, 2015, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2015 consisted of (i) inventories of RMB694.4 million; (ii) property, plant and equipment of RMB222.8 million; and (iii) land use rights of RMB168.8 million.

Contingent Liabilities

As of December 31, 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 rate 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 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 PROSPECTS AND STRATEGIES

From 2015 and going forward, China's automobile market is expected to maintain a positive and stable growth trend, especially for the luxury and ultra-luxury automobile market, which is expected to maintain relatively fast growth. 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 rapid growth over the past few years. We also noticed that the rapid development of new energy vehicles will bring along changes and new opportunities for the automobile industry.

We will continue to focus on the automobile industry and adhere to our "customer-oriented" belief. Firstly, we will achieve continuing efficiency improvement of the traditional automobile sales and service business on the basis of refinement in operation and management. Secondly, relying on the competitive edge of industry-finance integration and setting automobile finance business as the focus of our near term strategic development, we will proactively develop our proprietary business such as finance leasing and small loan businesses while expanding our automobile finance agency business, and continue to enhance the permeability of our automobile finance by leveraging on the development of internet technology. Thirdly, we will seize the development opportunities of automobile rental business, consolidate our long-term rental business and actively develop our commercial, conferences, short term and internet automobile rental business. In addition, we will also rely on the competitive edge of our supply chain and proactively develop the new energy vehicles business such as sales and service, rental, charging platform operation, battery gradient utilization and other aspects so that we can meet the new development trend of the automobile industry in the future. Whilst pursuing the business layout as described above, we have, at the same time, taken note of the transition to more favourable policies of the automobile industry. We will focus on channels expansion of our self-owned business, including proprietary automobile finance products, certified pre-owned vehicle, parallel imported cars and parts, automobile maintenance and care products as well as automobile rental business, so as to maximize our channel value while at the same time satisfy our customers' personalized demands.

We will constantly strive to carry out the "streamlining, modularization and intensification" development principle of self-built network, capture the counter-cyclical opportunity of economy and leverage on the advantages in capital markets to seek merger and acquisition opportunities and rapidly expand the market penetration, so as to improve the channel coverage and responsiveness. We will also carry out channel strategy to upgrade the offline physical automobile sales and service outlets into sharing channels, which consist of various businesses, including automobile sales and service, automobile finance, pre-owned vehicle and automobile rental businesses. We intend to construct mobile terminal entrance for the online Auto Life ecosystem by taking advantage of the internet e-commerce platform to provide integrated online and offline services to our customers.

We will strive to pursue the spin-off listing in the Mainland A-share market and, at the same time, leverage on the financing platforms of the Hong Kong and Mainland capital markets, turning such advantages into a powerful driving force to realize the Group's development strategies mentioned above. We persistently pursue the "industry+capital" development concept, continuously upgrade and transform our existing businesses based on current efforts, we will accumulate the advantageous resources of social capital and enhance the strategic layout and development of new-emerging businesses, so that we can further consolidate Yongda Automobile's leading position in the automobile industry and ensure the profitability and sustainable development of our Company as well as realize a win-win situation for our shareholders, customers, employees and the community.

Directors and Senior Management

DIRECTORS

Executive Directors

CHEUNG Tak On (張德安), age 49, is our Chairman and was appointed as our executive director on January 18, 2012 and is a current committee member of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference and the vice president of the Shanghai Federation of Industry and Commerce in China. Mr. Cheung has extensive experience in the passenger vehicle dealership sector and is responsible for setting the strategic vision, direction and goals of our Group and he participates in our Group's strategic and key operational decision-making processes. Mr. Cheung was brought up in the PRC. From November 1999 to February 2005 and from November 2005 to present, Mr. Cheung has been the chairman of Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司) ("Yongda Holding") as well as its chief executive officer since November 1999, where he has been mainly responsible for overseeing its overall development and formulating corporate and business strategies. He is also currently a director of Shanghai Yongda Group Company Limited By Shares (上海永達(集團)股份有限公司) ("Yongda CLS") and Shanghai Shoujia Investment Co., Ltd. (上海首佳投資有限公司) ("Shanghai Shoujia"), the chairman of Shanghai Shouchuang Automobile Consultancy and Services Co., Ltd. (上海首創汽車諮詢服務有限公司) ("Shanghai Shouchuang"). From September 1991 to June 1998, Mr. Cheung was the general manager of Yongda CLS.

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

Award	Awarding Institutions
2015 National Model Worker (二零一五年全國勞動模範)	Central Committee of the Communist Party of China (中國共產黨中央委員會) State Council of the PRC (中華人民共和國國務院)
2014 Youth Entrepreneur Contribution Award (二零一四年青年企業家貢獻獎)	China Youth Entrepreneurs Association (中國青年企業家協會)
2014 Shanghai "TWO NEW" Organisation Public Service Counterparty Individual Outstanding Contribution (2014年上海「兩新」組織公益同行個人突出貢獻獎)	Human Resoures Department of CPC Shanghai Social Work Committee (中共上海市社會工作委員會人力資源部)
2013 National Outstanding Business Entrepreneur (2013全國商業優秀企業家)	China Business Enterprises Management Association (中國商業企業管理協會)
2013 Business Outstanding Contribution Award (2013年度事業突出貢獻獎)	Shanghai Youth Federation (上海市青年聯合會)
2012 Business Outstanding Contribution Award (2012年度事業突出貢獻獎)	Shanghai Youth Federation (上海市青年聯合會)
2012 Outstanding Entrepreneur (2012傑出企業家)	Pudong New Area, Shanghai Businesses, Entrepreneurs Association (上海市浦東新區企業、企業家聯合會)
Person of the Year, 2012 China Automobile Dealing Industry (2012中國汽車流通行業風雲人物獎)	China Automobile Dealers Association (中國汽車流通協會)
2011 National May Day Labor Medal (2011全國五一勞動獎章)	All China Federation of Trade Union (中華全國總工會)
Outstanding Entrepreneur of China of 2009 (2009中國卓越企業家)	The research centre of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會研究中心) and China Enterprise News Agency (中國企業報社)
Shanghai Labor Model of 2007 to 2009 (2007–2009年度上海市勞動模範)	The people's government of Shanghai City (上海市人民政府)

Mr. Cheung obtained an adult higher education training certificate in economic law jointly granted by The Open University of China (中央廣播電視大學) and China University of Political Science and Law (中國政法大學) through distance learning in 1996 and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2001. Mr. Cheung also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from September 1999 to December 2001, and the China CEO Program jointly offered by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, IMD and London Business School in 2011. Mr. Cheung completed the course of *China CEO Global Research Proposal* (《中國CEO全球研修計劃》) organised by Overseas Education Collage of Shanghai Jiaotong University (上海交通大學) in 2014.

CAI Yingjie (蔡英傑), age 48, is our Vice-chairman and was re-designated from our President to Chief Executive Officer on March 23, 2015 and was appointed as our executive director on January 18, 2012. Mr. Cai is responsible for overseeing our operations and investment, managing our relationships with automobile manufacturers and exploring new business opportunities for our Group. Mr. Cai is also responsible for guiding the operation and management of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("Yongda Automobile Group"), which is an indirect wholly-owned subsidiary of our Company, and he is the chairman or a director of several of our subsidiaries. From November 1998 to December 2011, he was the director of Yongda CLS and its general manager from November 1999 to December 2011. Mr. Cai was the deputy chief executive officer and a director of Yongda Holding from November 1999 to December 2011. From September 1991 to June 1998, Mr. Cai was the deputy general manager of Yongda CLS, where he was responsible for its business development. From September 1984 to July 1990, Mr. Cai worked in Shanghai Shenbao Automobiles Factory (上海申寶汽車廠) (later known as Shanghai Shenbao Automobiles Co., Ltd. (上海申寶汽車有限公司)), where he was responsible for automobiles inspection and management of the fleet of automobiles. Mr. Cai is currently a vice-chairman of the Shanghai Association of Automobile Manufacture (上海市汽車銷售行業協會) and he had also been a vice-president of the China Auto Dealers Chamber of Commerce (中華全國工商業聯合會汽車經銷商商會). Mr. Cai graduated from Nanjing Army Command College (南京陸軍指揮學院) with an adult higher education bachelor diploma in law in 2002.

WANG Zhigao (王志高), age 47, is our Vice-chairman and was re-designated from our non-executive director to executive director on March 23, 2015. Mr. Wang is responsible for managing the strategies, remuneration and the affairs as a professional capital market institution of our Group and guiding the financial management and legal affairs of our Group. Mr. Wang has been our non-executive director from January 2012 to March 2015, a director of Yongda Holding since January 2005 and its deputy chief executive officer since January 2004, where he is responsible for its finance, audit, investment and legal affairs, and a director of Yongda CLS since December 2003. Mr. Wang has been the chairman of Yongda Automobile Group since February 2016. Mr. Wang is also currently a director of Sea of Wealth International Investment Company Limited and Grouprich International Investment Holdings Limited and the chairman or a director of several of our subsidiaries. He also serves as a director of Shanghai Shoujia and Shanghai Shouchuang, the chairman of Shanghai Yongda Asset Management Company Limited (上海永達資產管理股份有限公司) and Shanghai Yongda Investment Management Co., Ltd. (上海永達投資管理有限公司). From February 2006 to February 2016, Mr. Wang was an executive director of Shanghai Yongda Property Development Co., Ltd. (上海永達置業發展有限公司). From March 1998 to December 2003, Mr. Wang was a lawyer at Shanghai Jin Shi Law Firm (上海金石律師事務所) and from January 1997 to February 1998, a lawyer at Shanghai Xin Cheng Law Firm (上海信誠律師事務所) and from August 1992 to December 1996, a lecturer at East China University of Political Science and Law (華東政法大學). Mr. Wang graduated from East China University of Politics and Law with a bachelor degree in economic law in 1992 and a master degree in law in 1999. Mr. Wang also received a master degree in business administration from China Europe International Business School (中歐國際工商學院) in 2007.

XU Yue (徐悦), age 40, was appointed as our executive director and president on March 23, 2015 and is responsible for our operation and management and the same of the Group of automobile. Mr. Xu joined our Group in 1999 and has more than 15 years of experience in the passenger vehicle dealership sector. Mr. Xu is also currently the vice-chairman and president of Yongda Automobile Group and the chairman or a director of several of our subsidiaries. He has been the executive president of the Company from January 2012 to March 2015 and the assistant to the chief executive officer of Yongda Holding from January 2009 to December 2011. From June 2004 to January 2009, Mr. Xu was the deputy general manager of Yongda CLS and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司). Between February 2002 and March 2004, Mr. Xu was secretary to the chief executive officer of Yongda Holding, where he was mainly responsible for assisting the chief executive officer with daily administration. From November 2000 to February 2002, Mr. Xu was the general manager of Shanghai Yongda International Trading, Ltd. (上海永達國際貿易有限公司), where he was mainly responsible for the import of passenger vehicles. Between October 1999 and November 2000, Mr. Xu was the assistant to the general manager of Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司). Mr. Xu received a bachelor diploma in practical English and a secondary college diploma in international business and finance management from Shanghai Normal University (上海師範大學) in June 1997, and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2005. Mr. Xu also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from October 2003 to July 2005. In 2015, Mr. Xu obtained a master degree in Business Administration at China Europe International Business School (中歐國際工商學院). Mr. Xu resigned as our president on February 25, 2016.

CHEN Yi (陳昳), age 43, was appointed as our executive director on March 23, 2015 and is responsible for overseeing the operation and management of the Group of finance and involvement in our management. Ms. Chen has been our Vice-president and the general manager of the financial innovation department since March 2014, and a director and vice-president of Yongda Automobile Group since February 2016. She has over 19 years of experience in banking and financial industry. Prior to joining us, Ms. Chen was the senior assistant to the president of the Transportation Finance Division and the director of Eastern China Automobile Business Division of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (Shanghai Stock Exchange ("SSE") stock code: 600016 and the Hong Kong Stock Exchange stock code: 01988) ("CMBC") from April 2013 to January 2014. From February 2004 to April 2013, Ms. Chen held several managerial positions in CMBC, including the senior customer manager of CMBC, Shanghai Branch, Anting Sub-branch (中國民生銀行股份有限公司上海分行安亭支行), the general manager of the Industrial and Commercial Enterprises Finance Division Two of CMBC, the general manager of the Automobile Finance Department and the president of CMBC, Shanghai Branch, Jiading Sub-branch (中國民生銀行股份有限公司民生銀行上海分行嘉定支行) and the president of CMBC, Shanghai Branch, Gubei Sub-branch (中國民生銀行股份有限公司上海分行古北支行). From July 1995 to February 2004, she worked at the Credit Card Division, Personal Banking Division and Customer Service Division of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SSE stock code: 601328 and the Hong Kong Stock Exchange stock code: 03328). Ms. Chen obtained a college diploma in International Finance from Shanghai Finance University (上海金融學院) (previously known as Shanghai Advanced Institute of Finance (上海金融高等學院)) in 1995, a bachelor degree in Money and Banking from Shanghai Jiao Tong University (上海交通大學) in 2000 and a master degree in Executive Master of Business Administration from Shanghai Advanced Institute if Finance (上海高級金融學院) of Shanghai Jiao Tong University (上海交通大學) in 2014. Ms. Chen resigned as our Vice-president and the general manager of the financial innovation department on February 25, 2016.

Directors and Senior Management

Non-executive Director

WANG Liqun (王力群), age 62, was appointed as our non-executive director on January 18, 2012, and is responsible for formulating major policies of our Group. Mr. Wang has been the chairman of the board of Shanghai Stone Capital Co., Ltd (上海磐石投資有限公司) since 2008 and participating in Shanghai Stone Capital Co., Ltd's material business decisions and strategic planning; has been an independent director of Pengxin International Mining Co., Ltd (鵬欣環球資源股份有限公司)(SSE stock code: 600490) since May 20, 2015; has been an independent director of Shanghai Jiao Yun Group Co., Ltd. (上海交運集團股份有限公司) (SSE stock code: 600676) since November 18, 2014; has been an independent director of Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司)(Shenzhen Stock Exchange ("SZSE") stock code: 300027) since 2014; has been an independent director of Talkweb Information System Co., Ltd (拓維資訊系統股份有限公司)(SZSE stock code: 002261) since May 2010; has been the director of Shanghai Xintonglian Packaging Co., Ltd. (上海新通聯包裝股份有限公司)(SSE stock code: 603022) since 2010; and has been the director of Shanghai Fortune Techgroup Co., Ltd. (上海潤欣科技股份有限公司) (SZSE stock code: 300493) since 2011. Mr. Wang has served a number of positions, including a director, general manager and senior consultant of Shanghai Bashi Industrial (Group) Co., Ltd. (上海巴士實業(集團)股份有限公司) (now known as Huayu Automotive Systems Company Limited (華域汽車系統股份有限公司)) (SSE stock code: 600741). From 1999 to 2007, Mr. Wang was the chairman of Shanghai Urban Rail System Corporation (上海現代軌道交通股份有限公司). From 1999 to 2001, Mr. Wang was the general manager of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司). Mr. Wang was qualified as a senior economist (高級經濟師) in 1992 by the Shanghai Economic (Production Area) Senior Professional and Technical Qualifications Committee (上海市經濟系列(生產領域)高級專業技術職務任職資格評審委員會) and was awarded the title of "Outstanding Young Entrepreneur" (傑出青年企業家) by the Youth Communist League Committee of Shanghai (共青團上海市委員會) and Shanghai Youth Entrepreneurs Association (上海市青年企業家協會). Mr. Wang obtained a college diploma in economics management from the School of Construction and Management of the University of Shanghai Urban Construction College (上海城市建設學院) in 1987.

Independent Non-executive Directors

LYU Wei (呂巍), age 51, was appointed as our independent non-executive director on January 18, 2012. Mr. Lyu is currently a professor of Management Department of Antai College of Economics and Management (安泰經濟與管理學院) at Shanghai Jiao Tong University (上海交通大學). From November 2014 to May 2015, Mr. Lyu has been 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創意產業學院). From 2003 to November 2014, Mr. Lyu has been the Associate Dean of the Antai College of Economics and Management at Shanghai Jiao Tong University. Between February 1997 and March 2003, Mr. Lyu was an assistant to the Dean of the School of Management of Fudan University (復旦大學) and a professor in its Department of Marketing from November 2001 to March 2003. From 1996 to 1997, Mr. Lyu was a visiting scholar at the Sloan School of Management of Massachusetts Institute of Technology. From 1994 to 1996, Mr. Lu was a visiting scholar at the University of Southern California.

