润东汽车

CHINA GREENLAND RUNDONG AUTO GROUP LIMITED
中國綠地潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1365

2015

ANNUAL REPORT
年報

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Yang Peng *(Chairman, executive Director and President of our Group)*
Mr. Liu Dongli *(vice Chairman of the Board, executive Director)*
Mr. Zhao Zhongjie *(executive Director, Executive President of our Group)*
Mr. Liu Jian *(executive Director, Vice President of our Group)*
Mr. Li Wei *(non-executive Director)*
Mr. Wu Zhengkui *(non-executive Director)*
Mr. Zhao Fu *(non-executive Director)*
Mr. Yan Sujian *(non-executive Director, Vice Chairman of our Group)*
Mr. Peng Zhenhuai *(independent non-executive Director)*
Mr. Mei Jianping *(independent non-executive Director)*
Mr. Lee Conway Kong Wai *(independent non-executive Director)*
Mr. Xiao Zhengsan *(independent non-executive Director)*

AUDIT COMMITTEE

Mr. Lee Conway Kong Wai *(Chairman)*
Mr. Peng Zhenhuai
Mr. Yan Sujian

REMUNERATION COMMITTEE

Mr. Mei Jianping *(Chairman)*
Mr. Yang Peng
Mr. Xiao Zhengsan
Mr. Wu Zhengkui
Mr. Peng Zhenhuai

NOMINATION COMMITTEE

Mr. Yang Peng *(Chairman)*
Mr. Peng Zhenhuai
Mr. Xiao Zhengsan
Mr. Mei Jianping
Mr. Li Wei

JOINT COMPANY SECRETARIES

Mr. Zhou Jian
Ms. Ho Siu Pik

AUTHORIZED REPRESENTATIVES

Mr. Liu Jian
Ms. Ho Siu Pik

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE IN THE PRC

9F, Shenzhou Wisdom Plaza
No. 567, West Tianshan Road, Changning District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
163 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Service (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITORS

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

STOCK CODE

1365

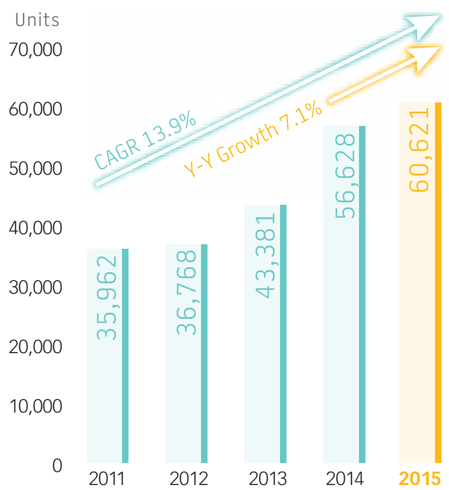
WEBSITE

www.rundong.com.cn

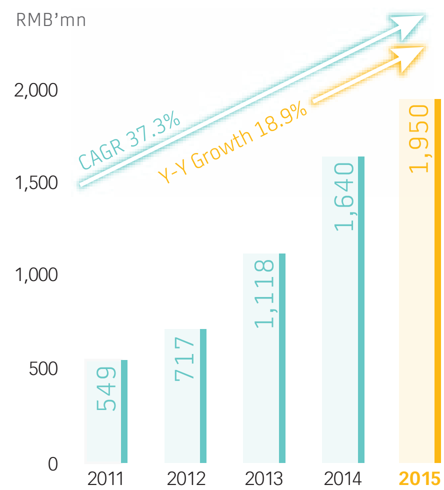
FINANCIAL HIGHLIGHTS

	Year ended December 31				
	2011	2012	2013	2014	**2015**
Results (RMB'000)					
Revenue	6,017,408	9,383,809	11,587,838	15,469,317	**14,923,054**
Net profit	90,403	91,213	248,393	312,930	**208,899**
Financial Position (RMB'000)					
Total assets	3,910,521	7,188,003	8,251,697	10,509,124	**12,692,785**
Net assets	596,361	692,165	944,437	1,739,603	**3,216,730**
Financial indicators					
Gross profit margin	7.6%	6.8%	8.6%	9.3%	**9.3%**
Return on equity	21.6%	14.2%	30.4%	18.5%	**6.5%**
Financial information per share					
Earnings per share (RMB)			0.30	0.34	**0.20**
Net assets per share (RMB)			1.18	1.62	**2.00**

Sales volume of new automobiles



Revenue from after-sales and other service



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Board**") and the management of China Greenland Rundong Auto Group Limited (the "**Company**" or "**Greenland Rundong**" and together with its subsidiaries, the "**Group**" or "**we**"), I am pleased to present the annual report of the Group for the year ended December 31, 2015 (the "**Reporting Period**" or "**Period Under Review**").

YANG Peng
Chairman

In 2015, China's economy continued to slow down and faced considerable downward pressure. The market condition in China's automobile dealership industry has become more complicated than any period before. Automobile dealers were facing increasing pressure to survive and further declining economic benefits, while industry players are confronted with increasingly grim situation. The domestic new automobile sales market entered the "micro-growth" tendency, while the market competition among various brands became more fierce. The market of mainstream luxury brands, including luxury brands which the Group mainly focuses on, were also affected accordingly. Sales of BMW had a slight year-on-year increase of 1.7%. Sales of Audi hit the first negative growth in its 26 years in China, representing a decrease of 1.4% as compared to the same period last year; and sales of Jaguar Land Rover experienced a dramatic slump of nearly 24%. Our sales revenue and net profit both declined due to the reduction in sales volume and the fierce price competition in 2015. During the year ended December 31, 2015, the Group recorded a revenue of RMB14,923.1 million, representing a decrease of 3.5% from RMB15,469.3 million in 2014, of which, revenue from new automobile sales business amounted to RMB12,972.6 million, representing a decrease of 6.2% from RMB13,829.0 million in 2014; revenue from after-sales service business amounted to RMB1,950.5 million, representing an increase of 18.9% from RMB1,640.4 million in 2014. In 2015, profit attributable to owners of the parent amounted to RMB203.3 million, representing a decrease of 33.4% as compared to 2014; earnings per share was RMB0.2.

CHAIRMAN'S STATEMENT

Confronted with the overall decelerating industry growth rate and the increasing inventory pressure in 2015, the Company adjusted the strategies positively in line with the market conditions and took all kinds of measures to cope with the market changes:

I. GREENLAND, THE CONTROLLING SHAREHOLDER, PROVIDING RESOURCE SUPPORT AND STRATEGIC SYNERGY

Since the second half of 2014, the statistics on both China's macro-economy and overall development of its automobile industry has indicated slowdown in growth. We believe that with the decelerating growth of automobile sales industry, integration within the automobile industry has reached its peak. In order to grasp the industry opportunity, overtake other competitors under the sluggish economic condition, and gain better integrated resource support, the Group duly introduced a new controlling shareholder — Greenland Financial Overseas Investment Group Co., Ltd ("**Greenland Financial**"), a wholly-owned subsidiary of Greenland Holdings Group Company Limited ("**Greenland**") during the Reporting Period. The subscription of shares in Rundong by Greenland Financial was completed on August 21, 2015, and the Company was renamed as China Greenland Rundong Auto Group Limited. On the basis of the advantages and resource support provided by Greenland, the Company will bring the strategic synergistic effect into full play and to quickly become a leading comprehensive luxury automobile service provider.

II. STRENGTHENING REFINED MANAGEMENT OF AFTER-SALES SERVICES TO INCREASE PROPORTION OF AFTER-SALES REVENUE

Along with the growth slowdown in sales of new automobiles, the focus of dealers' profitability model shifted from gross profit of new automobiles to after-sales and added value services with sales of new automobiles as the carriers. The Group has strengthened its efforts on the establishment of after-sales service stores in 2014, mainly include fast-lane repair centers or repair centers, meanwhile, designed and implemented the refinement of after-sales service management.

During the Reporting Period, the Company introduced the "Group-Region-Store" matrix management which further optimized the KPI assessment system for operational process management, and adopted efficient digitized platforms to standardize daily management of after-sales services scientifically. Therefore, revenue from after-sales services maintained continual growth during the Reporting Period. Revenue from after-sales services amounted to RMB1,950.5 million, representing a 18.9% year-on-year increase and accounting for a rising proportion of the Company's total revenue.

III. EMBRACING "INTERNET+" POSITIVELY TO ENHANCE MARKETING EFFICIENCY

As the era of "Internet+" approaches, service and marketing models of the automobile industry are in urgent need of reform and transformation. The Company embraced Internet positively, persisted in being customer-oriented, and conducted reform and innovation in existing business by means of Internet thinking.

During the Reporting Period, the Group established its own E-commerce platform on both PC terminal and mobile (WeChat) terminal. Meanwhile, the interface between the online shop and the internal management ERP has been interconnected to integrate the online and offline procedures completely, which established practical communication channel with customers. Purchasing vehicles, boutiques and maintenance packages, auctioning, reserving for maintenance and test drive, checking membership points, and other service functions online are easily accessible. Meanwhile, the Group actively developed internet marketing and service channels. During the Reporting Period, the Group established long-term strategic partnership with famous E-commerce platforms nationwide like Alibaba Auto, Vipshop, Autohome, Suning, etc. and built up the O2O auto service ecosphere within Yangtze River Delta Area.

IV. INTENSIFYING COMPETITIVENESS OF KEY BRANDS IN KEY AREAS AND ENHANCING PROFIT MARGINS

In consideration of the decrease in sales of new automobiles during the Reporting Period, the Group decelerated the pace of establishing new stores and reduced the construction scale of new stores. During the Reporting Period, the Company has only established 2 authorized stores, 1 BMW brand transition store and 1 BJEV Exhibition Hall.

However, the Group has always believed that an intensive business coverage in key areas is beneficial to promoting the coordination between various dealership stores of the Group and also favorable in enhancing the bargaining power, reducing operation costs and improving profitability in the key areas. To further strengthen its strategic deployment in the key markets of the prosperous eastern coastal area while striving for a more reasonable brand mix for the Company, the Group has made a strategic step in establishing a BMW transition store in Xuzhou of Jiangsu Province and acquiring 8 stores from various independent third parties during the Reporting Period, including 1 Audi store, 2 BMW stores, 1 Buick store, 1 Chrysler store, 1 FAW-Volkswagen store and 2 Shanghai-Volkswagen stores. Among the above 8 stores, 4 are located in Jiangsu Province and the remaining 4 in Shandong Province. We believe that such selective acquisitions will further strengthen the Group's strategic advantages in Eastern China and along with the Group's existing networks in these areas, our brand recognition and customer loyalty could be significantly enhanced.

V. FOCUSING ON NEW ENERGY INDUSTRY LAYOUT AND DEVELOPING GROWTH POTENTIAL

Undoubtedly, the production and sales of new energy automobiles in China grew by leaps and bounds in 2015. The central and domestic governments have launched multiple policies to boost the market progress of new energy automobiles. Supportive policy system for new energy automobiles in China was gradually improving, while the promotion and application of new energy automobiles were accelerating. As a result, the production and sales thereof ranked the first worldwide, with a pleasing development momentum. In view of this, the Group grasped the opportunity of rapid growth in sales of new energy automobiles and established the first 4S dealership store of BJEV in Shanghai in 2014 and set up the second BJEV Exhibition Hall in Shanghai in 2015. We believe that the consumption concept of new energy automobiles will further interiorize, while new energy automobiles in the PRC will probably achieve exponential growth in 2016, with a predictable prospect ahead.

PROSPECT AND STRATEGY

Looking ahead to 2016, the downward pressure on China's economic growth will be increasing as a whole, however, as the central government holds high expectations for achieving the continuous improvement in economy by way of expanding consumption and the automobiles plays a strong role in driving the consumption, there will be future policies favorable to the automobile industry. Under the influence of certain factors such as the cutting price, weakened impact of stock market and favorable policies etc., the consumers' intention to purchase automobiles will be enhanced compared with that in 2015. Although the PRC passenger vehicle market in 2016 will be generally expected to perform better than the previous year, it will still present the trend with slow speed. In respect of the luxury vehicles, the sales volume will continue to maintain the growth, with a view of China is becoming the second largest luxury automobile market in the world in 2016.

CHAIRMAN'S STATEMENT

As the first year of implementing the new medium-term strategy of the Company, the year 2016 is also the key year for the Company in expanding the business scale with rapid speed and paving way for breakthrough in future by capturing the good opportunity of Greenland as a shareholder of the Company.

I. TO DEVELOP A STRONGER AUTOMOBILE CONSUMPTION BUSINESS BY VIRTUE OF GREENLAND AS THE CONTROLLING SHAREHOLDER

As at the end of 2015, car ownership in the PRC reached 172 million units, and the ratio of car ownership to sales volume was 6.88, far lower than that in developed countries and the average global level of about 14. Therefore, there is still room for improvement in car ownership in China compared with other countries in the world.

In recent years, the production capacity and sales volume of 20 million units per annum enabled the car ownership to experience rapid growth and the average traveling distance of passenger vehicles amounted to 20-30 thousand kilometers, driving the explosive growth of automotive after-sales market. According to the estimated data published by National Bureau of Statistics and China Automobile Dealers Association, the total revenue from main sub-industries in automotive after-sales market in 2015 was approximately RMB 1 trillion, and there will be plenty of space for its development in future.

In light of the future development of the automobile service sector, we consider that it remains to be an industry with tremendous potential and great opportunity. As the automobile sales growth slows down, the coming one-two years will be the crucial period during which the sales industry will be volatile and consolidated to form a new era. Meanwhile, the distributors will strengthen themselves rapidly in terms of scale and competitiveness to differentiate from peer competitors and establish new competitive edges. To achieve the medium-term strategic objectives of the Company, it will be the key step that economy-efficient expansion can be fulfilled by way of mergers and acquisitions with the market opportunity tightly grasped. We should, leveraging on the turning point when current assets value is relatively low, carry out acquisitions related to automobile consumption, consolidate traditional automobile sales and after-sales businesses, optimize brand structure and speed up network layout to realize rapid expansion through setting up the industrial merger fund etc.

Under the support of double driver of national new-energy automobile policies and the market demand for such automobile, the Company shall further expand the sales network and operation scale, capture the development trend and perfect the new energy ecosystem and business model peculiar to the Company.

II. TO CAPTURE THE INDUSTRIAL DEVELOPMENT OPPORTUNITY TO EXPEDITE DEVELOPING AUTO MACRO FINANCE BUSINESS

At present, the automobile finance service industry in China remains at an early stage of development. The penetration rate of domestic automobile financing is approximately 20%, fall far below that of 50-80% in developed countries. With the strengthening of Chinese consciousness in family financial planning, the young generation has been gradually becoming the main force in consumption area, and there will be potential growth for the automobile finance industry.

After Greenland became the controlling shareholder of the Company, its finance business will create a synergistic effect with the Company. Under the multilevel, multi-field and all-round support from the Greenland, the Group will concentrate on building a strategic finance platform, which will be an automobile products-centered finance platform covering all parties such as distributors, customers and financial institutions etc. and matched with strategic objectives by way of consolidating resource channels. In addition, the Company will also integrate and reorganize with Huiyu Financial Leasing Co., Ltd. for performing innovative operation and exploring "internet+insurance" business model to rapidly form business scale to be a comprehensive supplier in terms of financial products like automobile finance leasing, operating leasing and so on.

III. TO STRENGTHEN STRATEGIC FUNCTION TO IMPROVE THE RESOURCE ALLOCATION CAPABILITY

During the Reporting Period, the Group established the strategic development department and risk management committee to further strengthen the research on corporate strategy and risk in order to improve diligently the capital operating capability. In connection with the industries and potential businesses involved, the Group conducted the perspective study and set up normal investment decision-making process to improve the decision-making process and mitigate the investment risks. With respect of financing, the Group performed various measures to significantly improve the financing capability, decrease financing costs and widen the financing channel.

IV. TO EMPHASIZE RESULTS AND EFFICIENCY ORIENTATION TO IMPROVE OPERATION CAPABILITY

In order to narrow the management size and scope and improve the management efficiency, during the Reporting Period, the Group carried out the top-level design and adjustment optimization on the organization structure, redefine the scope of management and established three regional management centres to form the group-region-outlet three level management system. Moreover, the Group implemented the targeted adjustment on the performance assessment plan of the management team to match with corresponding resources and further facilitate the overall promotion of management quality and operation result, and it also solidified the base business platform by way of refined management to realize the industry-leading profitability of each outlet.

Finally, on behalf of Greenland Rundong, I would like to express my sincere gratitude to our shareholders, customers and business partners for their long-term support, and I also want to thank all employees for their diligent contributions. In 2016, we will make great efforts continually to provide comprehensive premium services for customers, offer a favorable development platform for employees, create enormous values for shareholders, and make greater contributions to the society.

Yang Peng
Chairman

March 31, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The weak domestic and external demand, excess production capacity and continuous decline in commodity prices in 2015 put significant downward pressure to the Chinese economy, therefore, China's economic growth continued to decelerate. According to the statistics data released by the National Bureau of Statistics, the gross domestic product (GDP) reached RMB67.7 trillion in 2015, representing an increase of 6.9% over the previous year and a decrease in growth rate by 0.4 percentage point over 2014, the slowest growth rate recorded in 25 years.

Affected by macro-economic downturn, the automobile industry experienced a short cycle of downward in 2015, automobile sales showed a rapid downward trend since the second quarter, while passenger vehicle sales experienced the first negative growth in seven years and lasted for three months, the industry entered into winter. The luxury car sales, which has grown for many years with high growth rate, also suffered a sudden pause of demand in 2015. The total sales of top ten luxury car brands[note] in China was 1.874 million units in 2015, representing a year-on-year increase of 5.2% as compared with 1.782 million units in 2014, but sales growth rate represented a decrease of 18.6 percentage points from the same period of last year, and recorded a new low growth in three years. The sudden pause of demand in 2015 was primarily due to the lack of consumer confidence resulting from the downward in marco economy, therefore, it is the inevitable results when disadvantageous factors accumulated to some degree, such as loss of government as large customers in luxury car market in recent years, the increasing number of cities with buying restrictions and failure to implement used car policies.

In 2015, the selling price of automobiles declines in general. The official guidance prices of over 100 models of automobiles of various brands were reduced due to downturn in sales of automobiles and the price of the luxury automobiles were reduced due to the accelerating localization, while as the pressure warning level of inventory of distributors exceeded that of the same period of last year, more discounts were provided to end-users.

According to figures released by the China Association of Automobile Manufacturers, in 2015, total volumes of automobile production and sales in the PRC were 24.503 million units and 24.598 million units respectively, representing a year-on-year growth of 3.3% and 4.7%, but a decrease in growth rate by 4.0 percentage points and 2.2 percentage points comparing to the same period of last year. Among which, total volumes of production and sales of passenger vehicles were 21.079 million and 21.146 million units respectively, representing a year-on- year growth of 5.8% and 7.3%, respectively, but a decrease in growth rate by 4.4 percentage points and 2.6 percentage points comparing to the same period of last year.

Although the overall growth rate declined in 2015, there are still many opportunities and highlights in the industry. First, the production of new energy vehicles increased by four times in 2015 driven by favorable policies and adequate capital, showing an explosive growth trend; second, due to the Chinese government's policy of 50% reduction on purchase tax for passenger vehicles with displacement of 1.6L and below, the industry sales in the fourth quarter began to show obvious rising trend of a significant increase of 18.5% than the same period of last year, which indicates that the entire industry will show signs of slow recovery in 2016; third, although new car sales growth continued to decline, passenger car sales in 2015 broke the record of 20 million units for the first time, and according to the figures released by Traffic Management Bureau, Ministry of Public Security, as of the end of 2015, the automobile ownership in China was 172 million units. The continuous increase in automobile ownership and constant rise of average vehicle age will drive the automotive after-sales service growth.

Note: The top ten luxury car brands include Audi, BMW (including MINI), Mercedes-Benz, Jaguar Land Rover, Lexus, Volvo, Cadillac, Porsche, Infiniti and DS.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As an automobile sales group, our strategy has been focusing on the luxury and ultra-luxury automobile brands, being affected by the slowdown in luxury car sales, especially given the BMW, Jaguar Land Rover, Audi and other luxury car brands mainly operated by us recorded a micro or negative growth in 2015, our sales revenue and net profit in 2015 recorded a decline facing with price decline. For the year ended December 31, 2015, we recorded a turnover of RMB14,923.1 million, representing a year-on-year decrease of 3.5%. Gross profit decreased by 3.4% to RMB1,390.5 million. Profit attributable to equity holders is RMB203.3 million. Earnings per share is RMB0.2. For the year ended December 31, 2015, revenue from the sales of new automobile amounted to RMB12,972.6 million, representing a year-on-year decrease of 6.2%. In terms of sales, for the year ended December 31, 2015, our automobile sales increased by 7.1% to 60,621 units. Sales volume of luxury and ultra-luxury brand automobiles increased by 6.1% to 25,583 units. Although new automobile sales revenue declined, we delivered continuous growth in after-sales service and value-added business. For the year ended December 31, 2015, operating income from after-sales service amounted to RMB1,950.5 million, representing a year-on-year increase of 18.9% and accounting for 13.1% of total revenue.

INTRODUCTION OF GREENLAND TO OBTAIN DEVELOPMENT PLATFORM AND SYNERGETIC DEVELOPMENT OPPORTUNITIES WITH THE AIM OF PROMOTING FUTURE DEVELOPMENT OF THE COMPANY

During the Reporting Period, Greenland Financial, a wholly-owned subsidiary of Greenland, subscribed shares of the Group at a total subscription price of approximately HK$1.55 billion. Upon the completion of subscription, Greenland Financial will hold 30% voting rights of the Company.

After investing in the Company, Greenland will support the Group to grow into a leading automobile dealership group in China through various ways. Greenland will introduce upstream and downstream strategic partners to the Group, provide or procure low-cost financing arrangements, increase the credit scale of the Group, expand the financing channel of the Group, and carry out close cooperation between the Group and the relevant businesses under Greenland which generate synergistic effect with the Group to achieve win-win results.

SUSTAINED GROWTH IN REVENUES FROM AFTER-SALES SERVICES WITH MORE CONTRIBUTION TO THE REVENUE, REVENUE STRUCTURE IS BECOMING MORE REASONABLE

In view of the current boom in the Chinese automobile market being extended for some years, and that the car ownership has jumped to 172 million units, the Group had focus on the building and formation of after-sales service store network on the foundation of its fast-lane repair centers and repair centers in 2014. During the Reporting Period, with the completion and operation of repair stores, as well as the continued devotion and enhancement on CRM systems by the Group, which has driven an increase in numbers of customers who pursue after-sales services after buying cars, and has enabled an effective and convenient channel of providing quality after-sales services for customers, which in turn contributing to a rapid growth for the Group's after sales services.

After-sales service revenue increased by 18.9% year-on-year to RMB1,950.5 million for the Reporting Period, and accounted for 13.1% of the total revenue of the Group, which was 2.5 percentage points higher than the same period of the previous year. The gross profit of our after-sales service for the Reporting Period increased by 15.6% year-on-year to RMB848.4 million.

ACTIVELY EXPANDING THE AUTOMOBILE FINANCING BUSINESS TO CHANGE THE PROFIT GENERATING MODE

During the Reporting Period, the Group set up automobile financing lease department at headquarters, and engaged industry experts to lead and manage.

With the gradual establishment and integration of the management team, the Company's financing lease business achieved rapid development, implemented standardized product promotion, established a prudent risk control model and better satisfied customer needs during the Reporting Period. During the Reporting Period, the financing lease business scale of the Company reached almost RMB50 million and achieved rapid development.

ENDEAVOUR TO OPTIMIZE ITS NETWORK LAYOUT AND STRENGTHEN THE COMPETITIVENESS IN KEY AREAS AND KEY BRANDS

In 2015, as the slowdown in growth rate of new automobile sales, the Group speeded down the opening of new stores accordingly and reduced the size of new stores. During the Reporting Period, the Company only opened 2 authorized stores, including 1 BMW brand transition store and 1 BJEV exhibition hall. Meanwhile, in order to improve efficiency and conduct resource integration, the Company closed or consolidated some exhibition halls with only sales function during the Reporting Period, including the closure of 1 MINI exhibition hall, 2 Dongfeng Nissan exhibition halls and incorporating 2 MINI exhibition halls into the BMW dealership stores.

However, the Group has always believed that an intensive business coverage in key areas is beneficial to promote the coordination between various dealership stores of the Group and also favorable in enhancing the bargaining power, reducing operation costs and improving profitability in the key areas. To further strengthen its strategic deployment in the key markets of prosperous eastern coastal area while striving for a more reasonable brand mix for the Company, the Group has built a new BMW transition store in Xuzhou, Jiangsu province and made a selective step in acquiring 8 stores from independent third parties during the Reporting Period, including 1 Audi store, 2 BMW stores, 1 Buick store, 1 Chrysler store, 1 FAW-Volkswagen store and 2 Shanghai-Volkswagen stores. Among the above 8 stores, 4 are located in Jiangsu province and the remaining 4 in Shandong province. We believe that such selective acquisitions will strengthen the Group's strategic advantages in eastern area and along with the Group's existing networks in such provinces, our brand recognition and customer loyalty could be significantly enhanced.

As at December 31, 2015, the Group's brand portfolio includes 8 luxury brands, namely BMW, MINI, Jaguar, Land Rover, Audi, Lexus, Cadillac and Chrysler; 2 ultra- luxury brands, namely Maserati and Ferrari; 15 mid to high-end brands, namely Buick, Hyundai, Ford, Chevrolet, Shanghai-Volkswagen, Kia, Dongfeng Honda, GAC-Honda, FAW-Toyota, GAC-Toyota, Toyota, Dongfeng Nissan, Zhengzhou Nissan, FAW- Volkswagen and BJEV.

The year 2015 is doubtlessly a year with substantial growth in production and sales of new energy vehicles in China. Taking advantage of the rapid growth in sales of new energy vehicles, the Group established our first BJEV store in Shanghai in 2014, and opened our second BJEV exhibition hall in Shanghai in 2015.

As at December 31, 2015, the Group operated 70 stores, of which 45 were located in Jiangsu province, 14 in Shandong province, 8 in Shanghai, 2 in Zhejiang province and 1 in Anhui province.

As at December 31, 2015, the distribution of the Group's network of dealership stores was as follows:

	Brand	Number of stores
Luxury and ultra-luxury brands	Maserati and Ferrari	4
	BMW and MINI	24
	Jaguar & Land Rover	7
	Audi	4
	Cadillac	2
	Lexus	1
	Chrysler	1
Mid- to high-end brands	Buick, Hyundai, Ford, Chevrolet, Shanghai-Volkswagen, Kia, Dongfeng Honda, GAC-Honda, FAW-Toyota, GAC-Toyota, Toyota, Dongfeng Nissan, Zhengzhou Nissan and BJEV	27
Total		70

OPTIMIZING OUR ORGANIZATIONAL STRUCTURE AND IMPROVING OUR MANAGEMENT LEVEL

In order to reduce the size and scope of management, as well as to improve management efficiency, the Group designed, adjusted and optimized its organizational structure at the highest level and re-defined the scope of the management. Further, the Group established three regional management centers, forming a three-level (group — region — store) management system. The Group focused on operating the stores as its core. The Group achieved in-depth management through the combination of group — region — store, with the aim of passing the Group's goals, ideas and systems to grassroots through powerful intermediate links. The Group also unified objectives of three lines (i.e. operation, human resources and finance) to achieve efficient coordination, so as to form a group control system with clarified responsibility, strong execution and clear goals.

AWARDS AND RECOGNITION

During the Reporting Period, the Group received numerous awards and recognition from industry trade association and media. The following chart presents the major awards received by the Group during the Reporting Period:

Name of awards	Recipient	Presenting organization
2015 Award for Outstanding Contribution to China's Automobile Dealership Industry	Greenland Rundong	CADA
2015 Automobile Industry Leaders in China	Yang Peng	CADA
Top 10 Automobile Sales Group in China	Greenland Rundong	ACFIC
Ranked 19th among Top 100 Chinese Automobile Dealership Group in 2014	Greenland Rundong	CADA

PROSPECTS AND STRATEGY

Looking ahead to 2016, the downward pressure on China's economic growth will be increasing as a whole, however, as the central government holds high expectations for achieving the continuous improvement in economy by way of expanding consumption and the automobiles plays a strong role in driving the consumption, there will be future policies favorable to the automobile industry. Under the influence of certain factors such as the cutting price, weakened impact of stock market and favorable policies etc., the consumers' intention to purchase automobiles will be enhanced compared with that in 2015. Although the PRC passenger vehicle market in 2016 will be generally expected to perform better than the previous year, it will still present the trend with slow speed. In respect of the luxury vehicles, the sales volume will continue to maintain the growth, with a view of China is becoming the second largest luxury automobile market in the world in 2016.

As the first year of implementing the new medium-term strategy of the Company, the year 2016 is also the key year for the Company in expanding the business scale with rapid speed and paving way for breakthrough in future by capturing the good opportunity of Greenland as a shareholder of the Company.

I. To develop a stronger automobile consumption business by virtue of Greenland as the controlling shareholder

As at the end of 2015, car ownership in the PRC reached 172 million units, and the ratio of car ownership to sales volume was 6.88, far more lower than that in developed countries and the average global level of about 14. Therefore, there is still room for improvement in car ownership in China compared with other countries in the world.

In recent years, the production capacity and sales volume of 20 million units per annum enabled the car ownership to experience rapid growth and the average traveling distance of passenger vehicles amounted to 20-30 thousand kilometers, driving the explosive growth of automotive after-sales market. According to the estimated data published by National Bureau of Statistics and China Automobile Dealers Association, the total revenue from main sub-industries in automotive after-sales market in 2015 was approximately RMB 1 trillion, and there will be plenty of space for its development in future.

In light of the future development of the automobile service sector, we consider that it remains to be an industry with tremendous potential and great opportunity. As the automobile sales growth slows down, the coming one-two years will be the crucial period during which the sales industry will be volatile and consolidated to form a new era. Meanwhile, the distributors will strengthen themselves rapidly in terms of scale and competitiveness to differentiate from peer competitors and establish new competitive edges. To achieve the medium-term strategic objectives of the Company, it will be the key step that economy-efficient expansion can be fulfilled by way of mergers and acquisitions with the market opportunity tightly grasped. We should, leveraging on the turning point when current assets value is relatively low, carry out acquisitions related to automobile consumption, consolidate traditional automobile sales and after-sales businesses, optimize brand structure and speed up network layout to realize rapid expansion through setting up the industrial merger fund etc.

Under the support of double driver of national new-energy automobile policies and the market demand for such automobile, the Company shall further expand the sales network and operation scale, capture the development trend and perfect the new energy ecosystem and business model peculiar to the Company.

II. To capture the industrial development opportunity to expedite developing auto macro finance business

At present, the automobile finance service industry in China remains at an early stage of development. The penetration rate of domestic automobile financing is approximately 20%, fall far below that of 50-80% in developed countries. With the strengthening of Chinese consciousness in family financial planning, the young generation has been gradually becoming the main force in consumption area, and there will be potential growth for the automobile finance industry.

After Greenland became the controlling shareholder of the Company, its finance business will create a synergistic effect with the Company. Under the multilevel, multi-field and all-round support from the Greenland, the Group will concentrate on building a strategic finance platform, which will be an automobile products-centered finance platform covering all parties such as distributors, customers and financial institutions etc. and matched with strategic objectives by way of consolidating resource channels. In addition, the Company will also integrate and reorganize with Huiyu Financial Leasing Co., Ltd. for performing innovative operation and exploring "internet+insurance" business model to rapidly form business scale to be a comprehensive supplier in terms of financial products like automobile finance leasing, operating leasing and so on.

III. To strengthen strategic function to improve the resource allocation capability

During the Reporting Period, the Group established the strategic development department and risk management committee to further strengthen the research on corporate strategy and risk in order to improve diligently the capital operating capability. In connection with the industries and potential businesses involved, the Group conducted the perspective study and set up normal investment decision-making process to improve the decision-making process and mitigate the investment risks. With respect of financing, the Group performed various measures to significantly improve the financing capability, decrease financing costs and widen the financing channel.

IV. To emphasize results and efficiency orientation to improve operation capability

In order to narrow the management size and scope and improve the management efficiency, during the Reporting Period, the Group carried out the top-level design and adjustment optimization on the organization structure, redefine the scope of management and established three regional management centres to form the group-region-outlet three level management system. Moreover, the Group implemented the targeted adjustment on the performance assessment plan of the management team to match with corresponding resources and further facilitate the overall promotion of management quality and operation result, and it also solidified the base business platform by way of refined management to realize the industry-leading profitability of each outlet.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2015, our revenue was RMB14,923.1 million, representing a decrease of 3.5% compared with 2014. The decrease was primarily attributable to a decline in revenue from new automobile sales. The table below sets out the Group's revenue for the Reporting Periods indicated.