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

Companies	Positions	Duration
Shandong Wohua Pharmaceutical Co., Ltd. (山東沃華醫藥科技股份有限公司) (SZSE stock code: 002107)	Independent Director	January 2016—present
Foshan Electrical and Lighting Co Ltd (佛山電器照明股份有限公司) (SZSE stock code: 000541)	Independent Director	December 2015—present
Shanghai Shibei Hi-Tech Co., Ltd (上海市北高新股份有限公司) (SSE stock code: 600604)	Independent Director	September 2012—present
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (陸家嘴金融貿易開發區股份有限公司) (SSE stock code: 600663)	Independent Director	May 2008—May 2014
Shanghai Guangdian Electric Group Co., Ltd. (上海廣電電器(集團)股份有限公司) (SSE stock code: 601616)	Independent Director	December 2007—April 2014
Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司) (SZSE stock code: 002293)	Independent Director	November 2007—October 2013
Shanghai Yaohua Pilkington Glass Co., Ltd. (上海耀華皮爾金頓玻璃股份有限公司) (SSE stock code: 600819)	Independent Director	June 2006—April 2012
China Minsheng Financial Holding Corporation Limited (中國民生金融控股有限公司) (formerly known as China Seven Star Holdings Limited (中國七星控股有限公司) and China Seven Star Shopping Limited (中國七星購物有限公司)) (stock code: 245) (listed on the Hong Kong Stock Exchange)	Independent Non-executive Director	June 2005—present
Giti Tire Corporation (佳通輪胎股份有限公司) (formerly known as Hualin Tire Corporation (樺林輪胎股份有限公司)) (SSE stock code: 600182)	Independent Director	July 2003—May 2009

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

CHEN Xianglin (陳祥麟), age 71, was appointed as our independent non-executive director on January 18, 2012. From 1995 to 2006, Mr. Chen had been the chairman of Shanghai Automobile Industry (Group) Limited (上海汽車工業(集團)總公司). Between April 2004 and June 2008, Mr. Chen was the chairman of the supervisory committee of Shanghai Automotive Co., Ltd. (上海汽車集團股份有限公司) (SSE stock code: 600104), where his main responsibilities included monitoring the board and management activities and the internal control of the company. Mr. Chen has held a number of senior positions in the government, including the deputy secretary general of the Shanghai People's Government (上海市人民政府), deputy head of the Shanghai First Electromechanical Bureau (上海市第一機電工業局) and director of Shanghai Planning Committee (上海市計畫委員會). He had also been the vice-chairman of the Shanghai Federation of Economic Organization (上海市經濟團體聯合會) and Shanghai Federation of Industrial Economics (上海市工業經濟聯合會). In 1989, Mr. Chen obtained accreditation as senior economist (高級經濟師) from the Shanghai Economic (Production Area) Senior Professional and Technical Qualifications Committee (上海市經濟系列(生產領域)高級專業技術職務任職資格評審委員會). Mr. Chen was admitted as a senior economist (高級經濟師) in 1994, and was later promoted as a senior international business engineer (高級國際商務師) in 1995 by the Shanghai Professional Titles Reform Work Leading Group (上海市職稱改革工作領導小組) and the Economic Professional Qualifications Committee of Shanghai University of Finance and Economics (上海財經大學經濟專業職務評審委員會). Mr. Chen graduated with a bachelor diploma in mathematics from Fudan University (復旦大學) in 1967, and has also completed a training course on independent directors organized by the SSE in 2008 and a training course on directors and supervisors of listed company organized by the Shanghai Securities Regulatory Bureau under the China Securities Regulatory Commission.

ZHU Anna Dezhen (朱德貞), age 58, was appointed as our independent non-executive director on 8 May 2015, and is currently the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. (上海國和現代服務業股權投資管理有限公司), where she is mainly responsible for operation and management of investment. Ms. Zhu has over 29 years of extensive experience in financial analysis, market analysis, investment management and general corporate management. Before joining Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd., Ms. Zhu was a senior manager of China National Offshore Oil Corporation, where she was mainly responsible for analysis of crude oil market, from October 1982 to September 1988. From March 1992 to June 1993, Ms. Zhu was an analyst at The Bank of New York Company, Inc., where she was mainly responsible for systems analysis. From June 1993 to September 1999, Ms. Zhu was the vice chairman of business of JP Morgan Investment Bank of the United States, where she was mainly responsible for establishing the financial model. Ms. Zhu was a manager of Strategic Planning of Micron Technology, Inc. (New York Stock Exchange stock code: MU), where she was mainly responsible for strategic planning, from May 2000 to October 2001; the chief operating officer of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司), from October 2001 to June 2003; and the president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), where she was mainly responsible for operations management, from June 2003 to May 2008. From May 2008 to December 2010, Ms. Zhu was the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, where she was mainly responsible for the operation and management of investment. Ms. Zhu has also been serving as a non-executive director of Fuyao Glass Industry Group Co., Ltd. (SSE stock code: 600660 and the Hong Kong Stock Exchange stock code: 03606) since November 2011 and an independent director of Bright Dairy & Food Co., Ltd. (SSE stock code: 600597) since April 2015. In the area of professional qualification, Ms. Zhu is a member of the consulting committee of the Securities Association of China, a director of the Chinese Economists 50 Forum, a director of Heren Charitable Foundation and a director of the Western Returned Scholars Association. With respect to the academy, Ms. Zhu is a part-time professor in the School of Management of Xiamen University (廈門大學). Ms. Zhu received a bachelor degree in literature from Xiamen University in 1982, a bachelor degree in economics from College of Saint Elizabeth in 1990 and a master degree in business administration from Pace University in 1992. Ms. Zhu obtained a doctor degree in economics from Xiamen University in 2013.

SENIOR MANAGEMENT

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

YE Ming (葉明), age 38, was appointed as our Vice-president on January 18, 2012 and is responsible for managing the internal operation of our Group. Mr. Ye is also currently the vice-president of Yongda Automobile Group and a director of several of our subsidiaries. From January 2009 to December 2011, Mr. Ye simultaneously held the offices of the assistant to chief executive officer of Yongda Holding and the deputy general manager of Yongda CLS. Mr. Ye held a number of managerial positions at Yongda CLS between 2003 and 2008, including the director of the business development department and assistant to the general manager. In 2002, Mr. Ye held the office of assistant to the general manager of Shanghai Yongda Automobile Rental Company (永達汽車租賃有限公司). Mr. Ye received a bachelor degree in law from Shanghai University (上海大學) in 2001. Mr. Ye resigned as our Vice-president on February 25, 2016.

DONG Ying (董穎), age 46, was appointed as our Vice-president on January 18, 2012 and is also the vice-president of the Yongda Automobile Group. Mr. Dong joined our Group in November 2011 and has been responsible for our financial management. Mr. Dong has 21 years of experience in corporate finance, accounting, auditing, risk management and internal control. Mr. Dong was the deputy head of financial control center of Yongda Holding between November 2011 and December 2011. Prior to joining us, Mr. Dong was the financial controller of China Huiyuan Juice Group Limited (中國滙源果汁集團有限公司) (stock code: 1886) from 2006 to 2011, a company whose shares are listed on the Hong Kong Stock Exchange. Mr. Dong worked at PricewaterhouseCoopers Zhong Tian Limited Company CPAs (普華永道中天會計師事務所有限公司) from 2003 to 2006 as a senior manager in its risk management and internal control service department and from 1994 to 2003 as a senior manager in its audit department. He is a member of the Chinese Institute of Certified Public Accountants, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Mr. Dong obtained a bachelor degree in fine chemical engineering and a secondary diploma in international corporate management from East China University of Science and Technology (華東理工大學) in July 1993. On February 25, 2016, Mr. Dong resigned as the Vice-president of the Company,

TANG Hua (唐華), aged 43, was appointed as our Vice-president on March 23, 2015, responsible for the overall marketing and brand promotion of our Group. Mr. Tang is also the vice-president of Yongda Automobile Group and the director of our certain subsidiaries. After joining us in 2002, Mr. Tang held various positions in our Group, such as the press spokesman, the director of brand and PR office, the director of marketing center, the secretary of the Youth League Committee of our Group, the director of Jaguar & Land Rover Business Division of Yongda (永達捷豹路虎事業部), and the general manager of Shanghai Oriental Yongda Automobile Sales Co., Ltd. (上海東方永達汽車銷售公司), a non-wholly owned subsidiary of our Company. Mr. Tang is also the vice president of Shanghai Automobile Sales Trade Association (上海汽車銷售行業協會), and the deputy secretary general of Shanghai Young Entrepreneurs' Association (上海青年企業家協會), who has made positive efforts for the development of the industry. Prior to joining our Group, Mr. Tang has been working in Saic Motor Corporation Limited (上海汽車集團股份有限公司) and has more than 20 years of experience in the automobile industry. Mr. Tang won many awards in various fields of society and planed a number of influential activities under the leadership of the Group. Mr. Tang obtained double bachelor's degree in economic management from Air Force Political Academy (空軍政治學院) and in administrative management from Fudan University (復旦大學) in 2001, and later obtained a master's degree in public administration from Fudan University (復旦大學) in 2005. Mr.Tang resigned as our Vice-president on February 25, 2016.

WEI Dong (衛東), age 46, was appointed as our Vice-president on January 18, 2012 and is responsible for managing the sales, pre-owned vehicle business and extended services of our Group. Mr. Wei is also currently the vice-president of Yongda Automobile Group and a director of several of our subsidiaries. Mr. Wei has more than 15 years of experience in sales management. From January 2008 to December 2011, Mr. Wei was the deputy general manager of Yongda CLS. From November 2004 to December 2008, Mr. Wei was the general manager of Shanghai Yongda Automobile Trade Center Co., Ltd. (上海永達汽車貿易中心有限公司). From April 2002 to October 2004, he was the deputy general manager of Shanghai Number One Yongda Automobile Trading Co., Ltd. (上海一百永達汽車貿易有限公司). Between April 2000 and March 2002, he was the deputy general manager of the Songjiang store of the Shanghai Number One Department Store Co., Ltd. (上海第一百貨松江店有限公司). From October 1989 to July 1998, Mr. Wei was a salesman, deputy secretary and secretary of the Youth League Committee at the Shanghai Number One Department Store Co., Ltd. (上海市第一百貨商店股份有限公司). Mr. Wei obtained an adult higher education bachelor diploma in business administration from Shanghai Second Polytechnic University (上海市第二工業大學) in 2002. Mr. Wei resigned as our Vice-president on February 25, 2016.

TANG Liang (唐亮), aged 37, was appointed as the assistant to our president on March 23, 2015. Mr. Tang is also the executive vice-president of Yongda Automobile Group. Mr. Tang joined us in May 4, 2010 and served as the deputy general manager and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) and the vice director of Baozen Business Division. Mr. Tang has over 10 years of working experience in the automobile industry. Prior to joining us, Mr. Tang worked at SGM Automobile Manufacturing Department (上海通用汽車製造部) from April 2004 to the end of 2008, during which period he held a number of managerial positions in respect of engineering and production, and later served as the assistant to the vice president of SGM Automobile Marketing (上海通用汽車營銷) from the end of 2008 until he joined our Group. Mr. Tang graduated from the Material Science and Engineering Institute of Shanghai Jiao Tong University (上海交通大學) in 2001 with a bachelor's degree in material science and engineering, and obtained a master's degree in the same major in 2004. Mr. Tang is currently pursuing a master degree in Executive Master of business administration at China Europe International Business School (中歐國際工商學院). Mr. Tang resigned as the assistant to our president on February 25, 2016.

Company Secretary

MOK Ming Wai (莫明慧), aged 44, is a director of KCS Hong Kong Limited. She has around 20 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the sole company secretary and joint company secretary of various publicly listed companies.

ZHANG Hong (張虹), aged 32, was appointed as our joint company secretary on June 30, 2015. From January 2008 to February 2016, Ms. Zhang served different positions in the Group including our assistant officer and the deputy officer of the general office of the Group, and the officer of the administrative office and the office of the Board, and the director of the legal department of the Group from January 2011 to February 2016. Ms. Zhang joined us in July 2006. She has since then held a number of positions in the Group, such as the assistant director, the deputy director, and the executive director of the legal department of the Group. In January 2015, Ms. Zhang was appointed as the assistant general manager of Yongda Automobile Group. Ms. Zhang has nearly 10 years of experience in automobile sales and service industry. She has been working in the legal department of the Group, mainly responsible for legal matters and risks management and control. With extensive working experience, Ms. Zhang is familiar with the PRC laws, and the operation and procedure of legal matters of the Company. Having participated, as a core team member, in the whole process of the preparation for the listing of the Group in Hong Kong, Ms. Zhang has gained a good understanding of the Listing Rules and regulatory requirements in Hong Kong. In particular, she has been engaged in the preparation of the interim reports and annual reports of the Company, and the organization of and preparation for the board meetings, committee meetings and shareholders' meetings, since she took office as the officer of the office of the Board in January 2012. Ms. Zhang graduated from the department of economic laws of East China University of Political Science and Law (華東政法大學) with a bachelor degree in Laws in June 2006. Ms. Zhang resigned as our joint company secretary on February 29, 2016.

Report of Directors

PRINCIPAL ACTIVITIES

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

The principal activities of the Group are as follows:

(i) new passenger vehicle sales;

(ii) repair and maintenance services;

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

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

(v) pre-owned vehicle business;

(vi) automobile rental services; and

(vii) finance leasing service.

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

RESULTS

The results of the Group for the year ended December 31, 2015 are set out in the Financial Statements on pages 66 to 156 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting on May 9, 2016 (Monday) (the "AGM") for the distribution of a final dividend of RMB0.105 per share for the year ended December 31, 2015. The final dividend is expected to be paid on or about May 31, 2016 (Tuesday) to the Shareholders whose names are listed in the register of members of the Company on May 13, 2016 (Friday), in an aggregate amount of RMB155.4 million. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM.

SHARE CAPITAL

Details of the issued shares of the Group during the year are set out in note 33 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 69 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2015, the Company has distributable reserves of RMB1,058.8 million in total available for distribution, of which RMB155.4 million has been proposed as final dividend payment for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 156 of this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year are set out in note 29 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

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

CONTINGENT LIABILITIES

As at December 31, 2015, our Group had no significant contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

BUSINESS REVIEW

Overview and performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial key performance indicators is provided in the Management's Discussion and Analysis section on pages 6 to 24 of this annual report.

Environmental Policies and Performance

The Group is committed to environmental protection, energy conservation and emissions reduction, and the rational use of resources and energy. Centering on the targets of energy saving, consumption reduction, pollution reduction and efficiency enhancement, the Company has actively participated in and promoted the development of new energy vehicles. Adhering to the concept of green environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilization of resources have been consistently implemented during daily operation activities of the Group. In addition, under the pressure of resources scarcity and environmental protection, the Group has been paying great attention to developing the sales of new energy vehicles and continuing to launch more and more developed new energy car models. During the reporting period, the Group proactively planned its new energy vehicles sales and services outlets, and made substainable progress in new energy vehicle business, which clearly illustrates the Group's sustainable development strategy and determination for environmental protection.

The Group appreciates the importance of understanding the Group's environmental impact and thrives to take action to reduce its footprint and raise environmental awareness. The Group has been encouraging the recycling of used parts of repair and maintenance tools and oil and liquid products, and strengthening the utilization of waste materials to raise the environmental awareness of our employees. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

Compliance with Relevant Laws and Regulations

On intellectual property protection — The Group's passenger vehicle sales business is subject to Measures for Implementation of the Administration of Branded Automobiles Sales (the "Measures"). The Group, an "automobile dealer" as classified under the Measures, has taken particular care to comply with the supplier's requirements relating to the intellectual property rights associated with its brand, such as trademarks, labels and store, and has also adhered to the relevant regulations of local municipal and commercial development authorities.

On product quality and customer protection — The Group's passenger vehicle sales business and automobile rental business is subject to the Product Quality Law of People's Republic of China and the Customer Protection Law of People's Republic of China. The Group adopted measures to keep products for sale and rental in good quality, and monitored the labeling of products, making sure not to forge or falsely use another manufacturer's authentication marks. In relation to customer protection, the Group had been observing the provisions of the Customer Protection Law and other relevant laws and regulations regarding personal safety and protection of property, providing consumers with true information in relation to goods and services, ensuring that the actual quality of goods and services is consistent with the relevant advertisements, product descriptions or samples.

On labor protection — The Group has been committed in complying with the requirements of the Labor Law of People's Republic of China, the Law of People's Republic of China on Employment Contracts and the Social Insurance Law of People's Republic of China in order to safeguard all employee rights and interests. All employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and are entitled to an annual pension. The Group has made annual contributions to the state-managed retirement benefit as required under the relevant law. The Group has also made contributions to a defined contribution mandatory provident fund for all employees in Hong Kong. Further, the Group has been committed in complying with relevant laws and regulations on work and occupational safety of employees of the Group. The Company believes that all of our facilities and operations are in material compliance with the relevant labor and safety laws and regulations.

On taxation — The Group is subject to various taxation. Details of such taxes and compliance of the Group with such applicable tax laws are set out in note 23 to Consolidated Financial Statements in this annual report.

On corporate compliance level, the Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (the "SFO") and the Corporate Governance Code (the "CG Code") for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Key Relationships with Stakeholders

With the goal of developing into a preeminent international enterprise and a trustworthy public company, the Company actively fulfill its social responsibility. The Group, with high quality products and services, is committed to create good internal and external corporate relationships, and build a harmonious enterprise to undertake its responsibilities for employees, customers, suppliers and the Shareholders.