	For the year ended December 31				
Revenue Source	**Revenue in 2015 *(RMB'000)***	**Contribution *(%)***	Revenue in 2014 *(RMB'000)*	Contribution *(%)*	Change *(%)*
New automobile sales					
Luxury and ultra-luxury brands	**9,271,610**	**62.1**	10,104,901	65.3	–8.2
Mid- to high-end brands	**3,700,969**	**24.8**	3,724,059	24.1	–0.6
Subtotal	**12,972,579**	**86.9**	13,828,960	89.4	–6.2
After-sales business					
Luxury and ultra-luxury brands	**1,485,762**	**10.0**	1,193,151	7.7	24.5
Mid- to high-end brands	**464,713**	**3.1**	447,206	2.9	3.1
Subtotal	**1,950,475**	**13.1**	1,640,357	10.6	18.9
Total	**14,923,054**	**100**	15,469,317	100	–3.5

Revenue from the sales of automobiles decreased by RMB856.4 million, or 6.2%, in the Period Under Review compared to 2014, mainly attributable to a decrease in sales of major luxury brands focused by the Company and keen competition in price. Revenue generated from automobile sales accounted for 86.9% of our revenue for the Period Under Review. Revenue generated from the sale of luxury and ultra-luxury brands and our mid- to high-end market brands accounted for approximately 71.5% and 28.5% of our revenue from automobile sales, respectively.

Revenue from our after-sales business increased by 18.9%, from RMB1,640.4 million in 2014 to RMB1,950.5 million in 2015. The increase in revenue from our after-sales and other services business was attributable to (i) the expansion of customer service base, resulting in increasing demands for after-sales services; (ii) the continued ramp-up of our newly established maintenance centres; (iii) the Company's enhanced meticulous management of after-sales services in the Reporting Period. After-sales business accounted for 13.1% of revenue in 2015, a higher contribution rate than 10.6% in 2014.

Cost of sales and services

Our cost of sales and services decreased by 3.5%, from RMB14,030.2 million in 2014 to RMB13,532.6 million for the year ended December 31, 2015. This decrease is consistent with the decrease in our sales revenue throughout the Period Under Review.

The cost of sales and services of our automobile sales business amounted to RMB12,430.5 million for the Period Under Review, representing a decrease of RMB693.3 million, or 5.3%, from 2014. The sales cost of our after-sales business amounted to RMB1,102.1 million for the year ended December 31, 2015, representing an increase of RMB195.6 million, or 21.6%, from the corresponding period in 2014.

Gross profit and gross profit margin

Gross profit for the year ended December 31, 2015 was RMB1,390.5 million, representing a decrease of RMB48.6 million, or 3.4%, from 2014. Gross profit from automobile sales decreased by 23.1% from RMB705.2 million for the year ended December 31, 2014 to RMB542.1 million for the corresponding period of 2015, of which RMB424.7 million were from the sales of luxury and ultra-luxury automobiles. Gross profit from after-sales business increased by 15.6% from RMB733.9 million for the year ended December 31, 2014 to RMB848.4 million in 2015. Automobile sales and after-sales business contributed to 39.0% and 61.0%, respectively, of our total gross profit in 2015.

Gross profit margin for the year ended December 31, 2015 was 9.3%, same as gross margin of 9.3% in 2014, of which the gross profit margin of automobile sales was 4.2% compared to 5.1% in 2014. Gross profit margin of after-sales business was 43.5% compared to 44.7% in 2014. The decrease in our gross profit margin of automobile sales and after-sales services was mainly due to lower prices as a result of intense competition. As there was an increase in proportion of after-sales services with higher gross profit, the overall gross profit margin remained flat.

Other income and net gains

Other income and net gains increased by 6.0% from RMB252.0 million for the year ended December 31, 2014 to RMB267.1 million in the corresponding period in 2015.

Selling and distribution expenses

Selling and distribution expense of the Group amounted to RMB444.8 million for the year ended December 31, 2015, representing an increase of 6.4% over RMB418.0 million in 2014. The increase in expenses was mainly due to the increase in staff wages and depreciation and amortisation of newly acquired stores.

Administrative expenses

Administrative expenses of the Group amounted to RMB487.7 million for the year ended December 31, 2015, representing an increase of about 9.9% over the administrative expenses of RMB444.0 million in 2014, mainly due to the increase in staff wages and depreciation and amortisation of intangible assets of newly acquired stores.

Profit from operations

Profit from operations of the Group amounted to RMB324.1 million for the year ended December 31, 2015, representing a decrease of 30.7% over RMB468.0 million in 2014. Operating profit margin was 2.2%, representing a decrease of 0.8 percentage points over 3.0% in 2014.

Income tax expenses

Income tax expenses of the Group amounted to RMB115.2 million for the year ended December 31, 2015 and the effective tax rate was 35.5%.

Profit for the year

Profit for the year of the Group amounted to RMB208.9 million for the year ended December 31, 2015, representing a decrease of 33.2% over approximately RMB312.9 million in 2014. Net profit margin for the year was 1.4%, representing a decrease of 0.6 percentage points over 2.0% in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As at December 31, 2015, our cash and cash equivalents amounted to RMB1,513.2 million, representing an increase of 41.1% from RMB1,072.2 million for the year ended December 31, 2014.

Our primary uses of cash were to pay for purchases of new automobiles, spare parts and automobile accessories, to establish new dealership stores and to fund our working capital and normal operating costs. We financed our liquidity requirements through a combination of issuance of new shares, short-term bank loans and other borrowings and cash flows generated from our operating activities.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time.

For the year ended December 31, 2015, we had a net cash outflow from operating activities of RMB210.0 million (2014: net cash inflow of RMB449.5 million). The decrease in cash from operating activities was mainly due to repayment of notes payable.

Net current liabilities

As at December 31, 2015, we had net current liabilities of RMB650.4 million, representing a decrease of RMB824.4 million over the net current liabilities of RMB1,474.7 million as at December 31, 2014. The decrease in current liabilities was mainly attributable to repayment of current liabilities from part of the proceeds from the issuance of new shares during the Reporting Period.

Capital expenditure

Our capital expenditures primarily comprise expenditures on property, plant and equipment, and intangible assets. For the year ended December 31, 2015, our total capital expenditure was RMB346.4 million (2014: RMB1,109.4 million).

Inventory

Our inventory primarily consisted of new automobiles and spare parts and automobile accessories. Each of our dealership stores has dedicated staff to manage their orders for new automobiles and after-sales products.

Our inventory decreased by 4.7% from RMB1,899.7 million as at December 31, 2014 to RMB1,810.5 million as at December 31, 2015, primarily due to less procurement to adjust inventory level.

Our average inventory turnover days for the year ended December 31, 2015 increased to 50.0 days from 46.0 days in the same period in 2014, primarily due to the decrease in sales revenue.

Trade receivables

Trade and bills receivables increased from RMB208.7 million for the year ended December 31, 2014 to RMB251.8 million for the year ended December 31, 2015, primarily due to the increase in proportion of purchasing automobiles by loans.

Bank loans and other borrowings

As at December 31, 2015, the Group's available but unused banking facilities were approximately RMB4,240.0 million (December 31, 2014: RMB1,768.4 million).

Our bank loans and other borrowings as at December 31, 2015 were RMB5,209.9 million, an increase of RMB1,275.9 million from RMB3,934.0 million as at December 31, 2014. The increase was due to the restructuring of debts.

Interest rate risk and foreign exchange risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our debts. Part of our borrowings were variable-rate borrowings that are linked to the benchmark rates of the People's Bank of China or London Interbank Offered Rate. Increase in interest rate could result in an increase in our cost of borrowing. In such case, not only our finance costs, but also our profit and financial position would be adversely affected. We do not currently use any derivative financial instruments to hedge our exposure to interest rate risk.

The foreign exchange risk of the Company are mostly derived from the overseas financing of the Group. Some of our overseas financing are denominated in US dollar. Increase in interest rate of US dollar could result in an increase in our cost of borrowing. In such case, not only our finance costs, but also our profit and financial position would be adversely affected. For the year ended December 31, 2015, the Group did not use any derivative financial instruments to hedge our exposure to foreign exchange risk.

Gearing ratio

Our gearing ratio (defined as the aggregate of interest-bearing bank loans and other borrowings divided by shareholders' equity as at the end of each Reporting Period and then multiplied by 100%) for the year ended December 31, 2015 was 162.0% (December 31, 2014: 226.1%).

Human resources

For the year ended December 31, 2015, the Group had 5,076 employees (December 31, 2014: 4,400). Total staff costs for the year ended December 31, 2015, excluding directors' remuneration were RMB291.0 million (2014: RMB278.0 million).

The Group values the recruiting and training of quality personnel. We implement remuneration policy, bonus and long term incentive schemes with reference to the performance of the Group and individual employees. The Group also provides benefits, such as insurance, medical and retirement funds, to employees to sustain competitiveness of the Group.

Contingent liabilities

As at December 31, 2015, we do not have any material contingent liabilities or guarantees.

Pledge of the Group's assets

The Group pledged its assets as securities for bank loans, other borrowings and banking facilities which were used to finance daily business operation. As at December 31, 2015, the pledged group assets amounted to approximately RMB1,085.4 million.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report of the Group's annual report for the year ended December 31, 2015.

1. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high corporate governance standards.

The Group believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board is of the view that the Company has fully complied with the code provisions set out in the CG Code during the year ended December 31, 2015, except for the deviation from code provision A.2.1:

Code Provisions A.2.1

The provision provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Yang Peng as both the Chairman and the President (an equivalent position to a chief executive officer) of the Company. The Board believes that vesting the roles of the Chairman and President in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the board, comprising the executive Directors, non-executive Directors and independent non-executive Directors. The Board shall review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

2. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code during the year ended December 31, 2015.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

3. THE BOARD

(1) Responsibilities

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards.

(2) Authorisation

The Board delegates the day-to-day management, administration and operation of the Group to management and contributes to the Group through monitoring daily business operation, development plan and implementation. In addition, the Board has established several board committees and delegates to the board committees the responsibilities set out in their written terms of reference. The Board regularly reviews the delegated functions to ensure that they suit the needs of the Group.

(3) Board composition

As at the date of this report, the Board of the Company currently comprises 12 Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors. During the year and up to the date of this report, the members of the Board are set out below:

Executive Directors	Yang Peng *(Chairman and President)* Liu Dongli *(Vice Chairman)* Zhao Zhongjie *(Executive President)* Liu Jian *(Vice President)*
Non-executive Directors	Zhao Fu Yan Sujian *(Vice Chairman)* Li Wei (appointed on August 14, 2015) Wu Zhengkui (appointed on August 14, 2015)
Independent Non-executive Directors	Peng Zhenhuai Mei Jianping Lee Conway Kong Wai Xiao Zhengsan

The biographical information of the Directors is set out in the section headed "Directors and Senior Management Profiles" of on pages 33 to 37 of the annual report for the year ended December 31, 2015.

None of the members of the Board is related to one another.

All the Directors, including non-executive Directors and independent non-executive Directors, bring invaluable operating experiences, knowledge and professionalism to the board, which allows for its effective and efficient operation.

Independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors. A list of the names of the Directors and their role and function is published on the websites of the Company and the Stock Exchange.

(4) Independent non-executive Directors

During the year ended December 31, 2015, 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 with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

(5) Appointment and re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing on August 12, 2014 unless terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing on his respective date of appointment and is eligible for re-election.

Pursuant to the Articles of Association of the Company (the "**Articles**"), at each annual general meeting ("**AGM**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a fixed term, shall be subject to retirement by rotation at least once every three years. The term of retiring Directors shall last until the end of the AGM at which they are subject to retirement by rotation and they shall be eligible for re-election at the meeting.

According to article 16.18 of the Articles and appointment letter for each of the non-executive Directors and independent non-executive Directors, Mr. Yan Sujian, Mr. Zhao Fu, Mr. Mei Jianping, Mr. Lee Conway Kong Wai, Mr. Xiao Zhengsan and Mr. Peng Zhenhuai will retire at the annual general meeting of the Company to be held on May 27, 2016. Except for Mr. Zhao Fu, the Directors mentioned above are willing to offer themselves for re-election at the same annual general meeting. Mr. Zhao Fu, a non-executive Director, does not intend to offer himself for re-election due to personal business pursuit. Therefore, he intends to retire as a Director at the annual general meeting of the Company to be held on May 27, 2016. Mr. Wu Jin is nominated as a replacement of Mr. Zhao Fu to be a candidate for the non-executive Director of the Company. Mr. Wu Jin is willing to attend the annual general meeting for voting.

Mr. Li Wei and Mr. Wu Zhengkui were appointed by the Board as non-executive Directors of the Company in August 2015. According to article 16.2 of the Articles, they will hold office until the annual general meeting. Accordingly, Mr. Li Wei and Mr. Wu Zhengkui are required to retire and seek for re-election at the annual general meeting and both offer themselves for re-election at the same annual general meeting.

All the Directors above offering themselves for re-election or participating in election at the annual general meeting according to the requirements of the Articles mentioned above shall be eligible for re-election or participating in election at such meeting.

(6) Continuous professional development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

In 2015, two newly appointed Directors received formal, comprehensive and tailored inductions to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Internally-facilitated briefings for Directors are arranged and reading materials on relevant topics will be circulated to Directors where appropriate so as to ensure that Directors understand the condition of the Company and the latest policies from regulatory bodies in a timely manner. All Directors are encouraged to attend relevant training courses at the Company's expenses.

(7) Attendance of Directors and committee members

The attendance of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended December 31, 2015 is set out in the table below:

	Attendance/Number of Meetings				
Director	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
Executive Directors					
Yang Peng *(note 1)*	7/7	2/2	0/0		2/2
Liu Dongli	6/7				2/2
Zhao Zhongjie	6/7				0/2
Liu Jian	7/7				2/2
Li Xiang *(note 2)*	3/5				0/2
Non-executive Directors					
Liu Haifeng *(note 2)*	3/5				0/2
Zhao Fu *(note 3)*	4/7	1/2	1/2		0/2
Yan Sujian	6/7			2/2	0/2
Li Wei *(note 4)*	1/2	0/0			0/0
Wu Zhengkui *(note 5)*	1/2		0/0		0/0
Independent Non-executive Directors					
Peng Zhenhuai	6/7	2/2	2/2	2/2	1/2
Mei Jianping	6/7	2/2	2/2		1/2
Lee Conway Kong Wai	5/7			2/2	1/2
Xiao Zhengsan *(note 1)*	6/7	2/2	0/0		0/2

Notes:

1 Mr. Yang Peng and Mr. Xiao Zhengsan were appointed as members of the Remuneration Committee since August 14, 2015. No Remuneration Committee meeting was held after their appointment.

2 Mr. Li Xiang resigned as the executive Director since August 14, 2015. Five Board meetings and two general meetings were held before his resignation.

3 Mr. Zhao Fu resigned as a member of the Nomination Committee and Remuneration Committee since August 14, 2015. Two Nomination Committee meetings and two Remuneration Committee meetings were held before his resignation.

4 Mr. Li Wei was appointed as a non-executive Director and a member of the Nomination Committee since August 14, 2015. Two Board meetings and no Nomination Committee meeting and no general meeting were held after his appointment.

5 Mr. Wu Zhengkui was appointed as a non-executive Director and a member of the Remuneration Committee since August 14, 2015. Two Board meetings and no Remuneration Committee meeting and no general meeting were held after his appointment.

Except for regular Board meetings, the Chairman also held a meeting with non-executive Directors (including independent non-executive Directors) on March 27, 2015 with executive Directors being absent. All relevant Directors attended the meeting.

During the Reporting Period, due to the subscription for the Company's shares by Greenland Financial, the Code Independent Board Committee comprising all the INEDs, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan, has been formed to advise the Code Independent Shareholders in respect of the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions) after considering the opinion of the independent financial advisor.

The LR Independent Board Committee comprising all the INEDs, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan, has been formed to advise the LR Independent Shareholders in respect of the Share Redesignation, the Management Subscriptions by the Management Subscribers who are Directors and the Specific Mandate (Management Subscription Shares) after considering the opinion of the independent financial advisor.

The Company has annual meeting schedules and draft agenda of each meeting of the Board and the Committees made available to Directors in advance, and serves notices of regular Board meetings at least 14 days before the meetings. For other Board and Committee meetings, reasonable notices are given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Committee meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and every Director also have separate and independent access to the senior management where necessary.

Draft and final versions of minutes are circulated to Directors or relevant Committee members for comment and records respectively within a reasonable time after each meeting. Minutes of Board meetings and Committee meetings are kept by the Company Secretary or the duly appointed secretaries of the respective meetings (as the case may be) and are available for inspection by all Directors at all reasonable time. The Articles contain provisions requiring any Director to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Director or any of his associates has a material interest.

4. CHAIRMAN AND PRESIDENT

The Company has appointed Mr. Yang Peng as both the Chairman and the President of the Company. The Board believes that vesting the roles of the Chairman and President in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

5. BOARD COMMITTEES

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, to oversee particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

(1) Nomination Committee

As at the date of this report, the Nomination Committee comprises five members, including one executive Director, Mr. Yang Peng (chairman of the Committee), three independent non-executive Directors, Mr. Xiao Zhengsan, Mr. Peng Zhenhuai, Mr. Mei Jianping, and one non-executive Director, Mr. Li Wei.