With respect to human resources management, the Group has been devoting continuous efforts in three aspects, namely, talent introduction, talent training and performance appraisal. During the reporting period, the Group was actively preparing for a corporate university to promote the Group's training capacity of internal talents. A description of the Group's policies on human resources management is set out in the Management' Discussion and Analysis section from page 16 of this annual report.

With respect to customer retention management, the Group has been committed in providing personalized, comprehensive, innovative and convenient services with high quality to our customers. Adhering to the concept of enhancing customer experience, the Group has provided services and launched e-commerce platforms to improve the customers' satisfaction and attract new customers to visit the Group's outlets. Details of which are set out in the Management Discussion and Analysis section from page 16 of this annual report.

The Group has been successful in establishing a strong cooperation relationship with automobile manufacturers and has been entering into stable agreements including dealership and authorization agreements with them. In order to maintain a strong cooperation relationship, the Group will continue to focus on promoting win-win philosophy and encouraging experience, resources and knowledge sharing with the manufacturers. The Group also aims to further strengthen their communications with the manufacturers by engaging with them through business negotiations, business meetings, visits, gatherings, relationship-building events and project cooperation.

The Group recognizes the importance to protect the interests of Shareholders and the importance of having an effective communication with them. The Group believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback it receives from the Shareholders. This has been done through annual general meetings, extraordinary general meetings, corporate communications, interim and annual reports and results announcements.

Key Risks and Uncertainties

Risk of fluctuation in financial conditions and operating results of automobile manufacturers

The Group being a passenger vehicle retail services provider operating 4S dealerships and providing after-sale, rental and comprehensive services, relies on and is subject to significant influence from automobile manufacturers. If there are fluctuations in the financial conditions and operating results of the automobile manufacturers, the manufacturers may not, among other things, enter into or renew dealership and authorization agreements on terms that are reasonable or acceptable to the Group. Or if there are labor disputes involving automobile manufacturers, it could result in an interruption in the delivery of new passenger vehicles to the outlets, shortage of new passenger vehicles and may significantly increase the labor costs as a result of negotiations to resolve the labor disputes. All of these factors could in turn impose a downward pressure on the Group's margins which could reduce and affect the Group's revenue and profitability as well as its financial conditions and operating results. In order to manage the Group's exposure to the aforementioned risk, the Group will continue to maintain and further develop the diversity of its brand portfolio by strengthening the communication between the Group and the automobile manufacturers.

Risk of damage to brand recognition

Although the Group has successfully established the Group's "永達(Yongda)" brand and registered it with the Trademark Office of State Administration for Industry and Commerce in 2005, the Group may have difficulties in maintaining brand recognition if there are, among other things, a deterioration in service quality and dealership management, a decline in premium in value attributed to the Group's business compared to that of the competitors, and unauthorized use and infringement of the Group's brand, trademarks and other related intellectual property rights. In such event, the Group may not be able to effectively compete for customers and new authorizations from automobile manufacturers to open outlets and the Group's business, financial condition, results of operations and growth aspects may be materially and adversely affected. In order to maintain and ensure there is adequate protection for the Group's brand, trademarks and other related intellectual property rights, the Group will continue to develop goodwill for the Group's name (including its brand name, logos etc.), monitor for infringers, develop and establish policies and strategies for all the Group's intellectual property including all trademarks and brand names.

Risk of amendments to government policies, vehicle consumption policies and fiscal policies

The PRC's Government policies on passenger vehicle purchases and ownership may materially affect the Group's business because of their influence on the automobile industry and consumer behavior. Changes in the fiscal regimes in the PRC such as the introduction of new taxes and increases in tax rates, may affect the profitability of the Company. The PRC Government speeding up the promotion and application of new energy vehicles may also bring an impact on the automobile industry.

On the other hand, passenger vehicle sales may be affected by quotas or other measures imposed by local government to control the number of passengers vehicles in the cities where the Group's network are located. These policies may lead to changes in local economic conditions, the competitive environment and ability of potential customers to purchase passenger vehicles and may have an impact on the Group's business, financial condition, results of operations and growth prospect.

In order to minimize the impact of the aforementioned risks, the Group has started launching new energy vehicles and aims to strengthen its communication with the local municipals and regulators in relation to possible amendments to relevant policies.

Market Risks

The Group is exposed to various types of market risks, including currency risk, interest rate risk, credit risk and liquidity risk. Details of such risks are set out in note 6 to the Financial Statements in this annual report.

PROSPECTS

A description of the future development in the Company's future business is provided in the Chairman's statement and the Management Discussion and Analysis section on page 5 and page 24 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

On January 17, 2016, the Company's indirect wholly-owned subsidiary, Shanghai Yongda Investment Holding Group Limited entered into a binding framework agreement with a company (the "A-share Listco") whose shares are listed on the Shenzhen Stock Exchange of the PRC in respect of a proposed transfer of certain assets by the Group in exchange for certain equity interests in the A-share Listco. Such transaction, if material, may constitute a spin-off under the Listing Rules and separate listing of the assets to be transferred on the Shenzhen Stock Exchange.

Report of Directors

DIRECTORS

The directors of the Company (the "Directors") during the year and up to the date of this annual report are:

Executive Directors
Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-chairman and Chief Executive Officer)*
Mr. WANG Zhigao *(Vice-chairman) (Note 1)*
Mr. XU Yue *(Note 2)*
Ms. CHEN Yi *(Note 3)*

Non-executive Director
Mr. WANG Liqun

Independent Non-executive Directors
Mr. WANG Zhiqiang *(Note 4)*
Mr. LYU Wei
Mr. CHEN Xianglin
Ms. ZHU Anna Dezhen *(Note 5)*

Note:

1. With effect from March 23, 2015, Mr. WANG Zhigao was re-designated as Executive Director.

2. With effect from March 23, 2015, Mr. XU Yue was appointed as Executive Director.

3. With effect from March 23, 2015, Ms. CHEN Yi was appointed as Executive Director.

4. With effect from May 8, 2015, Mr. WANG Zhiqiang resigned as Independent Non-executive Director.

5. With effect from May 8, 2015, Ms. ZHU Anna Dezhen was appointed as Independent Non-executive Director.

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

In accordance with article 99(3) of the Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the existing board of Directors will hold office until the next following annual general meeting of the Company and be eligible for re-election.

Details of the Directors to be re-elected at the AGM are set out in the circular to Shareholders dated April 7, 2016.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 25 to 32 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. LYU Wei, Mr. CHEN Xianglin and Ms. ZHU Anna Dezhen, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointments to December 31, 2015 and remain so as of the date of this annual report.

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

As at the date of this annual report, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, were as follows:

A) Long positions in the Company's shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On[1]	Founder of a discretionary trust	384,000,000 (long position)	25.946
	Interest of controlled corporation	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	1,261,000 (long position)	0.085
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.

(B) Long positions in underlying shares of the Company

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

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be 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 annual 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 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions 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	24,440,000 (long position)	1.651
	Interest of controlled corporation	76,800,000 (long position)	5.189

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Mr. GU Mingchang[(4)]	Interest of controlled corporation	101,240,000 (long position)	6.840
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
Jean Eric SALATA[(5)]	Interest of controlled corporation	94,136,500 (long position)	6.360

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 24,440,000 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.. Jean Eric SALATA is the sole shareholder of Baring Private Equity Asia GP V Limited (the general partner of Baring Private Equity Asia GP V, L.P.). Each of Baring Private Equity Asia GP V Limited and Jean Eric SALATA is therefore deemed to be interested in 94,136,500 shares held by Baring Private Equity Asia V Holding (7) Limited. Jean Eric SALATA disclaims beneficial ownership of such shares, other than to the extent of his economic interest in such entities.

Save as disclosed above, as at the date of this annual report, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year and up to the date of this annual report was the Company or any of its subsidiaries, 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 has been 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 note 32 to the Financial Statements and the above-mentioned announcement.

As at the date of this annual 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.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Our History and Reorganisation — Onshore Reorganisation" in our prospectus dated June 29, 2012 and save for their respective interests in the Group, none of the Directors and controlling shareholders of the Company was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2015.

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

Our independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the financial year ended December 31, 2015 based on the information and confirmation provided by or obtained from the controlling shareholders, and were satisfied that our controlling shareholders, including Mr. CHEUNG Tak On and Asset Link, have duly complied with the Deed of Non-competition.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 36 to the Financial Statements, the following transactions constitute continuing connected transactions for the Company under Rule 14A.76 of the Listing Rules and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

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

The annual caps for the rental payable under the Properties Leasing Agreement for the years ended December 31, 2012, 2013 and 2014 are RMB23,464,000, RMB23,853,000 and RMB24,286,000, respectively. Please also refer to note 36 to the Financial Statements on pages 146 to 149 of this annual report for details.

As disclosed above, the term of lease under the Properties Leasing Agreement expired on December 31, 2014. On December 23, 2014, we entered into a new properties leasing agreement with Yongda Holding and certain of its subsidiaries (including Yongda CLS) (the "New Properties Leasing Agreement"), for renewal of the Properties Leasing Agreement with some modifications to the list of leased properties as set out in the Properties Leasing Agreement for a term of three years commencing from January 1, 2015 to December 31, 2017. As Mr. CHEUNG Tak On, one of the controlling Shareholders and Directors, is indirectly interested in more than 30% of the voting power at the general meeting of Yongda Holding and that Yongda CLS is its subsidiary, both Yongda Holding and Yongda CLS are connected persons of the Company and the transactions contemplated under the New Properties Leasing Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The aggregate sum of rental payable under the New Properties Leasing Agreement for each of the three years ended/ending December 31, 2015, 2016, 2017 are RMB22,967,300, RMB23,253,600 and RMB24,314,200 respectively. The rental payable was determined with reference to the historical rental amounts and the prevailing market rates of properties with similar locations and sizes. The annual caps for each of the three years ended/ending December 31, 2015, 2016, 2017 are RMB25,264,000, RMB25,578,900 and RMB26,745,700 respectively. As one or more of the applicable percentage ratios for the annual caps under the New Properties Leasing Agreement for the three years ending December 31, 2017 are more than 0.1% but less than 5%, the continuing connected transactions contemplated under the New Properties Leasing Agreement are exempted from the circular (including independent financial advice) and shareholders' approval requirements but subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules. The lease properties are for the purpose of the Group's operation of passenger vehicles dealership business which are used for 4S dealerships, city showrooms, repair and maintenance service centres and finance leasing outlets. For details of the New Properties Leasing Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated December 23, 2014 and note 36 to the Financial Statements on page 149.

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

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

Save for disclosed above, during the year, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Saved as disclosed in "Connected and Continuing Connected Transactions", no Director or an entity connected with a Director was materially interested either directly or indirectly, in any transactions, arrangement or contract which is significant in relation to the business of our Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2015.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the "Connected and Continuing Connected Transactions" section above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended December 31, 2015.

MANAGEMENT CONTRACTS

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

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify and hold harmless out of the assets of the Company, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Director (including alternate Directors or person serves at the request of the Company as a Director) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative in which judgment is given in his favour, or in which he is acquitted, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Director. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended December 31, 2015.

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2015, we had 9,273 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.

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme pursuant to Chapter 17 of the Listing Rules on October 10, 2013 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible persons include (a) any Director (whether executive or non-executive, including any independent non-executive Director) or employee (whether full time or part time) of the Group; (b) any supplier to the Group; (c) any customer of the Group; (d) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to the Group; (e) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group; (f) any joint venture partner, business or strategic alliance partner, in each case, of any member of the Group; and (g) any discretionary trust whose discretionary objects may be any person belonging to any of the above classes (a) to (f) (the "Eligible Persons"). The Share Option Scheme shall be valid and effective for a period of 10 years commencing from October 10, 2013, being the date on which the Shareholders approved the Share Option Scheme, and shall expire on October 13, 2023, after which period no further share option shall be granted. Therefore, as at December 31, 2015, the remaining life of the Share Option Scheme was approximately seven years and ten months.

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 issued shares 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. As at the date of this annual report, the number of shares of the Company available for issue under the Share Option Scheme amounts to 148,002,200 Shares, representing 10% of the total issued shares of the Company.

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

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

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

Further details of the Share Option Scheme are set out in note 34 to the Financial Statements and the circular of the Company dated September 5, 2013. Details of movements in the options granted under the Share Option Scheme during the year ended December 31, 2015 are as follows:

Name of category of grantee	As at January 1, 2015	Number of Share Options Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	As at December 31, 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*	Weighted average price of the Company's shares 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	–	–
LYU 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.

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. Under the Pre-IPO Employee Incentive Scheme, the total number of Shares underlying the restricted Shares to be granted from time to time must not be, in any event, exceed 5% of the number of the Shares in issue on such date without the Board's prior approval.

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. Therefore, as at December 31, 2015, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 75 years and two months. On termination of the Employee Pre-IPO Incentive Scheme, HSBC HK Trustee will transfer the Scheme Shares to Yongda Holding, unless the board of directors of Yongda Holding request the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of directors of Yongda Holding satisfies the reasonable requirements for the time being of HSBC HK Trustee, the Articles of Association and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

On August 30, 2013, the Board resolved to amend the Employee Pre-IPO Incentive Scheme (the "Amended Scheme") to the effect that, in addition to the previously allowed cash awards, awards of restricted share awards could be granted to eligible persons pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme 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 year and up to the date of this annual report, 2,940,000 restricted shares were awarded to eligible persons in accordance with the terms of the Amended Scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2015, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 21.3% and 74.3%. The percentage of the total sales attributable to the Group's five largest customers was below 30% of the total sales in the Group.

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

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2015 have been audited by Deloitte Touche Tohmatsu, certified public accountants.

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

RECORD DATE OF AGM

Shareholders whose names appear on the register of members of the Company at the close of business on May 6, 2016 (Friday) (the "Record Date") will be entitled to attend the AGM to be held on May 9, 2016 (Monday). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS FOR THE PROPOSED FINAL DIVIDEND

The register of members of the Company will also be closed from May 13, 2016 (Friday) to May 17, 2016 (Tuesday), both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on May 12, 2016 (Thursday).

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

PRC, March 20, 2016

Corporate Governance Report

The Board of the Company is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2015.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

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

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

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices and the Company was in compliance with the code provisions of the CG Code during the year ended December 31, 2015.

A. THE BOARD

1. Responsibilities

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

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

2. Delegation of Management Function

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

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

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

3. Board Composition

The Board of the Company comprises the following directors:

Executive Directors	Mr. CHEUNG Tak On *(Chairman)* Mr. CAI Yingjie *(Vice-chairman) (re-designated as Chief Executive Officer with effect from March 23, 2015)* Mr. WANG Zhigao *(Vice-chairman) (re-designated as Executive Director with effect from March 23, 2015)* Mr. XU Yue *(appointed as Executive Director with effect from March 23, 2015)* Ms. CHEN Yi *(appointed as Executive Director with effect from March 23, 2015)*
Non-executive Director	Mr. WANG Liqun
Independent Non-executive Directors	Mr. WANG Zhiqiang *(resigned as Independent Non-executive Director with effect from May 8, 2015)* Mr. LYU Wei Mr. CHEN Xianglin Ms. ZHU Anna Dezhen *(appointed as Independent Non-executive Director with effect from May 8, 2015)*

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

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

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

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

4. Appointment and Re-election of Directors

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

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

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

5. Induction and Continuing Development for Directors

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

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

Each of our Directors has attended training sessions arranged by the Company on the continuing obligations of listed companies and its directors, disclosure obligations of listed companies and update on the Listing Rules.

On top of the above-mentioned trainings, some Directors and members of the senior management have also attended several presentations and trainings organized by the Company in relation to compliance of listed companies, Internet E-commerce business and automobile industry, and other trainings organized by external organizations on management, etc.

6. Board Meetings and General Meetings

Number of Meetings and Directors' Attendance

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

The Board met four times during the year ended December 31, 2015 for discussing and approving, among others, the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2014 and unaudited interim results for the six months ended June 30, 2015, approving the appointment of the independent non-executive Director and joint company secretary, approving the delegation of functions of risk management and internal control to the Audit and Compliance Committee and amendment of terms of reference of the Audit and Compliance Committee.

The attendance records of each Director at the Board meetings and general meeting(s) are set out below:

Name of Director	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting(s)*
Mr. CHEUNG Tak On	4/4	1/1
Mr. CAI Yingjie	3/4	0/1
Mr. WANG Zhigao *(Note 1)*	4/4	1/1
Mr. XU Yue *(Note 2)*	3/3	1/1
Ms. CHEN Yi *(Note 2)*	3/3	1/1
Mr. WANG Liqun	4/4	1/1
Mr. WANG Zhiqiang *(Note 3)*	1/2	0/1
Mr. LYU Wei	4/4	1/1
Mr. CHEN Xianglin	4/4	1/1
Ms. ZHU Anna Dezhen *(Note 4)*	2/2	0/0

* One annual general meeting had been held during the year ended December 31, 2015 on May 8, 2015.

Note:

1. Mr. WANG Zhigao was re-designated as executive Director with effect from March 23, 2015.
2. Mr. XU Yue and Ms. CHEN Yi were appointed as executive Directors with effect from March 23, 2015.
3. Mr. WANG Zhiqiang resigned as independent non-executive Director with effect from May 8, 2015.
4. Ms. ZHU Anna Dezhen was appointed as independent non-executive Director with effect from May 8, 2015.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance.

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

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

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

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

C. BOARD COMMITTEES

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

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

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

1. Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Code provision B.1 of the CG Code. The Remuneration Committee consists of two independent non-executive Directors, being Ms. ZHU Anna Dezhen (whose appointment as the chairman of the Remuneration Committee became effective on May 8, 2015 upon Mr. WANG Zhiqiang's resignation with effect from the same day) and Mr. LYU Wei, and one executive Director, being Mr. WANG Zhigao. The chairman of the Remuneration Committee is Ms. ZHU Anna Dezhen.

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

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

The Remuneration Committee held two meetings during the year ended December 31, 2015 to review, among others, the remuneration policy and structure of the Company, and consider and make recommendation to the Board on the remuneration packages of the newly appointed Vice-President and independent non-executive Director.

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

Name of Director	Attendance/ Number of Meeting(s)
Ms. ZHU Anna Dezhen *(Note 1)*	0/0
Mr. WANG Zhigao *(Note 2)*	2/2
Mr. LYU Wei	2/2
Mr. WANG Zhiqiang *(Note 3)*	1/2

Note:

1. Ms. ZHU Anna Dezhen was appointed as the chairman of the Remuneration Committee and an independent non-executive Director with effect from May 8, 2015.

2. Mr. WANG Zhigao was re-designated as executive Director with effect from March 23, 2015.

3. Mr. WANG Zhiqiang ceased to be the chairman of the Remuneration Committee upon his resignation as independent non-executive Director on May 8, 2015.

Details of the Directors' remuneration are set out in note 12 to the Financial Statements. In addition, the remuneration of each member of our senior management (except for members who are also Directors) for the year ended December 31, 2015 is below RMB1,515,000.

2. Audit and Compliance Committee

We have established the Audit and Compliance Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as code provisions C.3 and D.3 of the CG Code. The Audit and Compliance Committee consists of three independent non-executive Directors, being Ms. ZHU Anna Dezhen (whose appointment as the chairman of the Remuneration Committee became effective on May 8, 2015 upon Mr. WANG Zhiqiang's resignation with effect from the same day), Mr. LYU Wei and Mr. CHEN Xianglin. The chairman of the Audit and Compliance Committee is Ms. ZHU Anna Dezhen, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2015 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held two meetings during the year ended December 31, 2015 to review, among others, the unaudited interim results and report for the six months ended June 30, 2015, the financial reporting and the compliance procedures, the corporate governance policy and practice, the audited annual results and financial report for the year ended December 31, 2014, the policies and practices regarding compliance with laws and regulations, the code of conduct and the compliance manuals for employees and directors, the financial, operational and compliance monitoring, the risk management control, the work of the internal and external auditor, the service fees due to the external auditor as well as the misconduct-related reporting measures.

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

Name of Director	Attendance/ Number of Meeting(s)
Ms. ZHU Anna Dezhen *(Note 1)*	1/1
Mr. LYU Wei	2/2
Mr. CHEN Xianglin *(Note 2)*	1/1
Mr. WANG Zhigao *(Note 3)*	1/1
Mr. WANG Zhiqiang *(Note 4)*	1/1

Note:

1. Ms. ZHU Anna Dezhen was appointed as the chairman of the Audit and Compliance Committee and an independent non-executive Director with effect on May 8, 2015.

2. Mr. CHEN Xianglin was appointed as a member of the Audit and Compliance Committee with effect from March 23, 2015.

3. Mr. WANG Zhigao ceased to be a member of the Audit and Compliance Committee upon his re-designation as executive Director on March 23, 2015.

4. Mr. WANG Zhiqiang ceased to be the chairman of the Audit and Compliance Committee upon his resignation as independent non-executive Director on May 8, 2015.

The Company's annual results for the year ended December 31, 2015 have been reviewed by the Audit and Compliance Committee on March 20, 2016.

3. Nomination Committee

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

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

The Nomination Committee held two meetings during the year ended December 31, 2015 to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of our Company, to assess the independence of the independent non-executive Directors, to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2015 annual general meeting of the Company, and to make recommendation to the Board on the candidate for the independent non-executive Director.

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

Name of Director	Attendance/ Number of Meeting(s)
Mr. CHEUNG Tak On	2/2
Mr. CHEN Xianglin	1/2
Mr. LYU Wei	2/2

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

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

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

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

D. MODEL CODE FOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 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.

E. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2015.

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

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

F. EXTERNAL AUDITOR AND AUDITOR REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 65.

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

During the year, the remuneration paid to the external auditor of the Company in respect of audit services for the year ended December 31, 2015 amounted to RMB6,000,000.

G. INTERNAL CONTROLS

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

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

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

To promote effective communication, the Company maintains a website at www.ydauto.com.cn, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. During the year, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is also available on the websites of the Company and the Hong Kong Stock Exchange.

I. SHAREHOLDERS' RIGHTS

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

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

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

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

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

J. COMPANY SECRETARY

Ms. MOK Ming Wai ("Ms. MOK") of KCS Hong Kong Limited, external service provider and Ms. ZHANG Hong ("Ms. ZHANG") (whose appointment as joint company secretary of the Company has become effective on June 30, 2015), the head of legal department of the Company have been engaged by the Company as joint company secretaries during the year. Mr. WANG Zhigao and Ms. MOK have been engaged by the Company as authorized representatives. During the year, Ms. MOK and Ms. ZHANG have undertaken over 15 hours of professional training to update their skill and knowledge.

Ms. ZHANG resigned as joint company secretary of the Company on February 29, 2016, and Ms. MOK remains in office as the sole company secretary of the Company.

K. PRIMARY CONTACT PERSON

Mr. Wang Zhigao, our executive Director and Vice-chairman, is the key contact person of our company secretary.

L. GOING CONCERN

Our Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 66 to 156, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2015, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 20, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	7	**35,657,593**	32,937,975
Cost of sales and services		**(32,630,645)**	(30,258,756)
Gross profit		**3,026,948**	2,679,219
Other income and other gains and losses	8	**414,569**	374,787
Distribution and selling expenses		**(1,503,417)**	(1,287,515)
Administrative expenses		**(730,091)**	(647,759)
Finance costs	9	**(447,070)**	(422,329)
Share of profits of joint ventures		**12,530**	8,181
Share of profits of associates		**3,066**	651
Profit before tax	10	**776,535**	705,235
Income tax expense	11	**(209,201)**	(165,755)
Profit and total comprehensive income for the year		**567,334**	539,480
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**524,468**	501,130
Non-controlling interests		**42,866**	38,350
		567,334	539,480
Earnings per share — basic and diluted	14	**RMB0.35**	RMB0.34

Consolidated Statement of Financial Position

At December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	3,578,068	3,210,162
Prepaid lease payments	16	978,275	578,739
Goodwill	17	286,624	286,624
Intangible assets	18	530,053	490,421
Deposits paid for acquisition of property, plant and equipment		118,683	101,205
Deposits paid for acquisition of land use rights		24,607	41,230
Available-for-sale investments	19	91,845	—
Interests in joint ventures	20	80,109	76,246
Interests in associates	21	166,068	15,106
Finance lease receivables	22	207,719	467,969
Deferred tax assets	23	92,756	102,557
		6,154,807	5,370,259
Current assets			
Prepaid lease payments	16	28,504	15,285
Inventories	24	4,083,064	4,324,167
Finance lease receivables	22	569,926	357,144
Trade and other receivables	25	3,533,562	3,353,186
Amounts due from related parties	36	67,382	37,874
Cash in transit	26	99,817	72,125
Pledged bank deposits	27	1,138,209	1,515,013
Bank balances and cash	27	1,531,993	1,874,217
		11,052,457	11,549,011
Current liabilities			
Trade and other payables	28	4,682,769	4,986,004
Amounts due to related parties	36	2,508	11,370
Income tax liabilities		442,789	427,908
Borrowings	29	3,902,214	4,855,730
Short-term debenture	30	797,422	—
Medium-term note	31	1,157,472	—
		10,985,174	10,281,012
Net current assets		67,283	1,267,999
Total asset less current liabilities		6,222,090	6,638,258

Consolidated Statement of Financial Position

At December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Borrowings	29	**250,928**	198,757
Medium-term note	31	**—**	1,153,682
Convertible bonds	32	**928,911**	883,669
Other liabilities	28	**337,398**	118,515
Deferred tax liabilities	23	**104,418**	107,945
		1,621,655	2,462,568
Net assets		**4,600,435**	4,175,690
Capital and reserves			
Share capital	33	**12,065**	12,065
Reserves		**4,225,130**	3,831,826
Equity attributable to owners of the Company		**4,237,195**	3,843,891
Non-controlling interests		**363,240**	331,799
Total equity		**4,600,435**	4,175,690

The consolidated financial statements on pages 66 to 156 were approved and authorised for issue by the Board of Directors on March 20, 2016 and are signed on its behalf by:

CHEUNG Tak On
DIRECTOR

WANG Zhigao
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

	Attributable to owners of the Company									
	Paid-in Issued share capital	Share premium	Statutory surplus reserve	Special reserve	Share-based payments reserve	Convertible bonds reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note a)	(note b)		*(Note 32)*				
At January 1, 2014	12,065	1,385,488	252,889	247,713	–	–	1,525,910	3,424,065	267,391	3,691,456
Profit for the year	–	–	–	–	–	–	501,130	501,130	38,350	539,480
Capital injection	–	–	–	–	–	–	–	–	39,195	39,195
Acquisition of non-controlling interests of subsidiaries *(Note 35)*	–	–	–	4,966	–	–	–	4,966	(20,161)	(15,195)
Disposal of partial interests in subsidiaries without losing control	–	–	–	571	–	–	–	571	1,548	2,119
Recognition of equity-settled share-based payments	–	–	–	–	28,272	–	–	28,272	–	28,272
Acquisition of a subsidiary *(Note 33)*	–	–	–	–	–	–	–	–	32,643	32,643
Transfer to statutory reserve	–	–	94,876	–	–	–	(94,876)	–	–	–
Dividends recognized as distributions *(Note 13)*	–	(177,603)	–	–	–	–	–	(177,603)	–	(177,603)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(27,167)	(27,167)
Recognition of equity component of convertible bonds	–	–	–	–	–	62,490	–	62,490	–	62,490
At December 31, 2014	12,065	1,207,885	347,765	253,250	28,272	62,490	1,932,164	3,843,891	331,799	4,175,690
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**524,468**	**524,468**	**42,866**	**567,334**
Capital injection	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,072**	**40,072**
Acquisition of non-controlling interests of subsidiaries	**–**	**–**	**–**	**826**	**–**	**–**	**–**	**826**	**(6,272)**	**(5,446)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**16,012**	**–**	**–**	**16,012**	**–**	**16,012**
Transfer to statutory reserve	**–**	**–**	**129,030**	**–**	**–**	**–**	**(129,030)**	**–**	**–**	**–**
Dividends recognized as distributions *(Note 13)*	**–**	**(148,002)**	**–**	**–**	**–**	**–**	**–**	**(148,002)**	**–**	**(148,002)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(45,225)**	**(45,225)**
At December 31, 2015	**12,065**	**1,059,883**	**476,795**	**254,076**	**44,284**	**62,490**	**2,327,602**	**4,237,195**	**363,240**	**4,600,435**

Notes:

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

b. The special reserve mainly consisted of:

(i) an amount of RMB333,647,000 representing deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganisation which was effected in 2011;

(ii) an amount of RMB292,000 representing the difference between the fair value of the consideration received and the carrying amount of the non-controlling interests upon disposal of partial interests in subsidiaries in 2012;

(iii) a reduction of reserve of approximately RMB86,226,000 representing the difference between the consideration paid and the carrying amount of the non-controlling interests upon acquisition of partial interests in subsidiaries in 2013;

(iv) an amount of RMB571,000 representing the difference between the consideration paid and the carrying amount of the non-controlling interests upon acquisition of partial interests in subsidiaries in 2014;

(v) an amount of RMB4,966,000 representing the difference between the fair value of the consideration received and the carrying amount of the non-controlling interests upon disposal of partial interests in subsidiaries in 2014, and;

(vi) an amount of RMB826,000 representing the difference between the fair value of the consideration received and the carrying amount of the non-controlling interests upon disposal of partial interests in subsidiaries in 2015.

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**776,535**	705,235
Adjustments for:		
Finance costs	**447,070**	422,329
Interest income	**(13,271)**	(20,291)
Depreciation of property, plant and equipment	**366,283**	292,465
Release of prepaid lease payments	**14,454**	12,895
Amortization of intangible assets	**12,552**	7,219
Share-based payment expenses	**16,012**	28,272
Loss on disposal of property, plant and equipment	**10,749**	1,705
Impairment loss on available-for-sale investments	**14,030**	—
Impairment loss on trade and other receivables	**8,020**	—
Gain on disposal of interest in associate	**—**	(8,195)
Gain on disposal of a subsidiary	**—**	(7,656)
Gain on subsequent adjustment to acquisition consideration	**—**	(3,311)
Gain on disposal of partial interest of joint ventures	**—**	(67)
Share of profits of associates	**(3,066)**	(651)
Share of profits of joint ventures	**(12,530)**	(8,181)
Operating cash flows before movements in working capital	**1,636,838**	1,421,768
Decrease (increase) in inventories	**241,103**	(614,254)
(Increase) decrease in trade and other receivables	**(143,401)**	359,445
Decrease (increase) in finance lease receivables	**47,468**	(736,876)
(Increase) decrease in cash in transit	**(27,692)**	9,503
Increase in other liabilities	**235,795**	89,994
(Decrease) increase in trade and other payables	**(218,844)**	821,334
Decrease (increase) in amounts due from related parties	**7,313**	(6,225)
Increase in amounts due to related parties	**826**	267
Withdrawal of pledged bank deposits	**1,515,013**	1,035,824
Placement of pledged bank deposits	**(1,138,209)**	(1,515,013)
Cash from operations	**2,156,210**	865,767
Income taxes paid	**(188,047)**	(146,290)
NET CASH FROM OPERATING ACTIVITIES	**1,968,163**	719,477

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	2015 *RMB'000*	2014 *RMB'000*
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(1,026,680)**	(1,066,728)
Purchase of intangible assets	**(46,758)**	(36,184)
Purchase of available-for-sale investments	**(105,875)**	—
Additions to and deposits paid for prepaid land lease payments	**(410,586)**	(19,399)
Proceeds on disposal of property, plant and equipment, land use rights and intangible assets	**244,166**	185,460
Advance to related parties	**(67,264)**	(5,823)
Advance to independent third parties	**—**	(38,400)
Advance to non-controlling shareholders	**(32,000)**	—
Collection of advance to non-controlling shareholders	**5,750**	2,432
Collection of advance to related parties	**30,443**	7,350
Acquisition of subsidiaries	**(36,290)**	(365,438)
Proceeds on disposal of a subsidiary	**—**	4,692
Interest received	**13,271**	20,291
Dividend received from joint ventures	**8,667**	3,133
Dividend received from associates	**2,804**	2,237
Investment in a joint venture	**—**	(8,000)
Investment in associates	**(150,700)**	—
Proceeds from partial disposal of a joint venture	**—**	3,440
Collection of deposits paid for acquisition of an entity	**—**	1,400
NET CASH USED IN INVESTING ACTIVITIES	**(1,571,052)**	(1,309,537)

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	2015 *RMB'000*	2014 *RMB'000* (Restated)
FINANCING ACTIVITIES		
New bank borrowings raised	**23,286,419**	15,441,986
Repayment of bank borrowings	**(24,187,764)**	(14,662,649)
Proceeds on issue of convertible bonds	**–**	960,087
Proceeds on issue of short-term debenture	**800,000**	–
Transaction costs arising from issue of medium-term note	**(2,819)**	(2,819)
Transaction costs arising from issue of convertible bonds	**(16,912)**	–
Transaction costs arising from issue of short-term debenture	**(2,200)**	–
Capital injection by non-controlling shareholders	**40,072**	39,195
Acquisition of non-controlling interests of subsidiaries	**(5,446)**	(75,195)
Advance from non-controlling shareholders	**2,998**	32,953
Prepayment of advance from non-controlling shareholders	**(900)**	–
Interest paid	**(476,367)**	(423,672)
Placement of time deposits pledged for borrowings	**–**	(100,000)
Withdrawal of time deposits pledged for borrowings	**–**	100,000
Placement of deposits to entities controlled by suppliers for borrowings	**–**	(51,775)
Withdrawal of deposits to entities controlled by suppliers for borrowings	**14,680**	–
Dividends paid as distribution	**(148,002)**	(177,603)
Dividends paid to non-controlling shareholders	**(33,406)**	(36,758)
Dividends paid to Shanghai Yongda Group Company Limited	**(9,688)**	–
Proceeds from partial disposal of subsidiaries without losing control	**–**	2,119
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(739,335)**	1,045,869
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(342,224)**	455,809
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,874,217**	1,418,408
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,531,993**	1,874,217

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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

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

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile rental services, provision of automobile finance leasing service and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

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

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

The Group has applied the following amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The Group has not early applied the following new and revised standards 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]
IFRS 16	*Leases*[3]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[4]
Amendments to IAS 1	*Disclosure Initiative*[4]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[4]
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*[4]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[4]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[4]
Amendments to IAS 7	*Disclosure Initiative*[6]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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

IFRS 9 Financial Instruments (continued)

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

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

IFRS 15 Revenue from Contracts with Customers

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.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

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

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (continued)

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

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

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

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

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

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

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

Investments in associates and joint ventures

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

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

Revenue recognition

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

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

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

Service income is recognized when services are provided.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessor

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

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

The Group as lessee

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

Vendor rebates

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

Foreign currencies

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

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

Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

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

Retirement benefit costs

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

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building

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

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

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

Intangible assets

Intangible assets acquired separately

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

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

Intangible assets acquired in a business combination

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

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

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

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

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

Inventories

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

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Loans and receivables

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

Available-for-sale ("AFS") financial assets

AFS financial assets of the Group are non-derivatives that are either designated as AFS or are not classified as financial assets at FVTPL, held-to-maturity investments or loans and receivables.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

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

Compound instruments

The component parts of the compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

Other financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognized on an effective interest basis.