The main responsibility of the Nomination Committee includes reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's strategy, identifying individuals suitably qualified to become board members, selecting and nominating individuals to be appointed as a Director or advising the Board in this regard, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors. The Nomination Committee also reviews the Board Diversity Policy from time to time to ensure its effectiveness.

For the year ended December 31, 2015, the Nomination Committee held two meetings to discuss the structure and composition of the Board, the measurable objectives set for implementing the Board Diversity Policy and proposals on newly appointed Directors.

Board Diversity Policy

The Board adopted a board diversity policy ("**Board Diversity Policy**") in August 2014.

On setting the composition of the Board, the Company maintains that Board appointment (including the appointment of Mr. Li Wei and Mr. Wu Zhongkui in August 2015) should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole according to the Board Diversity Policy, taking into account professional experience and qualifications, gender, age, ethnicity, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to experience and expertise, professional experience and qualifications, gender, age, ethnicity and cultural and educational background. The Nomination Committee will review the Board Diversity Policy as and when appropriate to ensure its effectiveness.

(2) Remuneration Committee

As at the date of this report, the Remuneration Committee comprises five members, including three independent non-executive Directors, Mr. Mei Jianping (chairman of the Committee), Mr. Xiao Zhengsan and Mr. Peng Zhenhuai, one executive Director, Mr. Yang Peng and one non-executive Director Mr. Wu Zhengkui.

The main responsibility of the Remuneration Committee includes making recommendations to the Board on the Group's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, assessing the performance of executive Directors and approving the terms set out in the service contract of executive Directors, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

For the year ended December 31, 2015, the Remuneration Committee held two meetings to review the remuneration policy and structure for Directors and senior management, assess the performance of the senior management and the remuneration proposals on newly appointed Directors, review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

Details of the amount of Directors' remuneration are set out in note 9 to the financial statements.

For the year ended December 31, 2015, the aggregate emoluments payable to members of senior management fell within the following band:

Emolument Range	Individual
HK$ Nil to HK$1,000,000	4

(3) Audit Committee

As at the date of this report, the Audit Committee comprises three members, including two independent non-executive Directors, Mr. Lee Conway Kong Wai (chairman of the Committee) and Mr. Peng Zhenhuai, and one non-executive Director, Mr. Yan Sujian.

The Audit Committee reviews financial data of the Group, monitors the external auditor's independence and objectivity and effectiveness of the audit process and makes recommendations to the Board on the appointment, re-appointment, removal of the Company's external auditor and approves its remuneration and terms of engagement. The Audit committee is also responsible for reviewing the financial reporting process and financial controls, internal controls and risk management systems, including the internal audit function as well as arrangements for concerns about possible improprieties in financial reporting, internal control or other matters raised by employees of the Company (i.e. the "whistle blowing policy").

The Audit Committee reviews the annual report and accounts, interim report of the Group before submission to the Board for approval.

During the year ended December 31, 2015, the Audit Committee held two meetings. The Audit Committee has performed the following work during the year:

(a) Reviewing:

(i) the audited consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2014;

(ii) the announcement of annual results; and

(iii) the annual report of the Company for the year ended December 31, 2014.

(b) Reviewing:

(i) the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended June 30, 2015;

(ii) the interim result announcement; and

(iii) the interim report of the Company for the six months ended June 30, 2015.

(c) Reviewing and considering the major audit findings by the auditors.

(d) Reviewing and considering the major internal audit issues and reviewing the financial reporting system and internal control procedures of the Company.

(e) Reviewing the arrangements employees can use to raise concerns about possible improprieties in financial reporting, internal control or other matters, and reviewing and considering the investigation progress of reported cases.

(f) Reviewing the terms of reference of the audit committee.

The Company's annual results for the year ended December 31, 2015 have been reviewed by the Audit Committee.

6. CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions:

(1) To formulate and review the Group's corporate governance policies and practices;

(2) To review and oversee the training and continuous professional development of Directors and senior management of the Group;

(3) To review and oversee the Group's policies and practices on compliance with any requirements, guidelines and rules that may be imposed by the Board or which may be incorporated into any constitutional documents of the Group or which may have been provided by the Listing Rules, applicable laws and other regulatory requirements as well as by applicable institutional governance standards;

(4) To formulate, review and oversee the code of conduct and the compliance handbook (if any) of the employees and Directors of the Group; and

(5) To review the Group's compliance with the CG Code as adopted by it from time to time and the disclosure in the Corporate Governance Report as set out in the annual reports of the Company.

7. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL REPORT

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 balanced, clear and understandable annual and interim reports, inside information disclosure and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management is responsible for providing such explanation and information necessary to the Board to enable the Board to carry out an informed assessment of the financial statements put to the Board for approval.

8. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 52 to 53.

During the year, the remuneration paid or payable to the Company's external auditors in respect of audit services for the year ended December 31, 2015 is set out below:

Service Category	**Fee paid/ payable** *(RMB yuan)*
Audit services	4,950,000
Non-audit services	73,000
Total	5,023,000

9. INTERNAL CONTROLS

The Board is responsible for maintaining a solid and effective internal control system to safeguard investments of shareholders and assets of the Company.

The Board is committed to conducting at least once a year a review on the effectiveness of the internal control systems of the Group, including the adequacy of resources, staff qualifications and experience of the Company's accounting and financial staffs, as well as their training programmes and budget.

The Audit and Supervision Department of the Company is responsible for the internal audit function, analyzing and making an independent assessment of the effectiveness of the Company's risk management and internal control system.

The Board, through the Audit Committee, has conducted a review on the internal control system of the Company and its subsidiaries for the year ended December 31, 2015. Such review covered the areas of finance, operation, supervision and risk management of the Group. The Board confirmed that the internal control system of the Company is sound and effective.

10. INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and extraordinary general meetings. The chairman of the Board, independent non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at general meetings to meet shareholders and answer their enquiries. In addition, to promote effective communication, the Company maintains a website at www.rundongauto.com, where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

11. COMPANY SECRETARIES

Mr. Zhou Jian and Ms. Ho Siu Pik are the joint company secretaries of the Company ("**Joint Company Secretaries**"). Mr. Zhou Jian is the secretary of the Board of the Group, and has thorough understanding of the internal administration and business operation of the Group. The Company has engaged Ms. Ho of Tricor Services Limited, a service provider, as its joint company secretary. The chief responsibilities of the Joint Company Secretaries include supporting the Board in business transactions, ensuring good communication and flow of information within the Board and the compliance of the policies and procedures of the Board, and advising the Board on governance matters, assisting newly appointed Director to his new position and overseeing the training and continuous professional development of the Directors. Ms. Ho's primary contact person at the Company is Mr. Zhou Jian.

According to Rule 3.29 of the Listing Rules, the Joint Company Secretaries have confirmed that they have taken no less than 15 hours of professional training to update their skills and knowledge for the year ended December 31, 2015. The biographical details of Mr. Zhou Jian and Ms. Ho Siu Pik are set out on page 37 of this annual report.

12. GOING CONCERN CAPABILITY

The Board has not been aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

13. SHAREHOLDERS' RIGHTS

To safeguard shareholder's interests and rights, a separate resolution is proposed for each separate issue at general meetings, including the election of individual Directors.

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, all resolutions put forward at general meetings shall be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedure for convening an extraordinary general meeting by shareholders

Pursuant to the Articles, any one or more shareholders holding not less than one-tenth of the issued share capital of the Company carrying the right of voting at general meetings may require an extraordinary general meeting by a written requisition to the Board or the Company Secretary either via personal delivery or mail (for the attention of the Board of Directors/Company Secretary, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) or via email (ir@rundongauto.cn). The Board shall, within 21 days from the date of deposit of the requisition, duly convene a general meeting.

Procedure for putting forward proposals at general meetings

Any shareholder who wishes to put forward proposals at general meetings of the Company shall submit such proposals to the Board in writing for the Board's consideration either via personal delivery, mail (for the attention of the Board of Directors/Company Secretary, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) or via email (ir@rundongauto.cn). The Board may, in its sole discretion, consider if such proposals are appropriate and shall put forward such proposals to the shareholders for approval at the next annual general meeting, or at an extraordinary general meeting to be convened by the Board, as appropriate.

Procedure for putting forward enquiries to the Board

Shareholders are, at any time, welcome to send their enquires or requests to the Board via personal delivery or mail (for the attention of Shareholder Communication, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) or via email (ir@rundongauto.cn).

Note: The Company will not normally deal with verbal or anonymous enquiries.

For the avoidance of doubt, shareholder(s) must deposit/send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's aforesaid address, and provide his/her/their full name, contact details and identification in order to give effect thereto. Shareholders' personal information may be disclosed as required by law.

The Shareholders Communication Policy and Procedures for Shareholders to Propose a Person for Election as Director are available on the website of the Company.

14. Constitutional documents

The Company has adopted its amended and restated memorandum and articles of association on July 23, 2014, which have already come into effect on August 12, 2014 and have been amended by the special resolution passed on August 5, 2015.

In addition, the name clause of the memorandum of association of the Company was changed following the change of name of the Company from "China Rundong Auto Group Limited 中國潤東汽車集團有限公司" to "China Greenland Rundong Auto Group Limited 中國綠地潤東汽車集團有限公司" effective on August 17, 2015.

An up-to-date version of the Company's memorandum and articles of association is available for inspection on both the websites of the Stock Exchange and the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

DIRECTORS

The Board currently consists of 12 Directors, comprising 4 executive Directors, 4 non-executive Directors and 4 independent non-executive Directors.

Executive Directors

Mr. Yang Peng (楊鵬), aged 46, is our Chairman, executive Director and President of our Group as well as the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Yang has substantial experience in the automobile dealership industry. He is the founder of our Group and has been the president of our Group since March 1998. Mr. Yang is responsible for our Group's overall business development and strategic planning. From October 1999 to October 2001, he served as the deputy general manager of Jiangsu Hangao Information Industry Co., Ltd. (江蘇漢高信息產業股份有限公司). The Hangao Food website of this company (www.hangaofood.com) is the first "Pilot Urban E-Commerce Project" in the PRC and a significant technological breakthrough project under the "Ninth Five-Year Plan". Mr. Yang Peng also worked at the finance department of Xuzhou Transportation Bureau (徐州市交通局財務科) from September 1990 to September 1992. Mr. Yang obtained an EMBA degree from Cheung Kong Graduate School of Business in October 2009.

Mr. Liu Dongli (柳東靂), aged 45, is an executive Director and vice Chairman of the Board. He has extensive experience in the automobile industry. Mr. Liu joined our Group as vice chairman of the board of the directors in October 2013. Prior to joining our Group, Mr. Liu was the executive director of Dongjian Investment Consulting (Shanghai) Company Limited (東堅投資諮詢(上海)有限公司) from May 2013 to September 2013. He acted as the executive director and the chief investment officer in China ZhengTong Auto Services Holdings Limited ("**China ZhengTong**") (HK stock code:1728) from November 2010 to May 2012. From August 2009 to July 2010, Mr. Liu was the vice President of Hubei Shengze Industrial Company Limited (湖北聖澤實業有限公司). Prior to this, Mr. Liu worked for China Grand Automotive Service Co., Ltd. (廣匯汽車服務股份有限公司), an automobile dealership group in China, holding the positions of chief operating officer, acting chief executive officer and chief dealership network officer, from October 2007 to July 2009. From October 1999 to September 2007, Mr. Liu held various positions at Shanghai Shenhua Holdings Co., Ltd. (上海申華控股股份有限公司) (Shanghai stock code: 600653), a listed subsidiary of Brilliance Auto Group Co., Ltd. (華晨汽車集團控股有限公司), including the deputy manager of the investment department from 1999 to 2002, secretary of the board of directors and the head of investment department from 2002 to 2003, vice President from May 2002 to October 2007, director of the board from December 2005 to October 2007. Mr. Liu obtained an MBA degree from Shanghai University of Finance and Economics in June 2000. Mr. Liu is also currently the vice chairman of the China Auto Dealers Chambers of Commerce.

Mr. Zhao Zhongjie (趙忠階), aged 46, is an executive Director and executive president responsible for management of investment development and partnership with major manufacturers. Mr. Zhao joined our Group in July 2004 and has held various positions within our Group including secretary of the board of our Group from July 2004 to December 2007, the vice general manager of our Group from January 2007 to October 2010, deputy general manager of the management company in Xuzhou area and the director responsible for investment and development of our Group from October 2010 to March 2012 and deputy chief president responsible for investment and development of our Group from March 2012 to March 2013. He was the executive vice President of our Group from March 2013 and was promoted as the executive president of our Group responsible for overseeing the business operation and daily administration of our Group in November 2013. Mr. Zhao has more than ten years of experience in the automobile dealership industry and his past experiences include overseeing various investments and network development, human resources, financial accounting, business operations of our Group. Mr. Zhao obtained an MBA degree from China Europe International Business School in September 2009.

Mr. Liu Jian (劉健), aged 47, is an executive Director and vice President of our Group. Mr. Liu joined our Group in October 2002 and has held various positions within our Group since then. From 2003 to 2005, Mr. Liu was the chief operating officer and the chief marketing officer of our Group. Thereafter, Mr. Liu served as the deputy general manager of Xuzhou Rundong Automobile Sales Management Company Limited, the general manager of Xuzhou Rundong Zhitian Automobile Sales and Services Company Limited and Xuzhou Rundong Zhicheng Automobile Sales and Services Company Limited since 2006, the assistant general manager of our Group from 2007 to 2008 and the deputy general manager of our Group from 2009 to 2012. Prior to joining our Group, he was the secretary of the board of directors and head of the human resources department of Jiangsu Hangao Information Industry Co., Ltd. (江蘇漢高信息產業股份有限公司) from October 1999 to September 2002. Mr. Liu obtained an MBA degree from the School of Business of Nanjing University in June 2010.

Non-executive Directors

Mr. Yan Sujian (燕蘇建), aged 60, is a non-executive Director and vice Chairman of the Board and a member of the Audit Committee of the Company. Mr. Yan joined our Group in March 2003. From March 2003 to May 2010, Mr. Yan was the general manager of our Group. Since then, he has served as the vice chairman of the board of our Group. Prior to joining our Group, he was a deputy general manager of Jiangsu Local Products Company (江蘇省土產公司) from April 1988 to December 1990. From December 1990 to May 1997, he was the committee secretary of the Communist Party of China's branch in Xuzhou Supply and Sales Company (徐州供銷大廈) and the general manager of that company. He then worked as the deputy head of the standing committee of the Communist Party of China's branch in Xuzhou Supply and Sales Head Office (徐州供銷總社) from June 1997 to December 1997. Mr. Yan graduated from Nanjing University of Science and Technology with a bachelor's degree in Economic Management in July 1995.

Mr. Li Wei (李偉), aged 42, is a non-executive Director and a member of the Nomination Committee of the Company. Mr. Li has also been a supervisor of Greenland (Shanghai stock code: 600606) since August 2015. He is currently the executive deputy general manager of the strategic planning and business management department of Greenland. He joined Greenland in September 2003 and has held a number of positions including chief business manager and deputy general manager of the strategic planning and business management department of Greenland. Before he joined the Greenland, Mr. Li was the assistant manager at DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. from July 2002 to July 2003. Mr. Li Wei obtained a degree of doctor in business management from Shanghai University of Finance and Economics in March 2004.

Mr. Wu Zhengkui (吳正奎), aged 41, is a non-executive Director and a member of the Remuneration Committee of the Company. He is currently the deputy general manager of the finance department of Greenland. Mr. Wu joined Greenland in January 2002, and has held various positions in Greenland, including serving as finance manager, director, supervisor of subsidiaries of Greenland and assistant general manager of the finance department of Greenland. Mr. Wu has been a director of Greenland Hong Kong Holdings Limited (Hong Kong stock code: 0337) since August 27, 2013, a non-executive director of Bank of Jinzhou Co., Ltd. (Hong Kong Stock Code: 416) since 14 October 2014 and a supervisor of Orient Securities Company Limited (Shanghai stock code: 600958) since October 29, 2014. Before he joined the Greenland, Mr. Wu was an employee at Jiangsu Tianneng Group Corporation (江蘇天能集團公司) from September 1998 to December 1999. He also held the position of accountant at Kunshan Nanfang Chemical Factory (昆山市南方化工廠) from January 2000 to February 2001. Mr. Wu is an accountant as approved by the Ministry of Finance of the PRC in May 2004. Mr. Wu obtained a degree of master in accounting from Fudan University in June 2008.