Derecognition

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

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to the directors and employees of the Company

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to the directors and employees of the Company (continued)

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

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

In addition, prepayments and deposits are required to be paid to automobile manufactureres before making purchase. In the event when the economic benefits expected to be received under these rebate receivables from automobile manufacturers are less than expected; or the financial conditions of these automobile manufacturers deteriorate, the Group would impair the relevant rebate receivables, prepayments and deposits made to these automobile manufacturers. The Group does not require collateral or other security against its rebates receivables from automobile manufacturers. The Group performs ongoing evaluation of recoverability of these rebate receivables due to a change of estimated assessment results from automobile manufacturers, if appropriate, and their financial conditions. When the balances are not expected to be settled as originally planned, the Group would impair the rebate receivables, with difference between the carrying amount and present value of estimated future cash flows discounted at the original effective interest rate of the balances, and/or prepayments and deposits for non-recoverable amount. As at December 31, 2015 and 2014, the carrying amounts of rebate receivables are approximately RMB1,753,903,000 and RMB1,664,046,000, respectively. As at December 31, 2015 and 2014, the carrying amounts of prepayments and deposits to automobile manufacturers are approximately RMB797,719,000 and RMB841,737,000, respectively.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash inflows from the outstanding trade and other receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2015 and 2014, the carrying amounts of trade receivables of the Group are approximately RMB305,247,000 and RMB203,013,000, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of available-for-sale financial assets

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period. For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash inflows from the AFS. The amount of impairment loss is measured as the difference between the AFS's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2015 and 2014, the carrying amounts of unlisted equity securities AFS of the Group are approximately RMB52,873,000 and nil, respectively.

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

The Group's management determines the estimated useful lives and the depreciation or amortization method in determining the related depreciation or amortization charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will increase the depreciation or amortization charge where useful lives are expected to be shorter than expected, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the period in which such event takes place. As at December 31, 2015 and 2014, the carrying amounts of property, plant and equipment are approximately RMB3,578,068,000 and RMB3,210,162,000, respectively.

Estimated useful lives of intangible assets acquired through business combination

The Group's management determines the estimated useful lives and the amortization method in determining the related amortization charges for the intangible assets acquired through business combination. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortisation charges when useful lives become shorter than previously estimated. As at December 31, 2015 and 2014, the carrying amounts of intangible assets acquired in business combination are approximately RMB403,416,000 and RMB415,968,000, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

As at December 31, 2015 and 2014, a deferred tax asset of approximately RMB83,781,000 and RMB74,519,000, respectively, in relation to unused tax losses has been recognized in the Group's consolidated statements of financial position. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

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

Impairment assessment on goodwill and intangible assets acquired through business combination

Determining whether goodwill and intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which the relevant goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2015 and 2014, the carrying amount of goodwill of the Group was approximately RMB286,624,000. Details of the recoverable amount calculations are disclosed in note 17. As at December 31, 2015 and 2014, the carrying amounts of intangible assets acquired in business combination are approximately RMB403,416,000 and RMB415,968,000, respectively.

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**5,351,504**	5,680,282
Financial liabilities		
Amortized cost	**10,887,860**	10,485,817

b. Financial risk management objectives and policies

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

Market risk

Currency risk

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

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

	2015 RMB'000	2014 RMB'000
Assets		
United States Dollars ("US$")	**1,452**	2,864
Hong Kong Dollars ("HK$")	**62**	269
Liabilities		
US$	**–**	738,097

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

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

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

	Foreign currencies of the Group entities impact	
	2015	2014
	RMB'000	*RMB'000*
Increase (decrease) in post-tax profit for the year	**57**	(27,590)

Interest rate risk

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

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

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

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank balances, pledged bank deposits and borrowings. The analysis is prepared assuming the variable-rate financial assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis-point (2014: 5 basis-point) increase or decrease in deposit interest rates and a 10 basis-point (2014: 10 basis-point) increase or decrease in lending interest rates are the sensitivity rates used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates.

If the deposit interest rate had been 5 basis points (2014: 5 basis points) higher/lower, the lending interest rate had been 10 basis points (2014: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2015 and 2014 would have been decreased/increased by approximately RMB94,000 and RMB975,000, respectively.

Credit risk

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

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

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

99% (2014: 65%) of the Group's amounts due from related parties is from a related party which is financially strong.

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

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group has concentration of credit risk as about 85% (2014: 85%) of rebate receivables made to suppliers was due from the Group's five largest suppliers of passengers vehicles in the PRC as at December 31, 2015. In order to further minimize the credit risk, the management of the Group delegates teams to deal with these suppliers on expected delivery schedules of inventories, purchase volume, settlement timeline of outstanding balances with suppliers and the suppliers' financial position, etc. Teams also reconcile with these suppliers on outstanding balances, prepayments made and transactions recorded in relevant reporting period periodically to ensure trading information is properly recorded. In addition, the Group reviews the recoverable amount of each individual balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In view of the actions taken by the Group and the fact that the counterparties are the joint ventures of renowned automobile manufacturers with high credit quality, the Group considers that credit risk in the rebate receivables made to suppliers is significantly reduced.

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

Liquidity risk

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

Liquidity and interest risk tables

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

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

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate %	Repayable on demand or within 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2015							
Trade and other payables	–	3,511,007	–	–	–	3,511,007	3,511,007
Amounts due to related parties	–	2,508	–	–	–	2,508	2,508
Borrowings	4.85%	1,722,422	2,259,016	259,836	29,785	4,271,059	4,153,142
Short-term debenture	4.00%	–	832,000	–	–	832,000	797,422
Medium-term note	6.40%	–	1,234,240	–	–	1,234,240	1,157,472
Convertible bonds	1.50%	7,500	7,500	1,015,000	–	1,030,000	928,911
Other liabilities	–	–	–	337,398	–	337,398	337,398
		5,243,437	4,332,756	1,612,234	29,785	11,218,212	10,887,860

	Weighted average interest rate %	Repayable on demand or within 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2014							
Trade and other payables	–	3,264,094	–	–	–	3,264,094	3,264,094
Amounts due to related parties	–	11,370	–	–	–	11,370	11,370
Borrowings	5.24%	1,576,583	3,407,751	204,828	13,099	5,202,261	5,054,487
Medium-term note	6.40%	–	56,711	1,214,649	–	1,271,360	1,153,682
Convertible bonds	1.50%	1,292	7,500	1,022,500	–	1,031,292	883,669
Other liabilities	–	–	–	118,515	–	118,515	118,515
		4,853,339	3,471,962	2,560,492	13,099	10,898,892	10,485,817

6. FINANCIAL INSTRUMENTS (continued)

c. Fair value

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

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

7. REVENUE AND SEGMENT INFORMATION

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

The Group's reportable segments are as follows:

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

- Automobile rental services; and

- Finance leasing services.

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results

	Passenger vehicle sales and services RMB'000	Automobile rental services RMB'000	Finance leasing services RMB'000	Elimination RMB'000	Total RMB'000
For the year ended December 31, 2015					
External revenue	35,235,308	330,183	92,102	—	35,657,593
Inter-segment revenue	130,387	—	34,564	(164,951)	—
Segment revenue	35,365,695	330,183	126,666	(164,951)	35,657,593
Segment cost *(note a)*	32,527,648	221,722	35,968	(154,693)	32,630,645
Segment gross profit	2,838,047	108,461	90,698	(10,258)	3,026,948
Service income	432,126	—	—	(10,384)	421,742
Segment result	3,270,173	108,461	90,698	(20,642)	3,448,690
Other income and other gains and losses *(note b)*					(7,173)
Distribution and selling expenses					(1,503,417)
Administrative expenses					(730,091)
Finance costs					(447,070)
Share of profits of joint ventures					12,530
Share of profits of associates					3,066
Profit before tax					776,535

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

	Passenger vehicle sales and services RMB'000	Automobile rental services RMB'000	Finance leasing services RMB'000	Elimination RMB'000	Total RMB'000
For the year ended December 31, 2014					
External revenue	32,611,476	273,904	52,595	—	32,937,975
Inter-segment revenue	129,755	—	—	(129,755)	—
Segment revenue	32,741,231	273,904	52,595	(129,755)	32,937,975
Segment cost *(note a)*	30,174,407	199,217	14,887	(129,755)	30,258,756
Segment gross profit	2,566,824	74,687	37,708	—	2,679,219
Service income	286,297	—	—	—	286,297
Segment gross profit	2,853,121	74,687	37,708	—	2,965,516
Other income and other gains and losses *(note b)*					88,490
Distribution and selling expenses					(1,287,515)
Administrative expenses					(647,759)
Finance costs					(422,329)
Share of profits of joint ventures					8,181
Share of profits of associates					651
Profit before tax					705,235

Notes:

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

b. The balance is excluded the service income generated from passenger vehicle sales and services segment, which is included in the segment result above.

The accounting policies of the operating segments are same as those of the Group as described in Note 3. Segment result represents the profit earned by each segment without allocation of other income and other gains and losses other than service income (Note 8), distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the board of the directors.

7. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

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

Revenue from major products and services

	2015 *RMB'000*	2014 *RMB'000*
Sale of passenger vehicles:		
— Luxury and ultra-luxury brands *(note a)*	**25,128,211**	23,831,466
— Mid- to high-end brands *(note b)*	**5,977,097**	5,242,622
Subtotal	**31,105,308**	29,074,088
After-sales services	**4,130,000**	3,537,388
Automobile rental services	**330,183**	273,904
Finance leasing services	**92,102**	52,595
	35,657,593	32,937,975

Notes:

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

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

7. REVENUE AND SEGMENT INFORMATION (continued)

Additional information reviewed by the Group's chief operating decision maker

According to the Company's announcement dated January 18, 2016 and as disclosed in Note 42, the Company's indirect wholly owned subsidiary, Shanghai Yongda Investment Holding Group Limited entered into a binding framework agreement with a company (the "A-share Listco") whose shares are listed on the Shenzhen Stock Exchange of the PRC in respect of a proposed transfer of certain assets by the Group in exchange for certain equity interests in the A-share Listco. Addition internal reports have been prepared and reported to the executive directors, being the Group's chief operating decision maker. The additional internal reports contain financial information of those assets which are proposed to be transferred to the A-share Listco (the "Spin-off" Group) and others that are retained (the "Retained Group"). Details are set out below.

	Retained Group RMB'000	Spin-off Group RMB'000	Elimination RMB'000	Total RMB'000
For the year ended December 31, 2015				
Revenue	330,183	35,457,797	(130,387)	35,657,593
Gross profit	108,461	2,918,487	—	3,026,948
Other income and other gains and losses	(10,490)	425,059	—	414,569
Distribution and selling expenses *(note b)*	(8,100)	(1,495,317)	—	(1,503,417)
Administrative expenses *(note b)*	(18,298)	(711,793)	—	(730,091)
Finance costs *(note a)*	(13,778)	(433,292)	—	(447,070)
Share of profits of joint ventures	—	12,530	—	12,530
Share of profits of associates	—	3,066	—	3,066
Income tax expense	(14,651)	(194,550)	—	(209,201)
Net profit for the year	43,144	524,190	—	567,334

	Retained Group RMB'000	Spin-off Group RMB'000	Elimination RMB'000	Total RMB'000
For the year ended December 31, 2014				
Revenue	273,904	32,793,826	(129,755)	32,937,975
Gross profit	74,687	2,604,532	—	2,679,219
Other income and other gains and losses	9,531	365,256	—	374,787
Distribution and selling expenses *(note b)*	(1,270)	(1,286,245)	—	(1,287,515)
Administrative expenses *(note b)*	(15,416)	(632,343)	—	(647,759)
Finance costs *(note a)*	(17,310)	(405,019)	—	(422,329)
Share of profits of joint ventures	—	8,181	—	8,181
Share of profits of associates	—	651	—	651
Income tax expense	(12,573)	(153,182)	—	(165,755)
Net profit for the year	37,649	501,831	—	539,480

7. REVENUE AND SEGMENT INFORMATION (continued)

Additional information reviewed by the Group's chief operating decision maker (continued)

	Retained Group *RMB'000*	Spin-off Group *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended December 31, 2013				
Revenue	266,167	25,888,289	(57,930)	26,096,526
Gross profit	89,244	2,177,373	—	2,266,617
Other income and other gains and losses	3,774	248,026	—	251,800
Distribution and selling expenses *(note b)*	(1,797)	(951,078)	—	(952,875)
Administrative expenses *(note b)*	(13,801)	(470,711)	—	(484,512)
Finance costs *(note a)*	(15,640)	(223,031)	—	(238,671)
Share of profits of joint ventures	—	9,567	—	9,567
Share of profits of associates	—	651	—	651
Income tax expense	(18,953)	(191,587)	—	(210,540)
Net profit for the year	42,827	599,210	—	642,037

Notes:

a. Certain loans were borrowed in the name of the Retained Group but the proceeds of such loans were actually utilized by the Spin-off Group in 2013, 2014 and 2015. Borrowing costs related to these loans, including interest expenses and foreign currency exchange gain or loss arisen from the loan dominated in USD, were born by the Retained Group in 2013, 2014 and 2015. Therefore, adjustment have been made in the internal report to allocate certain borrowing costs to the Spin-off Group in proportion to the amounts of funds and the length of time these funds were used by the Spin-off Group.

b. Certain sales and marketing and administrative functions of the Spin-off Group were performed by the Retained Group in 2013, 2014 and 2015. No fees had been charged to the Spin-off Group for such services. Therefore, adjustments have been made in the internal report to allocate certain distribution and selling expenses and administrative expenses to the Spin-off Group based on the actual amount of expenses that were directly attributable to the Spin-off Group.