Mr. Zhao Fu (趙福), aged 35, is a non-executive Director of the Company. He is currently a director at Kohlberg Kravis Roberts & Co. ("**KKR**"). Mr. Zhao played a significant role in a number of successful investments such as Far East Horizon Limited (HK stock code: 3360), United Envirotech Ltd (Singapore stock code: U19), China Modern Diary Holdings Ltd. (HK stock code: 1117), China International Capital Corporation, Sino Prosperity Real Estate Platform and VATS Liquor Chain Store Management Joint Stock Co., Ltd. Prior to joining KKR in January 2006, Mr. Zhao worked at Morgan Stanley Private Equity Asia from July 2003 to December 2005 and was extensively involved in a number of highly successful private equity transactions, such as the investments in China Mengniu Dairy Company Limited (HK stock code: 2319), Ping An Insurance (Group) Company of China, Ltd. (HK stock code: 2318), Belle International Holdings Limited (HK stock code: 1880) and China Paradise Electronics Retail Limited (the then HK stock code: 503). Mr. Zhao also serves as a non-executive director of United Envirotech Ltd (Singapore stock code: U19). Mr. Zhao obtained a Bachelor of Science in physics, with first class honors, from Tsinghua University in July 2003.

Independent Non-executive Directors

Mr. Peng Zhenhuai (彭真懷), aged 53, is an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Peng is a researcher of Beijing New Normal Research Institute (北京新常態智庫研究院) and a distinguished visiting professor of Shih Chien University in Taiwan. He is also an appraiser of bachelor's thesis in Chinese Academy of Agricultural Sciences (中國農業科學院) and a reviewer of doctoral dissertation in China University of Political Science and Law. Mr. Peng obtained an academic certification that he has the same educational level as a doctoral candidate in economics from Beijing Normal University in February 2010.

Mr. Mei Jianping, aged 55, is an independent non-executive Director and the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Mei is currently the deputy dean of Cheung Kong Graduate School of Business and has been a professor of finance there since 2006. He is currently an independent non-executive director of Powerlong Real Estate Holdings Limited (HK stock code: 1238), MIE Holdings Corporation (HK stock code: 1555) and Ground Properties Company Limited (HK stock code: 989). Mr. Mei received a doctorate degree in economics (finance) from Princeton University in January 1990.

Mr. Lee Conway Kong Wai (李港衛), aged 61, is an independent non-executive Director and the Chairman of the Audit Committee of the Company. Mr. Lee has over 30 years of experience in public accounting and auditing, corporate finance, merger and acquisition and initial public offerings. From September 1980 to September 2009, Mr. Lee served as a partner of Ernst & Young. Mr. Lee is currently an independent non-executive director of West China Cement Limited (HK stock code: 2233), Chaowei Power Holdings Limited (HK stock code: 951), GOME Electrical Appliances Holding Limited (HK stock code: 493), Tibet Water Resources Ltd (HK stock code: 1115), NVC Lighting Holding Limited (HK stock code: 2222), China Modern Dairy Holdings Ltd. (HK stock code: 1117), Yashili International Holdings Ltd (HK stock code: 1230), CITIC Securities Company Limited (HK stock code: 6030, Shanghai stock code: 600030) and GCL New Energy Holdings Limited (HK stock code: 451). Mr. Lee is also the non-executive director and deputy chairman of Merry Garden Holdings Limited (HK stock code: 01237) from July 2014 to September 2015. Mr. Lee acted as the independent non-executive director of WH Group Limited since August 5, 2014. Mr. Lee also acted as an independent non-executive director of China Taiping Insurance Holdings Company Limited (HK stock code: 966) from October 2009 to August 2013. Mr. Lee has been a member of the Institute of Chartered Accountants in England and Wales since October 2007, the Institute of Chartered Accountants in Australia and New Zealand since December 1996, the Association of Chartered Certified Accountants since September 1983, the Hong Kong Institute of Certified Public Accountants since March 1984 and the Macau Society of Certified Practising Accountants since July 1995. In 2007, Mr. Lee was made a member of Chinese People's Political Consultative Conference of Hunan Province. Mr. Lee obtained his post graduate diploma in business at Curtin University of Technology in Australia in February 1988.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Xiao Zhengsan (肖政三), aged 52, is an independent non-executive Director and a member of the Nomination Committee and Remuneration Committee of the Company. Mr. Xiao has been a director of the exhibition department and deputy secretary general of CADA since August 2008, and has been promoted to the secretary general since November 2014. He served as a supervisor of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (Shanghai stock code: 600892) from July 2003 to June 2008. Mr. Xiao obtained a bachelor's degree in financial accounting from Jiangxi University of Finance and Economics in July 1984.

SENIOR MANAGEMENT

Mr. Shen Mingming (沈明銘), aged 46, has been an executive president of our Group since September 2015, responsible for overseeing the business operation and daily management of our Group. Prior to joining the Group, he worked in China Construction Bank Guangxi branch from 1993 to 2006, successively holding the position of sub-branch deputy general manager, deputy president of the branch, president, director of the general office. From 2010 to 2012, he served as the General Manager of Rundong Auto Group Limited. From 2012 to 2015, he acted as the General Manager and Chairman of Guangxi Lianrun Industry Group Co., Ltd.. Mr. Shen has more than 10 years of senior management experience in automobile industry. Mr. Shen graduated with a bachelor's degree from Jiangxi University of Finance and Economics in July 1993 and a master degree of Business Administration from Southwest Jiaotong University in November 2011.

Mr. Jiang Xiaofei (姜曉飛), aged 47, has been a Vice President of our Group since November 2013. Mr. Jiang joined our Group in September 2009. He served as the general manager in charge of the area of Xuzhou, Lianyungang and Huai'an from November 2012 to November 2013 and served as the general manager in charge of the area of Lianyungang and Huai'an from July 2011 to November 2012. Since then, he has served as the vice President of our Group. Prior to joining our Group, Mr. Jiang worked as the vice President of Heqing Road Subbranch and the president of Dama Road Subbranch of Xuzhou Branch of Jiangsu Bank from June 2001 to September 2009. He also held various positions at Xuzhou branch of Industrial and Commercial Bank of China from January 1988 to June 2001, including office clerk and the chief of the credit business department. Mr. Jiang obtained an MBA degree from Nankai University in December 2011.

Mr. Zhu Lidong (朱立東), aged 46, has been a Vice President responsible for the financial and accounting management of our Group since March 2013. Prior to joining our Group, he served as the finance director and the chief financial officer from August 2005 to February 2013 of the three reputable automobile companies being Chery Automotive Co., Ltd. (奇瑞汽車股份有限公司), Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份限公司) (Shanghai stock code: 600166) and ZAP Inc., a US-based manufacturer of electric vehicle. Mr. Zhu also spent ten years, from May 1995 to July 2005, serving as an audit manager of two Big Four accounting firms, Deloitte Touche Tohmatsu and PricewaterhouseCoopers. Mr. Zhu has rich experience in global finance and investor relations management, mergers and acquisitions, and overseas investments. He graduated with a bachelor's degree from Southwestern University of Finance and Economics in July 1993. He has been a member of Chinese Institute of Certified Public Accountant since December 1994.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Mok Kwok Choi Peter (莫國材), aged 47, has been the Vice President of our Group since January 2016, responsible for operation management. Prior to joining the Group, Mr. Mok held the position of General Manager in Beijing area of Beijing Yanbao Auto Sales Co., Ltd. from April 2003 to June 2010. From July 2010 to July 2012, he served as the Chief Operating Officer of China ZhengTong Auto Services Holdings Limited (HK stock code: 1728), responsible for overall operation management. From 2012 to February 2015, Mr. Mok served as the General Manger of Audi and Porsche brands in Beijing Betterlife Automobile Import & Export Group Co., Ltd.. Mr. Mok has more than 12 years of senior management experiences in automobile industry and extensive experience in operation of domestic high-end automobile brands and group management. Mr. Mok graduated with a bachelor's degree from University of Hong Kong in November 1991 and a master of Business Administration from the University of Strathclyde in July 2005.

Mr. He Yi (何奕), aged 48, has been the vice President of our Group since October 2015, responsible for human resources management. Prior to joining the Group, he already had many years of human resources experience in large multinational companies. He served successively as the head of Human Resources Dept. of Cummins (China) Investment Co., Ltd. (New York stock code: CMI) in charge of China area and the vice President of human resources department in The Timken Company (New York stock code: TKR), in charge of Asia-Pacific region. Mr. He has rich experience in human resources management and corporate governance of large companies. Mr. He graduated with a bachelor's degree from the School of Physics of Soochow University in July 1989 and received a master degree of Business Administration from the City University of the United States of America in December 2003.

JOINT COMPANY SECRETARIES

Mr. Zhou Jian (周健), aged 39, is a joint company secretary of our Company since January 2014. He joined our Group as the secretary of the board of our Group in November 2012. Prior to joining our Group, Mr. Zhou was a partner and senior consultant of Beijing GOS Enterprise Management Consulting Company Limited (北京盛高企業管理諮詢公司) from April 2007 to October 2012. Mr. Zhou obtained an MBA degree from Beijing Institute of Technology in October 2005.

Ms. Ho Siu Pik (何小碧), aged 52, is a joint company secretary of our Company and was appointed on January 2014. Ms. Ho is a director of Corporate Services Division of Tricor Services Limited and a fellow member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho has over 20 years of experience in the company secretarial area. Ms. Ho is currently the company secretary of Natural Beauty Bio-Technology Limited (HK stock code: 0157), Goodbaby International Holdings Limited (HK stock code: 1086), Yashili International Holdings Limited (HK stock code: 1230), Broad Greenstate International Company Limited (HK stock code: 1253), China Molybdenum Company Limited (HK stock code: 3993) and Sun Art Retail Group Limited (HK stock code: 6808).

REPORT OF DIRECTORS

The Directors are pleased to present this report together with the audited consolidated financial statements of the Group for the year ended December 31, 2015.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is situated in the Cayman Islands and its operation headquarter is located at Shanghai, China.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of subsidiaries of the Company are set out in note 40 to the consolidated financial statements. There is no significant subsequent event undertaken by the Company or by the Group after December 31, 2015.

SUBSIDIARIES

Please refer to note 40 of the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2015 are set out in the consolidated financial statements.

A summary of the results for the year and of the assets and liabilities of the Group as at December 31, 2015 and for the past five financial years are set out on page 3 of this annual report.

BUSINESS REVIEW

Annual Business and Result Review

Result analysis on the Group's business and combined with the key financial performance index is set out in the section headed "Management Discussion and Analysis" on page 11 to 20 of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group promotes environmental protection and is committed to reducing the impact of business operation on the environment. On the principle of "Energy-saving, Consumption-reducing, Pollution-minimizing and Efficiency-increasing", the Group has been actively participating in and propelling the development of new energy automobiles all the time. The Group has already opened 2 stores for new energy automobiles, and has granted to certain 4S stores more authorization and showcases in respect of electric automobiles. Meanwhile, the Group vigorously carried out the energy management and performed various energy-saving and energy efficiency measures in each store and office area, including adopting the LED lighting and installing energy saving air conditioning system with high efficiency to reduce energy consumption and avoid unnecessary energy dissipation. We have executed a series of measures internally to diminish our use of paper in office and promote reusing the waste paper. In future, we will continue to conduct education and publicity on environmental protection and encourage employees to behave in an environment-friendly way to assist the Group to reduce the adverse effect on the environment.

PRINCIPAL RISKS AND UNCERTAINTY

Risks in Relation to Adjustments on Government Policy on Automobile Purchase and Consumption and Finance and Taxation Policy

The government policy on automobile purchase and ownership has great influence over the consumers' behavior, therefore, it may cause material impact on our business. The change in the Chinese finance policy, such as introducing new tax and increasing tax rate, may exert impact on the Group's profit.

The automobile sales may also be impacted by the quota or other measures performed by the local governments of places in which we operates to control the local automobile quantity.

In order to minimize the influence, the Group will enhance communication with regulators and industry associations.

Exposure to Fluctuations in Exchange Rate

As certain borrowings of the Group are denominated in USD, the fluctuation in exchange rate may increase the borrowing cost, which may cause adverse impact on our finance cost, profit and financial position.

The Group will consider to enter into hedging transactions to mitigate the foreign exchange risk from time to time, however, the effect from such hedging transactions may be limited, and the Group may not be successful to hedge foreign exchange risk.

Investment and Acquisition Risk

The Group continues to cautiously expand the scale and geographical spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities if appropriate opportunities in the market arise. Success of the Group's mergers and acquisitions will depend, among other things, on the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully or a longer than projected period to realise the expected synergies, will not adversely affect the Group's financial condition and results of operations.

The Group will carefully select investment projects, strictly comply with the programs and processes of project approval and feasibility studies, so as to standardize the investment approval process and improve our capital operation ability.

USE OF PROCEEDS FROM THE COMPANY'S IPO

In August 2014, the Company raised a proceeds from issue of new shares of approximately RMB665.4 million (after related issue expenses) upon its listing on the Stock Exchange. The proceeds had been fully utilised in the intended manner as set out in the Company's listing prospectus.

RESERVES

As at December 31, 2015, distributable reserves of the Company amounted to RMB3,122.5 million. Details of movements in reserves of the Company during the year are set out in note 31 to the financial statements.

REPORT OF DIRECTORS

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to the shareholders of the Company for the year ended December 31, 2015.

SPECIAL DIVIDEND

On July 23, 2014, our Directors declared a special dividend of RMB330.0 million out of historical profits of the Company to its then shareholders Rundong Fortune Investment Limited ("**Rundong Fortune**"), Rundong Smart Investment Limited ("**Rundong Smart**") and KKR Auto Retail Holding Ltd II ("**KKR Auto**"). Runda (PTC) Limited, one of the shareholders of the Company, agreed to waive its rights to the special dividend declared by the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 27, 2016. Notice of the annual general meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, May 25, 2016 to Friday, May 27, 2016, both dates inclusive, during which time no transfer of shares will be registered. To qualify for attending and voting at the annual general meeting, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, May 24, 2016 for registration of the relevant transfer.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property and equipment during the year ended December 31, 2015 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital during the year are set out in note 30 to the financial statements.

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

On May 16, 2015, the Company, Greenland Financial and Rundong Fortune entered into a subscription agreement, pursuant to which Greenland Financial has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 536,270,747 shares in the Company (the"**Subscription Shares**"), comprising at least 251,942,800 ordinary shares in the Company (the "**Ordinary Shares**") (the "**Subscription Ordinary Shares**") and up to 284,327,947 convertible preference shares in the Company (the "**CPS**") (the "**Subscription CPS**") at a subscription price of HK$2.89 per Subscription Share or an aggregate subscription price of HK$1,549,822,459.

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

CONNECTED TRANSACTION

On May 16, 2015, the Company, Greenland Financial and Rundong Fortune entered into a subscription agreement, pursuant to which Greenland Financial has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 536,270,747 Subscription Shares, comprising at least 251,942,800 Subscription Ordinary Shares and up to 284,327,947 Subscription Convertible Preference Shares at a Subscription Price of HK$2.89 per Subscription Share or an aggregate Subscription Price of HK$1,549,822,459.

(1) Share Redesignation

In order to facilitate the maintenance of the prescribed public float as required by the Listing Rules by the Company upon Completion, on May 16, 2015, Rundong Fortune, KKR Auto and the Company entered into an agreement (the "**Redesignation Agreement**") for the subscription of the Company's shares by Greenland Financial, pursuant to which (a) up to 200,073,200 Ordinary Shares held by Rundong Fortune will be redesignated to the same number of CPS; and (b) up to 179,867,600 Ordinary Shares held by KKR Auto will be redesignated to the same number of CPS (the "**Share Redesignation**").

(2) Management Subscriptions

On May 16, 2015, the Company entered into a subscription agreement (the "**Management Subscription Agreement**") with certain members of Director and senior management of the Company (the "**Management Subscribers**"), pursuant to which the Company conditionally agreed to allot and issue and the Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 ordinary shares (the "**Management Subscription Shares**") at the price of HK$2.89 each pursuant to the terms and conditions of the Management Subscription Agreements.

(i) Rundong Fortune is a controlling shareholder of the Company (the "**Controlling Shareholder**") holding 484,016,000 Ordinary Shares, representing 45.1% of then total issued Ordinary Shares;

(ii) KKR Auto is a substantial shareholder holding 280,000,000 Ordinary Shares, representing 26.1% of then total issued Ordinary Shares; and

(iii) source of the Management Subscribers are Directors. Hence, Rundong Fortune, KKR Auto and the Management Subscribers who are Directors are all connected persons of the Company as defined under Rule 14A.07 of the Listing Rules.

As such, each of the Share Redesignation and the Management Subscriptions by the Management Subscribers who are Directors will constitute connected transactions of the Company and is subject to the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has published relevant announcement and circular pursuant to the requirements of the Listing Rules. The above connected transactions have been approved by the Independent Shareholders at the EGM of the Company held on August 5, 2015.

Apart from the above connected transactions, the Group did not entered into any connected transaction or continuing connected transaction required to be disclosed in accordance with the Listing Rules. The related party transaction as set out in note 37 to the consolidated financial statements does not fall under the scope of connected transactions under Chapter 14A of the Listing Rules. The Company has compiled with Chapter 14A of the Listing Rules in respect of this related party transaction.

OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the Reporting Period are set out in note 28 to the Financial Statements.

CONTINGENT LIABILITIES

As at December 31, 2015, neither the Company nor the Group had any significant contingent liabilities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles 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.

TAX RELIEF

As at the end of the Reporting Period, according to the laws of the Cayman Islands, holders of listed securities of the Company are not entitled to tax relief for their status as the holder of such securities.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

The Company has received an annual confirmation from its controlling shareholders, Rundong Fortune, Cheerful Autumn Holdings Limited ("**Cheerful Autumn**"), Rue Feng Holdings Limited ("**Rue Feng**") and Mr. Yang Peng to confirm that from the date of execution of non-competition undertaking to the year ended December 31, 2015, they had been in compliance with the non-competition undertaking provision set out in the Prospectus, and they did not engage or hold any interest in any business which is or is likely to be in competition, directly or indirectly, with the business of the Group.

The independent non-executive Directors had reviewed the above undertaking and concluded that Rundong Fortune, Cheerful Autumn, Rue Feng and Mr. Yang Peng had been in compliance with the non-competition undertaking from the date of execution of non-competition undertaking to the year ended December 31, 2015.

CONDITION OF SPECIFIC OBLIGATION TO BE PERFORMED BY THE CONTROLLING SHAREHOLDERS UNDER THE FACILITY AGREEMENT

The Company entered into a facility agreement with a syndicate of banks on November 27, 2015 (the "**Facility Agreement**") for a term loan facility of US$100,000,000, which subject to the accession by any additional bank(s) to the Facility Agreement pursuant to the terms thereunder will be increased by an amount currently contemplated to be approximately US$150,000,000 (the "**Facility**"). The Facility has a term of thirty six months from the first utilization date of the Facility.

Pursuant to the Facility Agreement, it will be an event triggering mandatory prepayment, among other things, if:

(a) any person owns beneficially, directly or indirectly, more shares in the Company than the aggregate number of shares owned beneficially, directly or indirectly, by Greenland; or

(b) Greenland and Mr. Yang Peng collectively do not have or cease to have control over the Company.

If any of the above events occurs, the total commitment under the Facility may be cancelled and all outstanding amounts, together with accrued interest and all other amounts accrued will become immediately due and payable.

In addition to the above, the Company also gives, among other things, an undertaking that, from the date of the Facility Agreement for so long as any amount is outstanding or any commitment under the Facility Agreement is in force, the Company will ensure that:

(a) the Company's financials are consolidated in all audited and consolidated financial statements of Greenland for each financial year; and

(b) the Company remains at all times a subsidiary of Greenland, which means that Greenland will, among other things, either directly or indirectly: (a) own more than half the issued share capital of the Company; or (b) have, whether by share capital, voting power, contract or otherwise, the power to appoint and/or remove the majority of the members of the governing body of the Company.

If the Company fails to comply with the above undertaking, an event of default will be triggered accordingly, the total commitment under the Facility may be cancelled and all outstanding amounts, together with accrued interest and all other amounts accrued will become immediately due and payable.

DIRECTORS

The Directors during the financial year and up to the date of this annual report were:

Executive Directors	Yang Peng *(Chairman and President)* Liu Dongli *(Vice Chairman)* Zhao Zhongjie *(Executive President)* Li Xiang (resigned on August 14, 2015) Liu Jian *(Vice President)*
Non-executive Directors	Zhao Fu Yan Sujian *(Vice Chairman)* Li Wei (appointed on August 14, 2015) Wu Zhengkui (appointed on August 14, 2015) Liu Haifeng David (resigned on August 14, 2015)
Independent Non-executive Directors	Peng Zhenhuai Mei Jianping Lee Conway Kong Wai Xiao Zhengsan

In accordance with articles 16.18 of the Articles and appointment letter for each of the non-executive Directors and independent non-executive Directors, Mr. Yan Sujian, Mr. Zhao Fu, Mr. Mei Jianping, Mr. Lee Conway Kong Wai, Mr. Xiao Zhengsan and Mr. Peng Zhenhuai will retire at the annual general meeting of the Company to be held on May 27, 2016, all Directors other than Mr. Zhao Fu are willing to offer themselves for re-election at the annual general meeting. Mr. Zhao Fu, a non-executive Director, does not intend to offer himself for re-election due to personal business pursuit. Thus, he will retire as a Director at the annual general meeting of the Company to be held on May 27, 2016. Mr. Wu Jin is nominated as a candidate of the non-executive Director of the Company to replace Mr. Zhao Fu. Mr. Wu Jin is willing to participate in the election held at the AGM.

According to article 16.2 of the Articles, Mr. Li Wei and Mr. Wu Zhengkui were appointed as the non-executive Directors of the Company by the Board in August 2015, with a term until this annual general meeting. Accordingly, Mr. Li Wei and Mr. Wu Zhengkui shall offer themselves for re-election at the annual general meeting, and they are willing to offer themselves for re-election at the same meeting.

All Directors proposed for re-election or election at the AGM in accordance with the Articles are eligible for re-election or election at the meeting.

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

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

Save as disclosed under the section headed "Connected Transaction" and note 37 to the consolidated financial statements, no transactions, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries was a party, and in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly subsisted at any time during the year ended December 31, 2015.

MATERIAL CONTRACTS WITH SUBSIDIARIES AND CONTROLLING SHAREHOLDERS OR ITS SUBSIDIARIES

In 2015, the Company obtained a financial assistance from Mr. Yang Peng, a controlling shareholder of the Company. Mr. Yang Peng did not obtain any interest from the financial assistance and the Group did not provide any assets as pledge. As at December 31, 2015, the borrowing provided by Mr. Yang Peng has been settled.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed that none of the Directors has any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

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

The Company was incorporated in the Cayman Islands on January 15, 2014 as an exempted company with limited liability and the shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on August 12, 2014 (the "**Listing Date**").

As of December 31, 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Interests in shares or underlying shares of the Company

Name of Director/ chief executive	Nature of interest	Number of Shares or underlying shares[1]	Approximate percentage of shareholding interest
Yang Peng[2, 4]	Interest in controlled corporation, Beneficial owner	1,089,185,598 (L)	115.08%
Liu Dongli[3, 4]	Beneficiary of a trust, Beneficial owner	8,920,708 (L)	0.94%
Zhao Zhongjie[3, 4]	Beneficiary of a trust, Beneficial owner	9,158,878 (L)	0.97%
Liu Jian[3, 4]	Beneficiary of a trust, Beneficial owner	5,728,094 (L)	0.61%
Yan Sujian[3, 4]	Beneficiary of a trust, Beneficial owner	5,601,094 (L)	0.59%
Li Xiang[3, 5]	Beneficiary of a trust	166,719 (L)	0.02%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Mr. Yang Peng as the protector of the Run Feng family trust is deemed to be interested in the Shares held as he has the power to appoint and remove, and to amend the rights of, the trustee to the Run Feng family trust, currently being HSBC International Trustee Limited.

(3) Part of Shares were held by Runda (PTC) Limited ("**Runda**"), a private trust Company incorporated under the laws of the British Virgin Islands, one of the shareholders of the Company. Runda is a trustee of China Auto Retail Holding Group Ltd Option Trust, a discretionary trust under which Mr. Liu Dongli, Mr. Zhao Zhongjie, Mr. Liu Jian, Mr. Li Xiang and Mr. Yan Sujian are eligible beneficiaries.

(4) On May 16, 2015, the Company entered into a subscription agreement with certain members of director and senior management of the Company, pursuant to which the Company conditionally agreed to allot and issue and the Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 ordinary shares at the price of HK$2.89 each pursuant to the terms and conditions of the Subscription Agreements. Part of shares come from the above subscription.

(5) Mr. Li Xiang ceased to be a Director of the Company from August 14, 2015.

Save as disclosed above, as at December 31, 2015, none of the Directors, chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS TO BE DISCLOSED UNDER THE SFO

As of December 31, 2015, the interests or short positions of substantial shareholders, other than the Directors or chief executives of the Company whose interests and short positions in the shares of the Company and of its associated corporations (within the meaning of Part XV of the SFO) as set out above, had 5% or more interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be maintained by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares[1]	Approximate percentage of shareholding interest
Rundong Fortune Investment Limited[2]	Beneficial owner	1,052,286,747 (L)	111.18%
Cheerful Autumn Holdings Limited[2]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Rue Feng Holdings Limited[2]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
HSBC International Trustee Limited[2]	Trustee	1,052,286,747 (L)	111.18%
Greenland Financial Overseas Investment Group Co., Ltd.[3]	Beneficial owner	1,052,286,747 (L)	111.18%
Greenland Financial Holdings Group Co., Ltd[3]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Greenland Holding Group Company Limited[3]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Greenland Holdings Corporation Limited[3]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
KKR China Auto Retail Holding Ltd II[4]	Beneficial owner	280,000,000 (L)	29.58%
KKR China Auto Retail Holding Ltd I[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR China Growth Fund L.P.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Associates China Growth L.P.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR China Growth Limited[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Fund Holdings L.P.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Fund Holdings GP Limited[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Group Holdings L.P.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Group Limited[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR & Co. L.P.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Management LLC[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
Kravis Henry Robert[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
Roberts George R.[4]	Interest in controlled corporation	280,000,000 (L)	29.58%
Central Huijin Investment Ltd.[5]	Person having a security interest in shares	185,898,107 (L)	19.64%
China Construction Bank Corporation[5]	Person having a security interest in shares	185,898,107 (L)	19.64%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Rundong Fortune is the wholly-owned subsidiary of Cheerful Autumn, which is wholly-owned by Rue Feng, which in turn is legally owned by the trustee to the Run Feng family trust (being HSBC Trustee as at the date of this annual report) for the benefit of the beneficiaries of the Run Feng family trust. Mr. Yang Peng, being the protector of the Run Feng family trust, has the power to appoint and remove, and to amend the rights of, the trustee to the Run Feng family trust.

(3) Each of Greenland Financial Holdings Group Co., Ltd (as the sole shareholder of Greenland Financial Overseas Investment Group Co., Ltd), Greenland Holdings Group Co., Ltd (as the shareholder of Greenland Financial Holdings Group Co., Ltd), and Greenland Holdings Corporation Limited (as the shareholder of Greenland Holdings Group Co., Ltd) is deemed to be interested in the Shares.

(4) Each of KKR China Auto Retail Holding Ltd I (as the sole shareholder of KKR Auto), KKR China Growth Fund L.P. (as the controlling shareholder of KKR China Auto Retail Holding Ltd I), KKR Associate China Growth L.P. (as the general partner of KKR China Growth Fund L.P.), KKR China Growth Limited (as the general partner of KKR Associates China Growth L.P.); KKR Fund Holdings L.P. (as the sole shareholder of KKR China Growth Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.), and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in the Shares. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares.

(5) Pursuant to a deed of charge, Rundong Fortune has pledged certain Shares in favour of Cheer Hope Holdings Limited, which is wholly controlled by CCBI Investments Limited, which is wholly controlled by CCB International (Holdings) Limited, which is wholly controlled by CCB Financial Holdings Limited, which is wholly controlled by CCB International Group Holdings Limited, which is wholly controlled by China Construction Bank Corporation, which is in turn 57.26% controlled by Central Huijin Investment Ltd.

SHARE OPTION SCHEME

a. Pre-IPO Share Option Scheme

In recognition of the contributions of the employees of our Group, on September 27, 2011, our Group has implemented a share option scheme (the "**Pre-IPO Share Option Scheme**").

The details of the movements of the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

					Number of share options					
Type of participant	Date of grant	Exercise period	Vesting period	Exercise price per Share	Outstanding as at January 1, 2015	Granted during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Exercised during the Reporting Period	Expired during the Reporting Period	Outstanding as at December 31, 2015
Employees	November 15, 2011	Note 1	Note 2	US$ 0.3573	6,012,474	803,520	1,612,194	–	–	6,963,414

Note 1: Each grantee to whom a share option has been granted shall be entitled to exercise his/her share option in such manner as set out below:

Exercise date	Maximum cumulative percentage of the vested share options exercised
The date after the first anniversary of the Listing Date but before the second anniversary of the Listing Date	30%
The date after the second anniversary of the Listing Date but before the third anniversary of the Listing Date	60%
The date after the third anniversary of the Listing Date but before the fourth anniversary of the Listing Date	80%
The date after the fourth anniversary of the Listing Date	100%

Note 2: The Pre-IPO Share Option Scheme shall be vested in accordance with the following schedule (the "**Vesting Date**"):

i. if a grantee is employed on or before December 31, 2011, the Vesting Date shall be March 31 of every year commencing 2012;

ii. if a grantee is employed from January 1, 2012 to December 31, 2012, the Vesting Date shall be March 31 of every year commencing 2013; and

iii. if a grantee is employed from January 1, 2013 to December 31, 2013, the Vesting Date shall be March 31 of every year commencing 2014.

After the expiry of the Pre-IPO Share Option Scheme, no further Pre-IPO Share Options shall be offered but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in force. The Pre-IPO Share Options (to the extent not already exercised) granted prior to such expiry shall continue to be valid and exercisable until November 15, 2021.

b. Share Option Scheme

On July 23, 2014, the shareholder of the Company approved and adopted a share option scheme (the "**Share Option Scheme**") conditionally upon the approval by the Stock Exchange of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of options under the Share Option Scheme. The Company received such approval from the Stock Exchange on August 11, 2014.

As at December 31, 2015, no option has been granted or agreed to be granted under the Share Option Scheme by the Company. The Share Option Scheme has been terminated from August 14, 2015.

c. Management Subscriptions

The purpose of the proposed Management Subscriptions is to provide incentives to the Directors and the senior management of the Group who are regarded as valuable human resource of the Group to continuously drive the growth of the Group's businesses. On May 16, 2015, the Company entered into a Management Subscription Agreement with each of the Management Subscribers pursuant to which the Company conditionally agreed to allot and issue and the Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 Management Subscription Shares at the price of HK$2.89 each pursuant to the terms and conditions of the Management Subscription Agreements. The 80,537,237 Management Subscription Shares represent (a) 8.5% of the issued Ordinary Shares as at the end of the Reporting Period; and (b) 4.8% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares, the Conversion Shares and the Management Subscription Shares.

Completion of the Management Subscriptions with respect to each of the Management Subscribers will take place in four installments (the "**Installment Completion**") in the following manner:

Time of Installment Completion	Percentage of the aggregate number of Management Subscription Shares agreed to be issued to the relevant subscriber (%)
First anniversary of the date of completion of the Subscription Agreement	30
Second anniversary of the date of completion of the Subscription Agreement	30
Third anniversary of the date of completion of the Subscription Agreement	20
Fourth anniversary of the date of completion of the Subscription Agreement	20

In addition to the Management Subscription Conditions, each Installment Completion with respect to each of the Management Subscribers is also conditional upon the fulfillment of the following conditions (the "**Installment Completion Conditions**"):

(a) the revenue and net profit of the Group for the financial year immediately preceding each Installment Completion are not less than the revenue and net profit of the Group for the financial year ended December 31, 2014, respectively;

(b) the relevant Management Subscriber having achieved the performance target for the relevant financial year of the Company set by the Board specifically with respect to such subscriber (the "**Relevant Performance Target**"), subject to the following adjustments:

   i. if the relevant Management Subscriber achieves 70% of his Relevant Performance Target before the relevant Installment Completion, the number of Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be 70%;

   ii. if the relevant Management Subscriber achieves between 70% to 100% of his Relevant Performance Target before the relevant Installment Completion, the number of Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be adjusted proportionally (up to 100%); and

   iii. if the relevant Management Subscriber achieves below 70% of his Relevant Performance Target, the Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be cancelled.

(c) the relevant Management Subscriber having remained as an employee of the Group; and

(d) compliance with the requirement of maintaining the prescripted public float under the Listing Rules by the Company and the voting rights of Rundong Fortune in the Company not falling from above 30% to below 30% at the relevant Installment Completion; otherwise the relevant Installment Completion will need to be postponed until these two conditions can be met;

Each Management Subscription Agreement shall be terminated, among other grounds, (a) upon mutual termination by the parties to the agreement; or (b) if the Management Subscription Conditions have not been satisfied within 12 months from the date of the relevant Management Subscription Agreement.

As the results of 2015 cannot fulfill the Subscription Conditions, the management cannot subscribe 30% of the shares in the first year, details of which are set out in the below table:

	Total subscription number *(shares)*	Unfulfilled subscription number in the first year *(shares)*	Remaining subscription number *(shares)*
Yang Peng	36,898,851	11,069,655	25,829,196
Liu Dongli	7,737,800	2,321,340	5,416,460
Zhao Zhongjie	7,737,800	2,321,340	5,416,460
Liu Jian	4,855,600	1,456,680	3,398,920
Yan Sujian	4,418,186	1,325,456	3,092,730
Zhu Lidong	3,477,800	1,043,340	2,434,460
Jiang Xiaofe	3,077,800	923,340	2,154,460
Zhao Ruoxu	4,077,800	1,223,340	2,854,460
Zhou Jian	4,777,800	1,433,340	3,344,460
Lee Nan-Ping*	3,477,800	3,477,800	0
Total	80,537,237	26,595,631	53,941,606

* Lee Nan-Ping resigned his position.