8. OTHER INCOME/OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Other income comprises:		
Service income *(note a)*	**421,742**	286,297
Advertising support received from automobile manufacturers *(note b)*	**14,789**	19,608
Government grants *(note c)*	**24,845**	25,198
Interest income on bank deposits	**13,271**	20,291
Others	**2,498**	—
	477,145	351,394
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	**(10,749)**	(1,705)
Impairment loss on available-for-sale investments	**(14,030)**	—
Impairment loss on other receivables	**(8,020)**	—
Net foreign exchange (losses) gains	**(29,263)**	10,362
Gain on disposal of interest in an associate	**—**	8,195
Gain on disposal of a subsidiary	**—**	7,656
Gain on subsequent adjustment to acquisition consideration	**—**	3,311
Gain on partial disposal of a joint venture	**—**	67
Others	**(514)**	(4,493)
	(62,576)	23,393
Total	**414,569**	374,787

Notes:

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

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

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

9. FINANCE COSTS

	2015 *RMB'000*	2014 *RMB'000*
Interest on borrowings wholly repayable within five years:		
— bank loans	**206,647**	234,171
— other borrowings from entities controlled by suppliers	**35,972**	14,752
— reimbursement to suppliers *(note a)*	**91,214**	100,602
— short-term debenture	**6,223**	—
— medium-term note	**74,240**	74,240
— convertible bonds *(Note 32)*	**61,075**	26,563
Release of capitalized transaction cost in relation to issue of short-term debenture *(Note 30)*	**622**	—
Release of capitalized transaction cost in relation to issue of medium-term note *(Note 31)*	**3,790**	3,790
Less: interest capitalized *(note b)*	**(32,713)**	(31,789)
	447,070	422,329

Note:

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

b. Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 6.60% (2014: 6.56%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2015 *RMB'000*	2014 *RMB'000*
Staff costs, including directors' remuneration *(Note 12)*:		
Salaries, wages and other benefits	**761,078**	701,145
Retirement benefits scheme contributions	**86,782**	85,750
Share-based payment expenses	**16,012**	28,272
Total staff costs	**863,872**	815,167
Auditors' remuneration:		
— in respect of audit service for the Company	**6,000**	6,000
— in respect of the statutory audits for the subsidiaries of the Company	**2,764**	2,526
Total auditors' remuneration	**8,764**	8,526
Cost of inventories recognized as an expense	**32,356,696**	30,164,505
Depreciation of property, plant and equipment	**366,283**	292,465
Operating lease rentals	**169,379**	153,748
Release of prepaid lease payments	**14,454**	12,895
Amortization of intangibles assets	**12,552**	7,219

11. INCOME TAX EXPENSE

	2015 *RMB'000*	2014 *RMB'000*
Current tax:		
PRC Enterprise Income tax ("EIT")	**202,927**	221,569
Overprovision of PRC EIT in prior years	**—**	(2)
	202,927	221,567
Deferred tax		
Current year *(Note 23)*	**6,274**	(55,812)
	209,201	165,755

11. INCOME TAX EXPENSE (continued)

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

	2015 RMB'000	2014 RMB'000
Profit before tax	**776,535**	705,235
Tax at the PRC EIT rate of 25%	**194,134**	176,308
Tax effect of expenses not deductible for tax purpose	**4,482**	4,834
Tax effect of income not taxable for tax purpose	**(5,161)**	(10,906)
Tax effect of share of results of associates and joint ventures	**(3,899)**	(2,208)
Tax effect of losses of offshore entities not recognized	**19,645**	7,395
Utilization of tax losses previously not recognized of acquired subsidiaries	**–**	(9,666)
Overprovision of PRC EIT in prior years	**–**	(2)
Income tax expense for the year	**209,201**	165,755

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

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

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

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

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

	2015 RMB'000	2014 RMB'000
Fees	**910**	800
Other emoluments		
Salaries and other benefits	**5,870**	3,312
Contributions to retirement benefits scheme	**188**	99
Share-based payments	**3,291**	352
	10,259	4,563

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

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

For the year ended December 31, 2015

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Share-based payments *RMB'000*	Total *RMB'000*
Executive Directors					
Cheung Tak On	–	1,680	40	–	1,720
Cai Yingjie	–	1,066	40	–	1,106
Wang Zhigao (note a)	–	1,054	28	–	1,082
Xu Yue (note b)	–	1,016	40	1,857	2,913
Chen Yi (note b)	–	970	40	1,082	2,092
Non-Executive Directors					
Wang Liqun	250	–	–	88	338
Independent Non-Executive Directors					
Lyu Wei	250	–	–	88	338
Chen Xianglin	250	–	–	88	338
Zhu Anna Dezhen (note c)	160	–	–	–	160
Former independent Non-Executive Directors					
Wang Zhiqiang (note d)	–	84	–	88	172
	910	5,870	188	3,291	10,259

Notes:

a. Mr. Wang Zhigao was re-designated as executive Director with effect from March 23, 2015.

b. Mr. Xu Yue and Ms. Chen Yi were appointed as executive Directors on March 23, 2015.

c. Ms. Zhu Anna Dezhen was appointed as independent non-executive Director with effect from May 8, 2015.

d. Mr. Wang Zhiqiang ceased to be independent non-executive Director on May 8, 2015.

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

For the year ended December 31, 2014

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Share-based payments *RMB'000*	Total *RMB'000*
Executive Directors					
Cheung Tak On	—	1,498	37	—	1,535
Cai Yingjie	—	913	37	—	950
Non-Executive Directors					
Wang Zhigao	—	901	25	—	926
Wang Liqun	200	—	—	88	288
Independent Non-Executive Directors					
Wang Zhiqiang	200	—	—	88	288
Lu Wei	200	—	—	88	288
Chen Xianglin	200	—	—	88	288
	800	3,312	99	352	4,563

Mr. Cai Yingjie is the Chief Executive and one of the directors of the Company and his emoluments disclosed above include those services rendered by him as the Chief Executive. In 2015, the Executive Directors' remuneration shown above were for their services in connection with the management of the affairs of the Company. The other Directors' remuneration shown above were for their service as directors of the Company.

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

The five highest paid individuals of the Group for the year included one director for the year ended December 31, 2014 and three directors for the year ended December 31, 2015, respectively. The remuneration of the remaining four individuals for the year ended December 31, 2014 and the remuneration of the remaining two individuals for the year ended December 31, 2015 are as follows:

	2015 RMB'000	2014 RMB'000
Employees		
Salaries and other benefits	956	2,065
Contributions to retirement benefits scheme	81	147
Share-based payments	1,865	4,757
	2,902	6,969

Of the five highest paid individuals in the Group for the year ended December 31, 2015, one director's emolument falls within the band of HK$3,000,001 to HK$3,500,000, two directors' emolument falls within the band of HK$2,000,001 to HK$2,500,000 whilst the remaining two employees' emoluments fall within the band of HK$1,500,001 to HK$2,000,000.

Of the five highest paid individuals in the Group for the year ended December 31, 2014, one employee's emolument falls within the band of HK$3,000,001 to HK$3,500,000, one employee's emolument falls within the band of HK$2,000,001 to HK$2,500,000 whilst the remaining two employees' and one director's emoluments fall within the band of HK$1,500,001 to HK$2,000,000.

During the year, no emoluments were paid by the Group to the Chief Executive, or any of the directors and the two highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

During the year ended December 31, 2015, a final dividend of RMB0.10 per share in respect of the year ended December 31, 2014 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 final dividend declared and paid in the year ended December 31, 2015 amounted to RMB148,002,000.

During the year ended December 31, 2014, a final dividend of RMB0.12 per share in respect of the year ended December 31, 2013 was declared and paid out of share premium to the owners of the Company in HK$ based on the medium exchange rate between RMB and HK$ as announced by the People's Bank of China on May 16, 2014 (HK$1.00 to RMB0.79501). The aggregate amount of the final dividend declared and paid in the year ended December 31, 2014 amounted to approximately RMB177,603,000.

A final dividend of RMB0.105 per share in respect of the year ended December 31, 2015 has been proposed by the directors and is subject to approval by the shareholders in the upcoming annual general meeting.

14. EARNINGS PER SHARE

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

	2015 ***RMB'000***	2014 *RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**524,468**	501,130

	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,480,022**	1,480,022

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 years ended December 31, 2015 and 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 years ended December 31, 2015 and 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At December 31, 2013	1,054,169	247,818	357,058	188,903	764,580	170,228	2,782,756
Acquired on acquisition of subsidiaries	142,213	23,710	95,585	9,447	19,779	14,638	305,372
Transfer	225,689	26,164	25,526	–	–	(277,379)	–
Disposals	(9,410)	(5,383)	(13,653)	(14,962)	(245,307)	–	(288,715)
Disposal of a subsidiary	–	(1,620)	–	(596)	(187)	–	(2,403)
At December 31, 2014	1,567,453	348,956	558,260	241,034	1,061,401	176,689	3,953,793
Additions	33,842	38,845	108,283	44,121	439,821	324,118	989,030
Transfer	87,108	11,404	215,798	–	–	(314,310)	–
Disposals	(11,244)	(3,353)	(30,628)	(8,672)	(332,255)	–	(386,152)
At December 31, 2015	1,677,159	395,852	851,713	276,483	1,168,967	186,497	4,556,671
DEPRECIATION							
At December 31, 2013	87,702	100,723	95,488	79,955	190,502	–	554,370
Provided for the year	44,762	39,029	42,225	31,606	134,843	–	292,465
Eliminated on disposals	(16)	(2,797)	(8,729)	(4,137)	(86,194)	–	(101,873)
Eliminated on disposal of a subsidiary	–	(844)	–	(478)	(9)	–	(1,331)
At December 31, 2014	132,448	136,111	128,984	106,946	239,142	–	743,631
Provided for the year	39,896	45,935	70,171	38,064	172,217	–	366,283
Eliminated on disposals	(5,980)	(2,063)	(8,698)	(4,117)	(110,453)	–	(131,311)
At December 31, 2015	166,364	179,983	190,457	140,893	300,906	–	978,603
CARRYING VALUES							
At December 31, 2014	1,435,005	212,845	429,276	134,088	822,259	176,689	3,210,162
At December 31, 2015	1,510,795	215,869	661,256	135,590	868,061	186,497	3,578,068

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

As at December 31, 2014, buildings without building ownership certificates with carrying values of approximately RMB10,259,000 were situated on land in the PRC which the Group was in the process of obtaining legal title. As at December 31, 2014, the deposits paid for acquisition of land use rights of approximately RMB8,543,000 was recognized. During the year ended December 31, 2015, the building ownership certificates were obtained.

The Group's buildings are situated on land in the PRC held by the Group under medium-term leases. Details of the Group's buildings and motor vehicles pledged to secure bank borrowings granted to the Group are set out in Note 29.

16. PREPAID LEASE PAYMENTS

	RMB'000
COST	
At December 31, 2013	407,363
Additions	126,612
Acquired on acquisition of subsidiaries	96,290
At December 31, 2014	**630,265**
Additions	**427,209**
At December 31, 2015	**1,057,474**
AMORTIZATON	
At December 31, 2013	23,346
Provided for the year	12,895
At December 31, 2014	**36,241**
Provided for the year	**14,454**
At December 31, 2015	**50,695**
CARRYING VALUES	
At December 31, 2014	594,024
At December 31, 2015	**1,006,779**

	2015 ***RMB'000***	2014 *RMB'000*
Analyzed for reporting purpose as:		
Current assets	**28,504**	15,285
Non-current assets	**978,275**	578,739
	1,006,779	594,024

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

Details of the Group's land use rights pledged to secure bank borrowings granted to the Group are set out in Note 29.

17. GOODWILL

	2015 RMB'000	2014 RMB'000
COST		
At the beginning of the year	286,624	104,927
Acquisitions of subsidiaries	–	181,697
	286,624	286,624

In opinion of the Company's directors, the goodwill comprises the fair value of expected business synergies arising from acquisitions, which is not separately recognised.

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

During the year ended December 31, 2015, the Group performed impairment review for goodwill and intangible assets of the Cash Generating Units based on cash flow forecasts derived from the most recent financial budgets for the next five years approved by management using discount rates ranging from 13% to 14% which reflects current market assessments of the time value of money and the risks specific to the Cash Generating Units. The cash flows beyond the next five years are extrapolated using a growth rate of 3% per annum. The growth rates are by reference to industry growth forecasts. During the year ended December 31, 2015 and 2014, the management of the Group determines that there are no impairments of any of its Cash Generating Units containing goodwill.

18. INTANGIBLE ASSETS

	Dealership agreements RMB'000	Customer relationship RMB'000	Vehicle license plates RMB'000	Total RMB'000
COST				
At December 31, 2013	206,024	31,019	38,592	275,635
Additions	—	—	36,184	36,184
Acquisition of subsidiaries	160,844	25,300	—	186,144
Disposals	—	—	(323)	(323)
At December 31, 2014	366,868	56,319	74,453	497,640
Acquisition of subsidiaries *(Note 35)*	—	—	5,500	5,500
Additions	—	—	46,758	46,758
Disposals	—	—	(74)	(74)
At December 31, 2015	366,868	56,319	126,637	549,824
AMORTIZATION				
At December 31, 2013	—	—	—	—
Provided for the year	5,151	2,068	—	7,219
At December 31, 2014	5,151	2,068	—	7,219
Provided for the year	9,172	3,380	—	12,552
At December 31, 2015	**14,323**	**5,448**	**—**	**19,771**
CARRYING VALUES				
At December 31, 2014	**361,717**	**54,251**	**74,453**	**490,421**
At December 31, 2015	**352,545**	**50,871**	**126,637**	**530,053**

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

Dealership agreements	40 years
Customer relationship	15 years

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

18. INTANGIBLE ASSETS (continued)

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

19. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2015	2014
	RMB'000	*RMB'000*
Listed equity securities *(note a)*	**38,972**	—
Unlisted equity securities *(note b)*	**52,873**	—
	91,845	—

Notes:

a. The above listed equity investments represent investments in listed equity securities issued by a listed entity established in the PRC. They are measured at fair value less impairment at the end of each reporting period. In 2015, the Group acquired the unlisted equity securities at cost of approximately RMB53,002,000, which subsequently became listed equity securities. During the year ended December 31, 2015, losses of approximately RMB14,030,000 that arise as a result of changes in fair value in the listed equity investments are recognised as impairment loss and recorded in other gains and losses.

b. 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.

20. INTERESTS IN JOINT VENTURES

	2015	2014
	RMB'000	*RMB'000*
Cost of unlisted investments in joint ventures	**61,498**	61,498
Share of post-acquisition profits, net of dividend received	**18,611**	14,748
	80,109	76,246

20. INTERESTS IN JOINT VENTURES (continued)

As at December 31, 2015 and 2014, the Group had interests in the following joint ventures:

Name of entity*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activity
					2015 %	2014 %	2015 %	2014 %	
Shanghai Bashi Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda") 上海巴士永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S (sales, spare parts, services and survey) dealership
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong") 上海永達長榮汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Harbin Yongda International Automobile Plaza Co., Ltd. ("Harbin Yongda") 哈爾濱永達國際汽車廣場有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**36**	36	**36**	36	4S dealership

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

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

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**246,109**	149,572
Non-current assets	**48,085**	47,448
Current liabilities	**202,736**	109,462
Non-current liabilities	**11,349**	11,313
Income recognized for the year	**544,908**	484,443
Expenses recognized for the year	**(532,378)**	(476,262)

21. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Cost of unlisted investments in associates	169,218	18,518
Share of post-acquisition losses and other comprehensive income, net of dividend received	(3,150)	(3,412)
	166,068	15,106

As at December 31, 2015, the Group had interests in the following associates:

Name of entity*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registed capital held by the Group 2015 %	Proportion of nominal value of registed capital held by the Group 2014 %	Proportion of voting power held 2015 %	Proportion of voting power held 2014 %	Principal activity
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile") 上海永達風度汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership
Nantong Oriental Yongda Jiachen Automobile Sales and Services Co., Ltd. ("Nantong Oriental Yongda") 南通東方永達佳晨汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	60	60 (note a)	60	60	4S dealership
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda") 上海東方永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	49	49	49	49	Sale of passenger vehicles
Shanghai Jinjiang Toyota Automobile Sales and Services Co., Ltd. 上海錦江豐田汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	49	49	49	49	4S dealership
Changjiang United Finance Leasing Co., Ltd 長江聯合金融租賃公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	15 (note b)	N/A	15	N/A	Finance leasing
Shanghai Aiqing Network Technology Co., Ltd. 上海愛擎網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	20	N/A	20	N/A	Software development

21. INTERESTS IN ASSOCIATES (continued)

Notes:

a On April 9, 2014, the Group acquired 11% equity interests in Nantong Oriental Yongda from an independent third party for a consideration of RMB5,700,000 to expand the Group's dealership network. Immediately after acquisition, this company became an indirectly 60%-owned subsidiary of the Group.

b Pursuant to the articles of Changjiang United Finance Leasing Co., Ltd, the Group has the right to appoint one board director. As such, the Group considers it could have significant influence over the Changjiang United Finance Leasing Co., Ltd and treated it as an interest in an associate.

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

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

	2015 *RMB'000*	2014 *RMB'000*
Total assets	**5,975,860**	177,193
Total liabilities	**(4,930,419)**	(138,878)
Net assets	**1,045,441**	38,315
Group's share of net assets of associates	**3,066**	15,106
Revenue for the year/period before disposal	**355,110**	316,329
Profit and total comprehensive income for the year/period before disposal	**4,461**	48
Group's share of profit and total comprehensive income of associates for the year/period before disposal	**3,066**	651

22. 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.

	2015 *RMB'000*	2014 *RMB'000*
Analysed as:		
Current	**569,926**	357,144
Non-current	**207,719**	467,969
	777,645	825,113

22. FINANCE LEASE RECEIVABLES (continued)

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Finance lease receivables comprise:				
Within one year	**593,010**	398,319	**569,926**	357,144
In more than one year but not more than two years	**200,983**	193,321	**176,406**	150,091
In more than two years but not more than five years	**37,529**	372,290	**31,313**	317,878
	831,522	963,930	**777,645**	825,113
Less: unearned finance income	**(53,877)**	(138,817)	**N/A**	N/A
Present value of minimum lease payment receivables	**777,645**	825,113	**777,645**	825,113

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

During the year ended December 31, 2015, the finance lease receivables of approximately RMB525.5 million (2014: RMB275.3 million) was transferred to financial institutions by discounting those receivables. As the Group has transferred substantially all the risks and rewards relating to these receivables, the transferred financial assets are derecognised in their entirety.