RETIREMENT BENEFIT SCHEME

As stipulated by the PRC state regulations, the Mainland China subsidiaries shall participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The Mainland China subsidiaries are required to make contributions to the local social security bureau at 14% to 22% (2014: 14% to 22%) of the year's average basic salary amount of the geographical area where the employees are under employment with the Mainland China subsidiaries.

The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

None of the retirement schemes have provisions for the forfeiture of contributions made to the scheme. Contributions to these plans are expensed as incurred. The Group's contributions to the retirement benefit schemes charged to the consolidated income statement for the year ended December 31, 2015 was RMB36.07 million (2014: RMB26.37 million).

According to the relevant rules and regulations of the PRC, the Mainland China subsidiaries and their employees are each required to make contributions to an accommodation fund at 5% to 10% (2014: 5% to 10%) of the salaries and wages of the employees, which is administered by the Public Accumulation Funds Administration Center. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at December 31, 2015, the Group had no significant obligation apart from the contributions as stated above.

EMOLUMENT POLICY

The emolument policy of the general staff of the Company is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are proposed by the remuneration committee of the Company to the Board, having regard to the Company's operating results, individual performance and comparable market statistics, subject to the final decision by the Board.

The remuneration of the Directors and senior management of the Company are set out in note 9 to the consolidated financial statements.

To the knowledge of the Company, as at the date of this annual report, none of the Directors had waived or agreed to waive any arrangement for emolument.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or substantial part of the business of the Company were entered into or existed during the year ended December 31, 2015.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and senior management's liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

MAJOR CUSTOMERS AND SUPPLIERS

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year under review, and sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year, no major customer segment information is presented in accordance with HKFRS 8 Operating Segments.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 78.1% (2014: 72.1%) and the largest supplier accounted for approximately 29.5% (2014: 29.3%) of the Group's total purchases for the year ended December 31, 2015.

At no time during the year ended December 31, 2015 have any of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of number of issued shares of the Company) had any interest in these major customers and suppliers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises that the employees, customers and suppliers are the key to corporate sustainability and are keen on developing long-term relationships with these stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employees can develop to their fullest potential and can assist their personal and professional growth. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products and services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a timely and effective manner.

The Group is also dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. We reinforce business partnerships with suppliers by ongoing communication in a proactive and effective manner.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended December 31, 2015 and up to the date of this annual report, the Company has maintained the prescribed public float as required by the Listing Rules.

AUDITORS

Our external auditors, Ernst & Young, will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in China while the Company itself is listed on the Stock Exchange. Our operations shall comply with relevant laws and regulations in China and Hong Kong. During the year ended December 31, 2015 and up to the date of this report, we have complied with all the relevant laws and regulations in China and Hong Kong in all material respects.

On behalf of the Board
YANG Peng
Chairman

March 31, 2016

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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To the shareholders of China Greenland Rundong Auto Group Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

We have audited the consolidated financial statements of China Greenland Rundong Auto Group Limited (the "**Company**") and its subsidiaries set out on pages 55 to 130, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "**Directors**") are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation of 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	5(a)	**14,923,054**	15,469,317
Cost of sales	6(b)	**(13,532,583)**	(14,030,217)
Gross profit		**1,390,471**	1,439,100
Other income and gains, net	5(b)	**267,092**	252,006
Selling and distribution costs		**(444,759)**	(417,995)
Administrative expenses		**(487,711)**	(443,964)
Other expenses		**(10,727)**	(10,701)
Finance costs	7	**(390,283)**	(350,484)
Profit before tax	6	**324,083**	467,962
Income tax expense	8	**(115,184)**	(155,032)
Profit for the year		**208,899**	312,930
Profit for the year attributable to:			
Owners of the parent		**203,303**	305,422
Non-controlling interests		**5,596**	7,508
		208,899	312,930
Earnings per share attributable to ordinary equity holders of the parent:	12		
Basic			
— For profit for the year (RMB)		**0.20**	0.34
Diluted			
— For profit for the year (RMB)		**0.16**	0.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 *RMB'000*	2014 *RMB'000*
Profit for the year	**208,899**	312,930
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(814)**	(499)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(814)**	(499)
Other comprehensive income/(loss) for the year, net of tax	**(814)**	(499)
Total comprehensive income for the year, net of tax	**208,085**	312,431
Total comprehensive income for the year attributable to:		
Owners of the parent	**202,489**	304,923
Non-controlling interests	**5,596**	7,508
	208,085	312,431

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,249,299**	2,640,307
Land use rights	14	**480,802**	343,688
Intangible assets	15	**484,763**	213,702
Prepayments	16	**389,413**	436,474
Finance lease receivables	17	**2,426**	–
Goodwill	18	**700,724**	207,146
Available-for-sale investments	19	**102,000**	102,000
Deferred tax assets	29	**10,657**	7,458
Total non-current assets		**5,420,084**	3,950,775
CURRENT ASSETS			
Inventories	20	**1,810,452**	1,899,654
Trade receivables	21	**251,775**	208,722
Finance lease receivables	17	**2,750**	–
Prepayments, deposits and other receivables	22	**2,317,658**	1,395,302
Cash in transit	23	**47,606**	60,017
Pledged bank deposits	24	**1,329,248**	1,922,496
Cash and cash equivalents	25	**1,513,212**	1,072,158
Total current assets		**7,272,701**	6,558,349
TOTAL ASSETS		**12,692,785**	10,509,124
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	**1,403,609**	680,944
Deferred tax liabilities	29	**149,384**	55,486
Total non-current liabilities		**1,552,993**	736,430
CURRENT LIABILITIES			
Trade and bills payables	26	**2,775,017**	3,638,877
Other payables and accruals	27	**1,092,543**	934,840
Interest-bearing bank and other borrowings	28	**3,806,306**	3,253,060
Income tax payable		**249,196**	206,314
Total current liabilities		**7,923,062**	8,033,091
NET CURRENT LIABILITIES		**(650,361)**	(1,474,742)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,769,723**	2,476,033
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**5**	3
Reserves	31	**3,122,533**	1,651,004
		3,122,538	1,651,007
Non-controlling interests		**94,192**	88,596
Total equity		**3,216,730**	1,739,603
TOTAL EQUITY AND LIABILITIES		**12,692,785**	10,509,124

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the parent									
	Share capital RMB'000 (note 30)	Share premium RMB'000 (note 30)	Merger reserve RMB'000 (note 31(i))	Share option reserve RMB'000 (note 33)	Statutory reserve RMB'000 (note 31(ii))	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000 (note 31(iii))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	–	–	522,799	8,230	81,315	275,779	(852)	887,271	57,166	944,437
Profit for the year	–	–	–	–	–	305,422	–	305,422	7,508	312,930
Other comprehensive loss	–	–	–	–	–	–	(499)	(499)	–	(499)
Total comprehensive income/(loss) for the year	–	–	–	–	–	305,422	(499)	304,923	7,508	312,431
Issue of share capital	3	665,372	(2)	–	–	–	–	665,373	–	665,373
Exercise of share options	–	94,752	–	(29,402)	–	–	–	65,350	–	65,350
Special dividend to the then shareholders	–	–	–	–	–	(297,000)	–	(297,000)	–	(297,000)
Capital contribution from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	23,922	23,922
Transfer from retained earnings	–	–	–	–	48,046	(48,046)	–	–	–	–
Equity-settled share option arrangements	–	–	–	25,090	–	–	–	25,090	–	25,090
At 31 December 2014 and at 1 January 2015	3	760,124*	522,797*	3,918*	129,361*	236,155*	(1,351)*	1,651,007	88,596	1,739,603
Profit for the year	**–**	**–**	**–**	**–**	**–**	**203,303**	**–**	**203,303**	**5,596**	**208,899**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(814)**	**(814)**	**–**	**(814)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**203,303**	**(814)**	**202,489**	**5,596**	**208,085**
Issue of share capital	**2**	**1,266,524**	**–**	**–**	**–**	**–**	**–**	**1,266,526**	**–**	**1,266,526**
Transfer from retained earnings	**–**	**–**	**–**	**–**	**35,155**	**(35,155)**	**–**	**–**	**–**	**–**
Equity-settled share option arrangements	**–**	**–**	**–**	**2,516**	**–**	**–**	**–**	**2,516**	**–**	**2,516**
At 31 December 2015	**5**	**2,026,648***	**522,797***	**6,434***	**164,516***	**404,303***	**(2,165)***	**3,122,538**	**94,192**	**3,216,730**

* These reserve accounts comprise the consolidated reserves of RMB1,651,004,000 and RMB3,122,533,000, respectively, in the consolidated statements of financial position as at 31 December 2014 and 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating activities			
Profit before tax		**324,083**	467,962
Adjustments for:			
Depreciation	6(c)	**227,369**	170,962
Amortisation of intangible assets	6(c)	**28,569**	14,892
Amortisation of land use rights	6(c)	**13,953**	8,709
Finance costs	7	**390,283**	350,484
Interest income	5(b)	**(19,026)**	(18,490)
Loss on disposal of items of property, plant and equipment	6(c)	**6,557**	5,611
Equity-settled share option expense	33	**2,516**	25,090
Decrease/(increase) in inventories		**294,500**	(259,965)
Decrease/(increase) in trade receivables		**10,790**	(18,572)
Increase in prepayments, deposits and other receivables		**(556,683)**	(257,918)
Increase in finance lease receivables		**(5,176)**	–
Decrease/(increase) in pledged bank deposits		**984,751**	(907,636)
Decrease/(increase) in cash in transit		**21,625**	(36,672)
(Decrease)/increase in trade and bills payables		**(1,217,464)**	900,815
(Decrease)/increase in other payables and accruals		**(633,729)**	126,686
		(127,082)	571,958
Income taxes paid		**(82,930)**	(122,432)
Net cash flows (used in)/generated from operating activities		**(210,012)**	449,526
Investing activities			
Purchase of items of property, plant and equipment		**(340,038)**	(1,091,582)
Proceeds from disposal of items of property, plant and equipment		**73,732**	119,681
Purchase of land use rights		**(6,376)**	(17,771)
Purchase of intangible assets		**(1,856)**	(7,035)
Interest received		**19,026**	18,490
Prepayment for potential acquisitions		**(379,801)**	(418,485)
Acquisition of subsidiaries	32	**(94,474)**	–
Net cash flows used in investing activities		**(729,787)**	(1,396,702)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Financing activities			
Proceeds from issue of shares		**1,266,526**	665,373
Proceeds from exercise of share options		**–**	65,350
Proceeds from interest-bearing bank and other borrowings		**8,373,639**	6,822,538
Repayment of interest-bearing bank and other borrowings		**(8,090,499)**	(6,133,933)
Interest paid		**(392,621)**	(362,227)
Dividend paid		**(103,950)**	–
Capital contribution from non-controlling interests of subsidiaries		**–**	23,922
Repayment from a substantial shareholder, net		**–**	266,107
Decrease in pledged bank deposits		**328,572**	255,218
Net cash flows generated from financing activities		**1,381,667**	1,602,348
Net increase in cash and cash equivalents		**441,868**	655,172
Net foreign exchange differences		**(814)**	(499)
Cash and cash equivalents at beginning of year		**1,072,158**	417,485
Cash and cash equivalents at end of year	*25*	**1,513,212**	1,072,158
Analysis of balances of cash and cash equivalents			
Cash and bank balances	*25*	**1,513,212**	1,072,158
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		**1,513,212**	1,072,158

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 15 January 2014 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 August 2014.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the sale and service of motor vehicles in Mainland China.

On 21 August 2015, the Company changed its registered name from China Rundong Auto Group Limited (中國潤東汽車集團有限公司) to China Greenland Rundong Auto Group Limited (中國綠地潤東汽車集團有限公司).

2.1 BASIS OF PRESENTATION

Through a group reorganisation (the "**Reorganisation**") as set out in the section headed "History and Reorganisation" in the Prospectus dated 31 July 2014 for the public listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 22 January 2014. The shares of the Company were listed on the Stock Exchange on 12 August 2014.

The consolidated financial statements of the Group have been prepared and presented based on the principle of merger accounting in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), as if the Reorganisation had been completed as at the beginning of the year for the purpose of this report.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group recorded net current liabilities of RMB650,361,000 as at 31 December 2015. The Directors believe that the Group has sufficient cash flows from the operations and current available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PRESENTATION *(Continued)*

Basis of consolidation *(Continued)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as no acquisition of investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*1
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018. During the year ended 31 December 2015, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combinations and goodwill *(Continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

(d) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(e) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	15-20 years	3%
Leasehold improvements	Over the shorter of the lease terms and 5 years	–
Plant and machinery	10 years	3%
Furniture and fixtures	3-5 years	3%
Motor vehicles	6 years	3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(f) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Category	Estimated useful life
Software	5 years
Dealership relationship	15-20 years
Customer relationship	15 years
Insurance license	15 years

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

The Group as lessor

Amounts due from lessees under finance leases of passenger vehicles are recognised 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.

(h) Land use rights

All land in Mainland China is state-owned and no individual land ownership rights exist. The Group acquires the rights to use certain land and the consideration paid for such rights are recorded as land use rights, which are amortised over the lease terms ranging from 20 to 50 years using the straight-line method.

(i) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(m) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(n) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated on a specific identification basis as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with initial terms of three months or less, which are not restricted as to use.

(r) Income tax

Income tax comprises current and deferred income tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(i) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

(i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income 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 profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, on the percentage of completion basis, in the period in which the services are rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) finance lease income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

(u) Vendor rebate

Volume-related vendor rebates are recognised as a deduction from cost of sales on an accrual basis based on the expected entitlement earned up to the reporting date for each relevant supplier contract.

Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

(v) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 33 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Share-based payments *(Continued)*

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(w) Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 8.00% and 8.97% has been applied to the expenditure on the individual assets.

(y) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(z) Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Foreign currencies *(Continued)*

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of Mainland China subsidiaries is RMB. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets were RMB7,458,000 and RMB10,657,000 as at 31 December 2014 and 2015, respectively. More details are given in note 29.

Operating lease commitments

The Group has entered into commercial property leases on its property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

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, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related depreciation charges for its property, plant and equipment. The estimation is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, with consideration of market condition. Management will increase the depreciation charges when useful lives become shorter than previously estimated.

Useful lives of intangible assets

Intangible assets are amortised on the straight-line basis with nil residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation charges for its intangible assets. The estimation is based on useful lives as determined by comparable companies in the same industry and 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.

4. SEGMENT INFORMATION

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since all of the Group's revenue was generated from the sale and service of motor vehicles in Mainland China and all of the Group' s identifiable assets and liabilities were located in Mainland China, no geographical information is presented.

Information about major customers

Since no revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the years ended 31 December 2014 and 2015, no information about major customer is presented.

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	2015	2014
	RMB'000	*RMB'000*
Revenue from the sale of motor vehicles	**12,972,579**	13,828,960
Others	**1,950,475**	1,640,357
	14,923,054	15,469,317

(b) Other income and gains, net

	2015	2014
	RMB'000	*RMB'000*
Commission income	**193,422**	191,940
Advertisement support received from motor vehicle manufacturers	**32,286**	29,172
Interest income	**19,026**	18,490
Rental income	**7,557**	3,569
Government grants	**4,484**	2,704
Others	**10,317**	6,131
	267,092	252,006

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		2015 RMB'000	2014 RMB'000
(a)	Employee benefit expense (excluding directors' and chief executive's remuneration *(note 9)*):		
	Wages and salaries	**189,990**	199,294
	Equity-settled share option expense	**2,516**	6,690
	Other welfare	**98,534**	72,038
		291,040	278,022
(b)	Cost of sales and services:		
	Cost of sales of motor vehicles	**12,430,503**	13,123,786
	Others	**1,102,080**	906,431
		13,532,583	14,030,217
(c)	Other items:		
	Depreciation of items of property, plant and equipment	**227,369**	170,962
	Advertisement and business promotion expenses	**73,992**	70,031
	Lease expenses	**60,483**	55,161
	Amortisation of intangible assets	**28,569**	14,892
	Bank charges	**10,110**	14,688
	Amortisation of land use rights	**13,953**	8,709
	Loss on disposal of items of property, plant and equipment	**6,557**	5,611

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest expense on bank borrowings wholly repayable within five years	**344,550**	340,315
Interest expense on other borrowings	**48,071**	21,912
Less: interest capitalised	**(2,338)**	(11,743)
	390,283	350,484

8. TAX

(a) Tax in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Current:		
Mainland China corporate income tax	**125,812**	155,077
Deferred tax *(note 29)*	**(10,628)**	(45)
	115,184	155,032

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

The subsidiary incorporated in the British Virgin Islands ("**BVI**") is not subject to income tax as this subsidiary does not have a place of business (other than a registered office only) or carry on any business in BVI.