At December 31, 2015, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB337,398,000 (2014: RMB101,603,000) and RMB180,001,000 (2014: RMB65,207,000) (Note 28) were recognized as other non-current liabilities and current liabilities, respectively.

23. DEFERRED TAXATION

(a) Deferred tax assets

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

	Tax losses RMB'000	Accrued expenses RMB'000	Payroll and welfare payable RMB'000	Others RMB'000	Total RMB'000
At December 31, 2013	30,907	4,215	8,794	4,806	48,722
Credit to profit or loss	43,612	4,610	3,177	2,440	53,839
Acquired on acquisition of subsidiaries	—	—	—	47	47
Eliminated on disposals	—	(27)	(24)	—	(51)
At December 31, 2014	74,519	8,798	11,947	7,293	102,557
Credit (charge) to profit or loss	9,262	(5,657)	(11,881)	(1,525)	(9,801)
At December 31, 2015	83,781	3,141	66	5,768	92,756

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

The Group's unused tax losses of approximately RMB335,124,000 and RMB298,076,000 as at December 31, 2015 and 2014, respectively have been recognized as deferred tax assets as at the end of the reporting periods.

23. DEFERRED TAXATION (continued)

(b) Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries *RMB'000*
At December 31, 2013	63,375
Deferred tax arising from acquisition of subsidiaries	46,543
Recognised in profit or loss	(1,973)
At December 31, 2014	107,945
Recognised in profit or loss	(3,527)
At December 31, 2015	**104,418**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB2,679,570,000 (2014: RMB2,336,907,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

24. INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Motor vehicles	**3,559,841**	3,905,713
Spare parts and accessories	**523,223**	418,454
	4,083,064	4,324,167

Certain of the Group's inventories with a carrying amount of approximately RMB694,439,000 and RMB689,368,000 as at December 31, 2015 and 2014, respectively, were pledged as security for the Group's short-term bank loans and other borrowings (Note 29).

Certain of the Group's inventories with a carrying amount of approximately RMB739,828,000 and RMB1,352,665,000 as at December 31, 2015 and 2014, respectively, were pledged as security for the Group's bills payable.

25. 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.

	2015 *RMB'000*	2014 *RMB'000*
Current		
Trade receivables *(note a)*	305,247	203,013
Other receivables comprise:		
Payments and deposits to suppliers	797,719	841,737
Deposits to entities controlled by suppliers for borrowings	107,720	122,400
Payments and rental deposits on properties	56,341	64,779
Rebate receivables from suppliers	1,753,903	1,664,046
Insurance commission receivables	53,500	33,610
Staff advances	8,835	10,555
Value-Added Tax recoverable	257,244	265,617
Advances to non-controlling shareholders *(note b)*	39,549	25,118
Advances to independent third parties *(note c)*	25,100	25,100
Receivables on disposal of a subsidiary *(note d)*	6,420	10,500
Others	130,004	86,711
Less: allowance for doubtful debts	(8,020)	—
	3,228,315	3,150,173
	3,533,562	3,353,186

25. TRADE AND OTHER RECEIVABLES (continued)

Notes:

a. During the year ended December 31, 2014, the trade receivables of approximately RMB100 million was transferred to a financial institution by discounting those receivables. As the Group has transferred substantially all the significant risks and rewards relating to these receivables, the transferred financial assets are derecognised in their entirety.

b. The balances are unsecured, interest-free and repayable on demand. The balance of approximately RMB11,819,000 was settled by dividends declared and payable to such non-controlling interest during the year ended December 31, 2015.

c. The balances are unsecured, interest-free and repayable on demand. The balance of approximately RMB1,600,000 are individually impaired due to the aging above one year.

d. In 2014, the Group disposed of the entire equity interests in an entity at a consideration of approximately RMB15,500,000 to an independent third party. As of December 31, 2014, the consideration of approximately RMB10,500,000 was not received. During the year ended December 31, 2015, the balance of approximately RMB4,080,000 was set off against the payable to the entity. In 2015, the Group provided the allowance of the remaining balance, approximately RMB6,420,000, due to the difficulties in collection.

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

	2015 ***RMB'000***	2014 *RMB'000*
0 to 180 days	**305,247**	203,013

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

Movement in the allowance for doubtful debts

	RMB'000
January 1, 2015	—
Impairment losses recognised on receivables	(8,020)
December 31, 2015	(8,020)

26. CASH IN TRANSIT

Cash in transit represents sales settled by credit cards, which have yet to be credited to the Group by banks. The balance of cash in transit as at December 31, 2015 aged seven days (2014: seven days).

27. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at December 31, 2015, the Group had a short-term principal-guaranteed deposit with carrying amount of approximately RMB20,000,000 in a bank in the PRC. It carried variable interest rate but no less than fixed rate of 2.3%, which was guaranteed by the counterparty bank. The variable interest rate was in reference with the yield rate on the interbank medium and short term debenture, which was provided by the counterparty bank periodically. The expected yield is variable ranging from 2.30% to 3.60% per annum. The variable return element is an embedded derivative which should be accounted for separately. In the opinion of the directors of the Group, the fair value of such embedded derivative does not have a material impact on the results and financial position of the Group.

As at December 31, 2014, the Group had a short-term principal-guaranteed deposit with carrying amount of approximately RMB10,000,000 in a bank in the PRC. The yield rate of the deposit, related to the yield rates of the underlying investments, including government bonds, bank deposits and other kinds of financial instruments governed by monetary regulatory bodies in the PRC, was provided by the counterparty bank periodically. In accordance with the relevant agreements, the expected yield is variable ranging from 2.10% to 3.60% per annum. During the year ended December 31, 2014, the Group received a return of approximately RMB3,347,000 which was recognized as interest income in the consolidated statement of profit or loss and other comprehensive income. The variable return element is an embedded derivative which should be accounted for separately. In the opinion of the directors of the Group, the fair value of such embedded derivative does not have a material impact on the results and financial position of the Group.

The Group pledged certain of its bank deposits to banks as security for bills payable and the pledged bank deposits carry variable-rate interest ranging from 0.35% to 2.80% (2014: 0.50% to 2.80%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bills payable.

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

	2015	2014
	Interest rate per annum	
The Group		
— RMB	0.35%	0.35%
— HK$	0.01%	0.01%
— US$	0.001%	0.001%

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

	2015 RMB'000	2014 RMB'000
HK$	62	269
US$	1,452	2,864
	1,514	3,133

28. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	2015 *RMB'000*	2014 *RMB'000*
Trade payables	**325,854**	284,811
Bills payables	**2,540,682**	2,365,812
	2,866,536	2,650,623
Other payables		
Other tax payables	**88,652**	49,867
Advances and deposits from customers	**1,035,324**	1,621,283
Payable for acquisition of property, plant and equipment	**112,436**	165,321
Rental payables	**29,895**	48,854
Salary and welfare payables	**47,786**	50,760
Accrued interest	**30,827**	31,823
Accrued audit fee	**3,800**	4,000
Other accrued expenses	**10,703**	41,174
Transaction costs payable for issue of short-term debenture *(Note 30)*	**1,000**	—
Transaction costs payable for issue of medium-term note *(Note 31)*	**626**	3,445
Transaction costs payable for issue of convertible bonds *(Note 32)*	**16,912**	16,912
Consideration payables for acquisition of subsidiaries *(note a)*	**17,045**	48,979
Advance from non-controlling shareholders *(note a)*	**126,781**	124,683
Advance from former shareholders of acquired subsidiaries	**2,688**	2,688
Advance from an independent third party *(note b)*	**—**	4,080
Deposits received from customers under finance leases *(Note 22)*	**180,001**	65,207
Others	**111,757**	56,305
	1,816,233	2,335,381
	4,682,769	4,986,004
Non-current		
Other liabilities		
Deposits received from customers under finance leases *(Note 22)*	**337,398**	101,603
Transaction costs payable for issue of convertible bonds *(Note 32)*	**—**	16,912
	337,398	118,515

28. TRADE AND OTHER PAYABLES/OTHER LIABILITIES (continued)

Notes:

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

b. During the year ended December 31, 2015, the balance of advance from an independent third party was set off against the receivable from the same counterparty as set out in Note 25.

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

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

	2015 ***RMB'000***	2014 *RMB'000*
0 to 90 days	**2,866,536**	2,650,623

29. BORROWINGS

	2015 RMB'000	2014 RMB'000
Bank loans	**3,203,215**	4,355,153
Other borrowings from entities controlled by suppliers	**949,927**	699,334
	4,153,142	5,054,487
Secured borrowings, by the Group's assets	**852,251**	815,077
Unsecured borrowings	**3,300,891**	4,239,410
	4,153,142	5,054,487
Guaranteed borrowings, by an independent third party	**35,349**	20,000
Unguaranteed borrowings	**4,117,793**	5,034,487
	4,153,142	5,054,487
Fixed-rate borrowings	**2,631,944**	2,076,326
Variable-rate borrowings	**1,521,198**	2,978,161
	4,153,142	5,054,487
Carrying amount repayable:		
Within one year	**3,902,214**	4,855,730
More than one year, but not exceeding two years	**163,365**	164,535
More than two years, but not exceeding five years	**62,813**	22,972
More than five years	**24,750**	11,250
	4,153,142	5,054,487
Less: amounts due within one year		
Shown under current liabilities	**(3,902,214)**	(4,855,730)
Amounts shown under non-current liabilities	**250,928**	198,757

29. BORROWINGS (continued)

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

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	**5.60% to 8.25%**	5.60% to 9.36%
Variable-rate borrowings	**4.36% to 7.80%**	5.60% to 7.50%

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

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

As at December 31, 2014, the Group had borrowings of US$120,624,000, equivalent to RMB738 million, denominated in US$ which is a foreign currency of the relevant group entity. During the year ended December 31, 2015, the loan denominated in US$ was fully converted to the loan denominated in RMB.

During the years ended December 31, 2015 and 2014, the Group entered into various borrowing agreements with banks and financial institutions to finance its business operations and expansion. Such borrowings were secured against the Group's assets with carrying amounts as follows:

	2015 *RMB'000*	2014 *RMB'000*
Land use rights	**168,761**	152,924
Property, plant and equipment (buildings and motor vehicles)	**222,808**	140,184
Inventories	**694,439**	689,368
Total	**1,086,008**	982,476

30. SHORT-TERM DEBENTURE

On September 22, 2015, Shanghai Yongda Investment Holdings Group Co., Ltd. ("Shanghai Yongda Investment"), an indirect wholly-owned subsidiary of the Company, has received a notice of acceptance of registration (the "Notice") issued from National Association of Financial Market Institutional Investors ("NAFMII") to issue a short-term debenture of an aggregate registered amount of RMB1.6 billion. According to the Notice, the registered amount will be effective for two years commencing from the date of issue of the Notice.

On October 20, 2015, Shanghai Yongda Investment issued the first tranche of the short-term debenture of an aggregate principal amount of RMB0.8 billion with a term of one year from the date of issuance.

30. SHORT-TERM DEBENTURE (continued)

The Short-term debenture is unsecured and carries interest at a rate of 4% per annum. The interest is payable upon maturity. The short-term debenture was issued to domestic institutional investors in the PRC which are independent third parties.

At December 31, 2015, unpaid transaction costs of approximately RMB1,000,000 (Note 28) are recognized as current liabilities respectively. The Group paid transaction costs of approximately RMB2,200,000 during the year ended December 31, 2015.

Movement of the short-term debenture during the year ended December 31, 2015 was as follows:

	RMB'000
Issue on October 20, 2015	800,000
Less: capitalized transaction cost in relation to issuance	(3,200)
Add: interest expenses *(Note 9)*	622
At December 31, 2015	**797,422**

During the year ended December 31, 2015, interest expenses of approximately RMB6,223,000 was recognized. As at December 31, 2015, unpaid interest expenses of approximately RMB6,223,000 was accrued in other payables.

31. MEDIUM-TERM NOTE

On September 22, 2013, Shanghai Yongda Investment 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.

At December 31, 2014, unpaid unamortized transaction costs of approximately RMB626,000 (2014: RMB3,445,000) are recognized as current liabilities. During the year ended December 31, 2015, the Group paid transaction costs of approximately RMB2,819,000 (2014: RMB2,819,000).

Movement of the medium-term note during the year ended December 31, 2015 was as follows:

	RMB'000
At January 1, 2014	1,149,892
Add: interest expense *(Note 9)*	3,790
At December 31, 2014	1,153,682
Add: interest expense *(Note 9)*	3,790
At December 31, 2015	**1,157,472**

31. MEDIUM-TERM NOTE (continued)

During the year ended December 31, 2015, interest expenses of approximately RMB74,240,000 (2014: RMB74,240,000) was paid, As at December 31, 2015, unpaid interest expenses of approximately RMB27,572,000 (2014: RMB19,991,000) was accrued in other payables. At December 31, 2015, the medium-term note will be repaid within one year and is recognized as current liability.

32. 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.

The principal terms of the bonds

(1) Denomination of the bonds — The Bonds are denominated in RMB and settled in USD.

(2) Maturity date — Five years from the date of issuance, which is July 18, 2019 ("Maturity Date").

(3) Interest — The Bonds bear interest at 1.50 per cent per annum and is payable in US dollars at the US Dollar equivalent of each interest amount semiannually. The first interest payment date will be 18 January 2015.

(4) Letter of Credit — Payments of principal and premium in respect of the Bonds has the benefit of an irrevocable standby letter of credit (the "Letter of Credit") issued by DBS Bank Ltd., Hong Kong Branch which, subject to certain exceptions, expires on August 17, 2017.

(5) Conversion

a) Conversion price — The price is HK$7.958 per each new share to be issued upon conversion of the bonds ("Conversion Share"), subject to anti-dilutive adjustment in accordance with the terms of the bonds, including subdivision, reclassification or consolidation of shares of the Company, capitalisation of profits or reserves, capital distribution, issuance of options or rights, and certain other events.

b) Conversion period — The Bondholder has the right to convert the bonds into shares at any time on or after August 28, 2015 up to the close of business on the tenth day prior to the Maturity Date or if such bonds shall have been called or put for redemption at any time before the Maturity Date, then up to the close of business on a date no later than ten days (both days inclusive) prior to the date fixed for redemption, which is discussed below.

c) Number of Conversion Shares issuable — 158,259,610 Conversion Shares will be issued upon full conversion of the bonds based on the initial conversion price of HK$7.958 (translated at the fixed exchange rate of HK$1 = RMB0.79401 as pre-determined).

32. CONVERTIBLE BONDS (continued)

(6) Redemption

a) At the option of the Company:

(I) Redemption at maturity — The Company will redeem the bonds outstanding at principal amount on the Maturity Date.

(II) Redemption for tax reasons — The Company will redeem all and not only some of the Bonds at their principal amount, at its option, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders on the date specified in the Tax Redemption Notice.

(III) Redemption at the Option — The Company may redeem all and not only some of the Bonds on the date specified in the Option Redemption Notice at the US Dollar Equivalent of the Early Redemption Amount as at such date plus accrued and unpaid interest to such date at any time after July 18, 2017, provided that the closing price of a Share at least 130 percent of the Conversion Price then in effect immediately prior to the date upon which notice of such redemption is given. If at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled, the Issuer may redeem all and not only some of such outstanding Bonds.

b) At the option of the Bondholder:

(I) Redemption on change of control — Upon the occurrence of a Change of Control, the Bondholder will have the right, at such holder's option, to require the Company to redeem all or some only of such holder's bonds on the Change of Control put date at their principal amount of the bonds.

(II) Redemption at the option — The holders of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Optional Put Date (on July 18, 2017) at 100.767% of their principal amount.

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.

32. CONVERTIBLE BONDS (continued)

(6) Redemption (continued)

b) At the option of the Bondholder: (continued)

	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 December 31, 2015, unpaid transaction costs of approximately RMB16,912,000 (Note 28) are recognized as current liabilities respectively. At December 31, 2014, unpaid transaction costs of approximately RMB16,912,000 (Note 28) are recognized as non-currently liabilities while no such liabilities existed as at December 31, 2015. The Group paid transaction costs of approximately RMB16,912,000 during the year ended December 31, 2015.

Subsequent to the initial recognition, the liability component of the convertible bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the convertible bonds was 6.83% per annum. The movement of the liability component of the convertible bonds for the year ended December 31, 2015 is set out below:

	2015 ***RMB'000***	2014 *RMB'000*
Liability component at December 31/the date of issue	**890,336**	863,773
Interest charged *(Note 9)*	**61,075**	26,563
Interest paid	**(22,500)**	—
	928,911	890,336
Less: interest payables due within one year		
Shown under current liabilities	**—**	(6,667)
Liability component shown under non-current liabilities	**928,911**	883,669

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

33. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorized:		
At December 31, 2013, 2014 and 2015	2,500,000	25,000

	Number of shares '000	Amount HK$'000	Shown in financial statements as RMB'000
Issued and fully paid:			
At December 31, 2013, 2014 and 2015	1,480,022	14,800	12,065

34. 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 Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted must be taken up within 28 days from the date of grant, upon payment of RMB1.00. Subject to the vesting as detailed below, options may be exercised at any time from the grant date of the share options to the fifth anniversary of the date of grant. The exercise price of the shares in the Company shall be a price determined by the board of directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

At December 31, 2015, the number of shares in respect of which options under the Share Option Scheme remained outstanding was 148,002,200 (2014: 148,002,200), representing 10% (2014: 10%) of the shares of the Company in issue at that date.

34. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

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

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

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

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

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

	December 30, 2013
Share price	HK$6.95
Exercise price	HK$6.95
Expected volatility	36.54%
Expected life	3.5 years
Risk-free interest rate	1.00%

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

34. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

Set out below are details of movements of the outstanding options granted under the Share Option Scheme during the year ended December 31, 2015:

	Number of options				
	Outstanding as at 1 January 2015	Issue during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31 December 2015
Director:					
Ms. Wang Liqun	200,000	–	–	–	200,000
Mr. Lyu Wei	200,000	–	–	–	200,000
Mr. Chen Xianglin	200,000	–	–	–	200,000
Mr. Xu Yue *(note a)*	3,000,000	–	–	–	3,000,000
Ms. Chen Yi *(note a)*	1,300,000	–	–	–	1,300,000
Former independent Non-executive director					
Mr. Wang Zhiqiang *(note b)*	200,000	–	–	–	200,000
Employees	24,600,000	–	–	–	24,600,000
	29,700,000	–	–	–	29,700,000
Exercisable at the end of the year	9,900,000				19,800,000
Weighted average exercise price *(HK$)*	6.95				6.95

Notes:

a. Mr. Xu Yue and Ms. Chen Yi were appointed as Executive Directors on March 23, 2015.

b. Mr. Wang Zhiqiang resigned as an independent Non-executive Director on May 8, 2015.

Amount of RMB13,272,000 (2014: RMB13,272,000) was recognized for the year ended December 31, 2015 in relation to share options granted by the Company under the Share Option Scheme.

34. 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. During the year ended December 31, 2015, awards of approximately 2,940,000 restricted shares 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*
April 10, 2014	3,860	10–15 years	21,894
October 30, 2014	3,170	1–10 years	17,194
September 1, 2015	2,940	15 years	7,960

Amount of approximately RMB2,740,000 (2014: RMB15,000,000) was recognized for the year ended December 31, 2015 in relation to such awards made by the Company under the Amended Scheme.

35. 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 paid	4,357
	4,356

36. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	2015 *RMB'000*	2014 *RMB'000*
Associate held by the Group		
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda")	**118**	7,023
Shanghai Yongda Fengdu Automobile	**–**	5,787
Joint ventures held by the Group		
Harbin Yongda	**67,264**	24,620
Entities controlled by the shareholders		
Shanghai Yongda Shenbao Autombiles Sales and Services Co., Ltd. ("Shanghai Yongda Shenbao")	**–**	370
Shanghai Yongda Advertisement Co., Ltd.	**–**	38
ShanghaiYongda Fengchi Second-Hand Automobile Managemnt Co., Ltd. ("Shanghai Yongda Fengchi Second-Hand")	**–**	36
	67,382	37,874
Analyzed as:		
Trade-related *(note)*	**118**	7,431
Non trade-related	**67,264**	30,443
	67,382	37,874

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

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

36. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	2015 RMB'000	2014 RMB'000
Joint ventures held by the Group		
Shanghai Bashi Yongda	**1,624**	1,682
Entity controlled by the shareholders		
Shanghai Yongda Group Company Limited ("Yongda CLS") *(note a)*	**–**	9,688
Associate held by the Group		
Shanghai Yongda Changrong	**884**	–
	2,508	11,370
Analyzed as:		
Trade-related *(note b)*	**2,508**	1,682
Non trade-related	**–**	9,688
	2,508	11,370

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

Notes:

a. The balance as at December 31, 2014 represented a dividend payable and was settled during the year ended December 31, 2015.

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

III. Related party transactions

	2015 RMB'000	2014 RMB'000
a) Sales of motor vehicles		
Shanghai Bashi Yongda	**2,214**	824
Shanghai Yongda Changrong	**651**	–
Shanghai Yongda Shenbao	**97**	–
	2,962	824

36. 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 RMB825,435,000 and RMB793,040,000 for the years ended December 31, 2015 and 2014, respectively. A commission of approximately RMB5,121,000 and RMB5,385,000 was paid to Shanghai Oriental Yongda for the marketing and promotion activities it carried out for the Group for the years ended December 31, 2015 and 2014, respectively.

		2015 RMB'000	2014 RMB'000
b)	**Purchase of motor vehicles**		
	Shanghai Bashi Yongda	**16,779**	28,670
	Shanghai Yongda Changrong	**884**	—
		17,663	28,670
c)	**Sales of spare parts**		
	Shanghai Yongda Fengdu Automobile	**–**	45
	Shanghai Yongda Changrong	**–**	88
		–	133
d)	**Purchase of spare parts**		
	Shanghai Bashi Yongda	**–**	24
		–	24

36. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

Sales of motor vehicles via Shanghai Oriental Yongda (continued)

		2015 *RMB'000*	2014 *RMB'000*
e)	**Purchase of property, plant and equipment from**		
	Shanghai Yongda Changrong	–	745
			745
f)	**Rental expenses paid to**		
	Entity controlled by the shareholders		
	Yongda CLS, Shanghai Yongda Transportation Equipment Co., Ltd. and Shanghai Yongda Property Development Co., Ltd. *(note)*	**11,568**	9,589
	Associate held by the Group		
	Shanghai Yongda Fengdu Automobile	**3,500**	750
		15,068	10,339

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

		2015 *RMB'000*	2014 *RMB'000*
g)	**Compensation of key management personnel**		
	Short-term benefits	**8,378**	4,949
	Post-employment benefits	**431**	257
	Shared-based payments	**6,474**	5,417
		15,283	10,623

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

37. OPERATING LEASES

The Group as lessee

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

	2015 *RMB'000*	2014 *RMB'000*
Within one year	146,732	155,871
In the second to fifth years inclusive	430,138	478,115
After five years	716,232	904,600
	1,293,102	1,538,586

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

The Group as lessor

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

	2015 *RMB'000*	2014 *RMB'000*
Within one year	151,969	175,553
In the second to fifth years inclusive	57,552	81,188
	209,521	256,741

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

38. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure in respect of acquisition of		
— property, plant and equipment contracted for but not provided	**96,776**	177,145
Commitment to purchase available-for-sales investments	**11,951**	—

39. RETIREMENT BENEFITS SCHEME

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

The total cost charged to the consolidated statements of comprehensive income of approximately RMB86,782,000 and RMB85,750,000 for the years ended December 31, 2015 and 2014, respectively, represent contributions payable to the scheme by the Group for the respective years.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at December 31, 2015 is as follows:

	NOTE	2015 RMB'000	2014 RMB'000
Investments in subsidiaries and amounts due from subsidiaries		**2,163,428**	2,921,422
Other assets		**12,922**	23,869
Total assets		**2,176,350**	2,945,291
Total liabilities		**(1,105,474)**	(1,663,061)
		1,070,876	1,282,230
Capital and reserves			
Share capital		**12,065**	12,065
Reserves	(a)	**1,058,811**	1,270,165
		1,070,876	1,282,230

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note (a):

	Share Premium RMB'000	Share-based payments reserve RMB'000	Convertible bonds reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2014	1,385,488	—	—	(1)	1,385,487
Loss for the year	—	—	—	(28,481)	(28,481)
Dividends recognized as distribution	(177,603)	—	—	—	(177,603)
Recognition of equity-settled share-based payments	—	28,272	—	—	28,272
Recognition of equity component of convertible bonds	—	—	62,490	—	62,490
At December 31, 2014	1,207,885	28,272	62,490	(28,482)	1,270,165
Loss for the year	—	—	—	(79,364)	(79,364)
Dividends recognized as distribution	(148,002)	—	—	—	(148,002)
Recognition of equity-settled share-based payments	—	16,012	—	—	16,012
At December 31, 2015	1,059,883	44,284	62,490	(107,846)	1,058,811

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at December 31, 2015 and 2014 are as follows:

Name of subsidiaries # ^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company At December 31, 2015 %	2014 %	Principal activities @
Directly held:						
Sea of Wealth International Investment Company Limited 富海國際投資有限公司	The British Virgin Islands	November 15, 2011	1 share of US$1.00 each	**100**	100	Investment holding
Indirectly held:						
Grouprich International Investment Holdings Limited 香港匯富國際投資集團有限公司	Hong Kong	September 10, 2004	1,000,000 shares of HK$1.00 each	**100**	100	Investment holding
Shanghai Yongda Investment Holdings Group Co., Ltd. 上海永達投資控股集團有限公司 (formerly known as Shanghai Yongda Investment Co., Ltd. 上海永達投資有限公司)	PRC	September 25, 2003	RMB1,382,000,000	**100**	100	Investment holding
Shanghai Yongda Automobile Group Co., Ltd. 上海永達汽車集團有限公司 (formerly known as Shanghai Yongda Automobile International Investment Management Co., Ltd. 上海永達汽車國際投資管理有限公司)	PRC	September 15, 2003	RMB910,000,000	**100**	100	Investment holding
Shanghai Yongda Automobile Leasing Co., Ltd. 上海永達汽車租賃有限公司	PRC	February 21, 2000	RMB50,000,000	**100**	100	Automobile rental services
Shanghai Baozen Automobile Sales and Services Co., Ltd. 上海寶誠汽車銷售服務有限公司	PRC	January 6, 2004	RMB80,000,000	**100**	100	4S dealership
Shanghai Baozen Zhonghuan Automobile Sales and Services Co., Ltd. 上海寶誠中環汽車銷售服務有限公司	PRC	August 30, 2007	RMB50,000,000	**100**	100	4S dealership
Taiyuan Baozen Automobile Sales and Services Co., Ltd. 太原寶誠汽車銷售服務有限公司	PRC	October 23, 2007	RMB15,000,000	**60**	60	4S dealership
Nantong Baozen Automobile Sales and Services Co., Ltd. 南通寶誠汽車銷售服務有限公司	PRC	September 1, 2006	RMB30,000,000	**100**	100	4S dealership
Wuxi Yicheng Automobile Sales and Services Co., Ltd. 無錫翼誠汽車銷售服務有限公司	PRC	October 13, 2011	RMB10,000,000	**100** ***(note 1)***	94	4S dealership
Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. ("Wuxi Yongda Oriental") 無錫永達東方汽車銷售服務有限公司	PRC	April 15, 2011	RMB50,000,000	**70**	70	4S dealership
Shanghai Yongda Infiniti Automobile Sales and Services Co., Ltd. 上海永達英菲尼迪汽車銷售服務有限公司	PRC	September 18, 2006	RMB30,000,000	**100**	100	4S dealership

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company At December 31, 2015 %	2014 %	Principal activities @
Shanghai Yongda Infiniti Qibao Automobile Sales and Services Co., Ltd. 上海永達英菲尼迪七寶汽車銷售服務有限公司	PRC	August 14, 2009	RMB25,000,000	100	100	4S dealership
Guangzhou Yongda Automobile Rental Co., Ltd. ("Guangzhou Yongda Automobile Rental") 廣州永達汽車租賃有限公司 (formerly known as Guangzhou Dafa Qizhong Services Co., Ltd 廣州大發起重服務有限公司)	PRC	July 6, 2012	RMB50,000	100 *(note 2)*	N/A	Automobile rental services
Yongsheng Finance Leasing Co., Ltd 永昇融資租賃有限公司	PRC	August 22, 2014	RMB25,500,000	100	100	Finance leasing services
Shanghai Yongda Finance Leasing Co., Ltd. 上海永達融資租賃有限公司	PRC	March 29, 2013	RMB300,000,000	100	100	Finance leasing services
Shanghai Yongda Bashi Automobile Sales and Services Co., Ltd. 上海永達巴士汽車銷售服務有限公司	PRC	March 11, 2008	RMB20,000,000	100	100	4S dealership
Shanghai Yongda Toyota Automobile Sales and Services Co., Ltd. 上海永達豐田汽車銷售服務有限公司	PRC	April 25, 2002	RMB10,000,000	100	100	4S dealership
Shanghai Pudong Used Automobile Trading Management Co., Ltd. ("Shanghai Pudong Used Automobile") 上海市浦東舊機動車交易市場經營管理有限公司	PRC	July 13, 1999	RMB5,340,000	75	75	Pre-owned vehicle business
Shanghai Zhongzheng Second-Hand Automobile Valuation Services Co., Ltd. 上海中正二手車評估服務有限公司	PRC	September 22, 2005	RMB1,560,000	80	80	Pre-owned vehicle business
Shanghai Yongda Finance Leasing Co., Ltd. 上海永達融資租賃有限公司	PRC	March 29, 2014	RMB170,000,000	100	100	Finance leasing service
Linyi Yubaohang Automobile Sales and Services Co., Ltd. 臨沂宇寶行汽車銷售服務有限公司	PRC	October 26, 2006	RMB30,000,000	100	100	4S dealership
Lishui Jiacheng Automobile Sales and Services Co., Ltd. 麗水市嘉誠汽車銷售有限公司	PRC	May 17, 2010	RMB80,000,000	100	100	4S dealership
Jiangyin Leichi Automobile Sales and Services Co., Ltd. 江陰雷馳汽車銷售服務有限公司	PRC	August 23, 2010	RMB15,000,000	88	88	4S dealership
Yancheng Yuebao Trading Co., Ltd. 鹽城悦寶貿易有限公司	PRC	October 31, 2015	RMB20,396,500	100	100	Operation to be commenced
Haerbin Baozen Automobile Sales and Services Co., Ltd. 哈爾濱寶誠汽車銷售服務有限公司	PRC	March 7, 2015	RMB15,000,000	100	100	4S dealership
Tianjin Zhongshun Jinbao Automobile Sales and Services Co., Ltd. 天津市中順津寶汽車服務有限公司	PRC	March 31, 2015	RMB45,000,000	100	100	4S dealership

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company At December 31, 2015 %	2014 %	Principal activities @
Changshu Yongda Lujie Automobile Sales and Services Co., Ltd. 常熟永達路捷汽車銷售服務有限公司	PRC	June 8, 2014	RMB15,000,000	**100**	100	4S dealership
Shanghai West Shanghai Hongjie Automobile Sales and Services Co., Ltd. 上海西上海弘傑汽車銷售服務有限公司	PRC	July 5, 2011	RMB60,000,000	**100**	100	4S dealership
Shanghai Yongda Qiming Automobile Sales and Services Co., Ltd. 上海永達啟明汽車銷售服務有限公司	PRC	January 27, 2015	RMB22,000,000	**100**	100	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. ("Wuxi Baozen") 無錫寶誠汽車銷售服務有限公司	PRC	September 13, 2004	RMB11,500,000	**88** ***(note 1)***	82	4S dealership

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

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

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

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

1. The Group acquired additional 6% equity interests in these two companies during the year ended December 31, 2015, with total consideration of approximately RMB5,446,000.

2. The company was newly acquired in 2015. Details are set out in Note 35.

None of the subsidiaries had issued any debt securities at the end of the year, except for Shanghai Yongda Investment Holdings Group Co., Ltd. which issued a short-term debenture with principal amount of RMB0.8 billion and a medium-term note with principal amount of RMB1.16 billion. Details of the short-term debenture are set out in Note 30 and details of the medium-term note are set out in Note 31.

42. SUBSEQUENT EVENT

On January 17, 2016, the Company's indirect wholly owned subsidiary, Shanghai Yongda Investment Holding Group Limited entered into a binding framework agreement with a company (the "A-share Listco") whose shares are listed on the Shenzhen Stock Exchange of the PRC in respect of a proposed transfer of certain assets by the Group in exchange for certain equity interests in the A-share Listco. Such transaction, if material, may constitute a spin-off under the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and separate listing of the assets to be transferred on the Shenzhen Stock Exchange.

Financial Summary

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

	Year ended December 31,				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
REVENUE	**35,657,593**	32,937,975	26,096,526	21,711,998	20,304,119
Profit before tax	**776,535**	705,235	852,577	681,317	740,869
Income tax expense	**(209,201)**	(165,755)	(210,540)	(165,850)	(177,703)
Profit and total comprehensive income for the year	**567,334**	539,480	642,037	515,467	563,166
Attributable to:					
Owners of the Company	**524,468**	501,130	588,310	470,016	504,782
Non-controlling interests	**42,866**	38,350	53,727	45,451	58,384
	567,334	539,480	642,037	515,467	563,166
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**17,207,264**	16,919,270	12,898,157	9,995,648	8,158,716
TOTAL LIABILITIES	**(12,606,829)**	(12,743,580)	(9,206,701)	(6,677,049)	(6,420,649)
NON-CONTROLLING INTERESTS	**(363,240)**	(331,799)	(267,391)	(256,016)	(158,947)
	4,237,195	3,843,891	3,424,065	3,062,583	1,579,120