The subsidiaries incorporated in Hong Kong are subject to profits tax at the rate of 16.5% during the years ended 31 December 2014 and 2015. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2015.

According to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**"), the income tax rate is 25%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the region in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	**324,083**	467,962
Tax at the applicable tax rate (25%)	**81,021**	116,991
Adjustments in respect of current tax of previous years	**901**	960
Expenses not deductible for tax	**12,996**	11,364
Tax losses utilised from previous years	**–**	(535)
Tax losses not recognised	**19,872**	21,354
Deductible temporary differences not recognised	**30**	27
Recognition of deferred tax assets not recognised in previous periods	**364**	–
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**–**	4,871
Tax charge	**115,184**	155,032

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December 2015				
	Directors' fees	Salaries, allowances and other benefits	Pension scheme contributions	Equity-settled share option expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Yang Peng*	–	912	33	–	945
Mr. Liu Dongli	–	768	35	–	803
Mr. Zhao Zhongjie	–	757	40	–	797
Mr. Liu Jian	–	576	35	–	611
Mr. Li Xiang**	–	251	23	–	274
Non-executive directors:					
Mr. Yan Sujian	–	540	–	–	540
Mr. Liu Haifeng**	–	–	–	–	–
Mr. Zhao Fu	–	–	–	–	–
Mr. Li Wei	–	–	–	–	–
Mr. Wu Zhengkui	–	–	–	–	–
Mr. Xiao Zhengsan	220	–	–	–	220
Mr. Mei Jianping	220	–	–	–	220
Mr. Peng Zhenghuai	220	–	–	–	220
Mr. Li Gangwei	220	–	–	–	220
	880	3,804	166	–	4,850

* Mr. Yang Peng who acted as an executive director of the Company was also chief executive officer of the Company for the year ended 31 December 2015.

** On 14 August 2015, Mr. Li Xiang and Mr. Liu Haifeng resigned from their positions as an executive director and a non-executive director, respectively, and Mr. Li Wei and Mr. Wu Zhengkui were appointed as new non-executive directors of the Company.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	Year ended 31 December 2014				
	Directors' fees	Salaries, allowances and other benefits	Pension scheme contributions	Equity-settled share option expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Yang Peng***	–	997	13	–	1,010
Mr. Liu Dongli	–	862	37	7,799	8,698
Mr. Zhao Zhongjie	–	805	37	4,135	4,977
Mr. Liu Jian	–	645	28	2,539	3,212
Mr. Li Xiang	–	602	28	485	1,115
Non-executive directors:					
Mr. Yan Sujian	610	–	–	3,442	4,052
Mr. Liu Haifeng	–	–	–	–	–
Mr. Zhao Fu	–	–	–	–	–
Mr. Xiao Zhengsan	92	–	–	–	92
Mr. Mei Jianping	92	–	–	–	92
Mr. Peng Zhenghuai	92	–	–	–	92
Mr. Li Gangwei	92	–	–	–	92
	978	3,911	143	18,400	23,432

*** Mr. Yang Peng who acted as an executive director of the Company was also chief executive officer of the Company for the year ended 31 December 2014.

During the year ended 31 December 2014, certain executive directors, a non-executive director and the chief executive were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 33 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 December 2014 is included in the above directors' and chief executive's remuneration disclosures.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2014 and 2015.

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest for the years ended 31 December 2014 and 2015 include four and four directors, respectively, whose emoluments are reflected in the analysis presented in note 9 above.

Details of the remuneration for the year of the remaining one (2014: one) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Salaries, bonuses, allowances and benefits in kind	**593**	621
Pension scheme contributions	**35**	37
Equity-settled share option expense	**–**	981
	628	1,639

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Nil to RMB1,000,000	**1**	–
RMB1,000,001 to RMB1,500,000	**–**	–
RMB1,500,001 to RMB2,000,000	**–**	1
	1	1

During the year ended 31 December 2014, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group under the share option scheme of the Company, further details of which are included in note 33 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 December 2014 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. DIVIDENDS

The Board of the directors does not recommend payment of dividend to the ordinary equity holders of the Company for the year ended 31 December 2015 (2014: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,474,750 (2014: 902,927,750) in issue during the year .

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2015 RMB'000	2014 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the earnings per share calculation	**203,303**	305,422

	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,026,474,750**	902,927,750
Effect of dilution weighted average number of ordinary shares:		
Conversion preference shares	**249,100,780**	–
Share options	**1,843,127**	6,082,506
	1,277,418,657	909,010,256

	2015	2014
Earnings per share		
Basic (RMB)	**0.20**	0.34
Diluted (RMB)	**0.16**	0.34

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2015	2,031,726	124,373	176,401	148,519	367,831	166,056	3,014,906
Additions	22,066	188,410	18,676	25,403	101,412	11,585	367,552
Transfers	69,795	148,081	9,643	7,842	–	(235,361)	–
Acquisition of subsidiaries *(note 32)*	202,786	62,461	22,852	25,413	38,006	238,593	590,111
Disposals	(4,789)	–	–	(2,120)	(100,282)	–	(107,191)
At 31 December 2015	2,321,584	523,325	227,572	205,057	406,967	180,873	3,865,378
Accumulated depreciation:							
At 1 January 2015	(174,350)	(8,867)	(42,186)	(71,641)	(77,555)	–	(374,599)
Depreciation provided during the year	(81,144)	(34,830)	(17,258)	(32,381)	(61,756)	–	(227,369)
Acquisition of subsidiaries *(note 32)*	(18,942)	(1,353)	(5,716)	(10,032)	(6,038)	–	(42,081)
Disposals	1,368	–	–	1,051	25,551	–	27,970
At 31 December 2015	(273,068)	(45,050)	(65,160)	(113,003)	(119,798)	–	(616,079)
Net book value:							
At 31 December 2014	1,857,376	115,506	134,215	76,878	290,276	166,056	2,640,307
At 31 December 2015	2,048,516	478,275	162,412	92,054	287,169	180,873	3,249,299

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2014	1,447,010	10,077	122,145	121,901	268,263	194,887	2,164,283
Additions	48,816	9,313	31,056	28,782	207,119	693,115	1,018,201
Transfers	588,668	104,983	23,433	4,862	–	(721,946)	–
Disposals	(52,768)	–	(233)	(7,026)	(107,551)	–	(167,578)
At 31 December 2014	2,031,726	124,373	176,401	148,519	367,831	166,056	3,014,906
Accumulated depreciation:							
At 1 January 2014	(111,587)	(5,242)	(29,846)	(50,017)	(49,231)	–	(245,923)
Depreciation provided during the year	(87,330)	(3,625)	(12,510)	(23,485)	(44,012)	–	(170,962)
Disposals	24,567	–	170	1,861	15,688	–	42,286
At 31 December 2014	(174,350)	(8,867)	(42,186)	(71,641)	(77,555)	–	(374,599)
Net book value:							
At 31 December 2013	1,335,423	4,835	92,299	71,884	219,032	194,887	1,918,360
At 31 December 2014	1,857,376	115,506	134,215	76,878	290,276	166,056	2,640,307

The application for the property ownership certificates for certain buildings with net book values of approximately RMB273,535,000 and RMB258,818,000, respectively, as at 31 December 2014 and 2015 was still in progress.

Certain of the Group's buildings with aggregate net book values of approximately RMB427,704,000 and RMB430,003,000, respectively, as at 31 December 2014 and 2015 were pledged as security for the Group's interest-bearing bank and other borrowings (note 28).

Certain of the Group's buildings with aggregate net book values of RMB41,985,000 and RMB27,570,000, respectively, as at 31 December 2014 and 2015 do not have building ownership certificates because they were built on land where the Group did not have the land use right certificates. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group can build the relevant buildings on such land, (2) no fine will be imposed on the Group for the use of land, (3) the relevant bureaus will not confiscate the constructions and other facilities built on such land, and (4) the Group will not be required to return the relevant land before public bidding. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or confiscating the buildings is relatively low.

As set out in Note 32, certain of the Group's buildings acquired during the year with aggregate net book values of RMB106,997,000 as at 31 December 2015 do not have building ownership certificates because they were built on land where the Group did not have the land use right certificates. The Group has obtained the undertaking from the former controlling shareholders of those dealership stores (the "**Sellers**"), in the event that government authorities imposes a fine on the Group or confiscates the buildings, the Sellers shall indemnify the Group for all the losses suffered by the Group. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or confiscating the buildings is relatively low.

14. LAND USE RIGHTS

	2015 RMB'000	2014 RMB'000
Cost		
At the beginning of the year	**376,377**	376,377
Additions	**12,938**	–
Acquisition of subsidiaries *(note 32)*	**150,161**	–
At the end of the year	**539,476**	376,377
Accumulated amortisation		
At the beginning of the year	**(32,689)**	(23,980)
Charge for the year	**(13,953)**	(8,709)
Acquisition of subsidiaries *(note 32)*	**(12,032)**	–
At the end of the year	**(58,674)**	(32,689)
Net book value:		
At the end of the year	**480,802**	343,688

The Group's land use rights are related to land located in Mainland China. The remaining periods of the land use rights of the Group are from 12 to 48 years.

Certain of the Group's land use rights with aggregate net book values of approximately RMB209,612,000 and RMB185,641,000, respectively, as at 31 December 2014 and 2015 were pledged as security for the Group's interest-bearing bank and other borrowings (note 28).

Certain of the Group's land use rights are rights with aggregate net book values of RMB13,925,000 and RMB11,744,000, respectively, as at 31 December 2014 and 2015, of which the Group had not obtained the land use right certificates. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group can build and operate dealership stores on such land, (2) no fine will be imposed on the Group for the use of land, (3) the relevant bureaus will not confiscate the constructions and other facilities built on such land, and (4) the Group will not be required to return the relevant land before public bidding. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or requiring the Group to return the relevant land before public bidding is relatively low.

Included in the Group's land use rights are rights to some parcels of land, with aggregate net book values of RMB49,842,000 and RMB34,703,000, respectively, as at 31 December 2014 and 2015, which the Group did not use for their designated usage. Under applicable PRC laws and regulations, government approval is required for land use rights holders to change the designated usage for the land. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group is the legal land use right holder of the relevant lands with full payment made, (2) the relevant bureaus are aware of the Group's present use of the land as dealership stores, and (3) there will be no fines or additional land grant fees to be imposed by the relevant bureaus and the Group will not be required to return the land to the government. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or requiring the Group to return the relevant land is relatively low.

14. LAND USE RIGHTS *(Continued)*

As set out in Note 32, certain of the Group's land use rights acquired during the year with aggregate net book values of RMB75,666,000 as at 31 December 2015 were not used for their designated usage. The Group has obtained the undertaking from the Sellers, in the event that government authorities imposes a fine on the Group or confiscates the land use rights, the Sellers shall indemnify the Group for all the losses suffered by the Group. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or requiring the Group to return the relevant land is relatively low.

15. INTANGIBLE ASSETS

	Software *RMB'000*	Dealership relationship *RMB'000*	Customer relationship *RMB'000*	Insurance license *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2015	**19,394**	**141,300**	**50,137**	**26,500**	**237,331**
Additions	**1,856**	**–**	**–**	**–**	**1,856**
Acquisition of subsidiaries *(note 32)*	**2,102**	**212,600**	**83,712**	**–**	**298,414**
At 31 December 2015	**23,352**	**353,900**	**133,849**	**26,500**	**537,601**
Accumulated amortisation					
At 1 January 2015	**(8,411)**	**(9,297)**	**(4,178)**	**(1,743)**	**(23,629)**
Charge for the year	**(3,398)**	**(15,410)**	**(7,527)**	**(2,234)**	**(28,569)**
Acquisition of subsidiaries *(note 32)*	**(640)**	**–**	**–**	**–**	**(640)**
At 31 December 2015	**(12,449)**	**(24,707)**	**(11,705)**	**(3,977)**	**(52,838)**
Net book value					
At 31 December 2015	**10,903**	**329,193**	**122,144**	**22,523**	**484,763**
Cost					
At 1 January 2014	12,359	141,300	50,137	26,500	230,296
Additions	7,035	–	–	–	7,035
At 31 December 2014	19,394	141,300	50,137	26,500	237,331
Accumulated amortisation					
At 1 January 2014	(5,693)	(1,766)	(836)	(442)	(8,737)
Charge for the year	(2,718)	(7,531)	(3,342)	(1,301)	(14,892)
At 31 December 2014	(8,411)	(9,297)	(4,178)	(1,743)	(23,629)
Net book value					
At 31 December 2014	10,983	132,003	45,959	24,757	213,702

16. PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Prepayments for potential acquisitions	**379,801**	418,485
Prepayments for land use rights	**9,612**	17,989
	389,413	436,474

17. 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	**2,750**	–
Non-current	**2,426**	–
	5,176	–

Finance lease receivables comprise:

	Minimum lease receivables 2015 RMB'000	Present value of Minimum lease receivables 2015 RMB'000
Analysed as:		
Within one year	**3,129**	**2,750**
In the second to fifth years, inclusive	**2,760**	**2,426**
	5,889	**5,176**
Less: unearned finance income	**713**	**N/A**
Present value of minimum lease receivables	**5,176**	**5,176**

18. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost:		
At the beginning of the year	**207,146**	207,146
Acquisition of a subsidiary *(Note 32)*	**493,578**	–
At 31 December	**700,724**	207,146

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the respective cash-generating units for impairment testing.

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period from the end of the reporting period is 3% (2014: 3%) for all years. The pre-tax discount rate applied to the cash flow projections beyond one year is 17.5% (2014: 16%).

Key assumptions used in the value in use calculation

The following describes the key assumptions of the cash flow projections.

Revenue from the sale and service of motor vehicles — the bases used to determine the future earnings from the sale and service of motor vehicles are historical sales and the average growth rate of similar 4S stores of the Group over the last two years.

Operating expenses — the bases used to determine the values assigned are cost of inventories, staff costs, depreciation, amortisation and other operating expenses. The values assigned to the key assumptions reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the cash-generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values, including goodwill, of the cash- generating units to materially exceed the recoverable amounts.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2015 **RMB'000**	2014 RMB'000
Unlisted equity investments, at cost		
Jiangsu Bank Company Limited	**53,000**	53,000
Xuzhou Huaihai Nongcun Commercial Bank Company Limited	**40,000**	40,000
Tongshanxian Nongcun Credit Cooperation Association	**9,000**	9,000
	102,000	102,000
Impairment	**–**	–
	102,000	102,000

On 28 August 2010, the Group entered into an equity interest transfer agreement with Mr. Yang Peng, pursuant to which the Group agreed to transfer equity shares in Jiangsu Bank Company Limited (江蘇銀行股份有限公司 or "**Jiangsu Bank**"), equity shares in Xuzhou Huaihai Nongcun Commercial Bank Company Limited (徐州淮海農村商業銀行股份有限公司 or "**Xuzhou Huaihai Bank**") and equity shares in Tongshanxian Nongcun Credit Cooperation Association (銅山縣農村信用合作聯社 or "**Tongshanxian Credit**"), respectively, to Mr. Yang Peng for considerations of RMB12,000,000, RMB10,200,000 and RMB5,000,000 (which were determined based on the considerations then paid by the Group in acquiring the relevant shares). Pursuant to the sale and purchase agreement, Mr. Yang Peng, as the purchaser, was entitled to nominate a third party as the transferee of the relevant shares and Xuzhou Dianrun Advertisement Company Limited (徐州點潤廣告有限公司 or "**Xuzhou Dianrun**"), which is not a related party of the Group, was appointed by Mr. Yang Peng as such transferee with beneficial interest in such shares. The Group disposed of the shares in these companies, which are principally engaged in the banking or credit business, to prepare a portfolio of assets focused on the principal business of automobile dealerships for the purpose of facilitating the investment by KKR China Auto Retail Holding Ltd II ("**KKR**") in 2010. After entering into the equity transfer agreement, the Group continued to hold these shares as a nominee. All of Jiangsu Bank, Xuzhou Huaihai Bank and Tongshanxian Credit are financial institutions based in Jiangsu Province providing financial services to corporate and individual clients. They have provided corporate loans to the Group from time to time and are considered the Group's business partners in Jiangsu Province.

On 31 December 2013, the Group entered into a series of equity interest transfer agreements with Mr. Yang Peng and Xuzhou Dianrun (as the beneficial owner of the target shares) to acquire equity shares in Jiangsu Bank, equity shares in Xuzhou Huaihai Bank and equity shares in Tongshanxian Credit for considerations of RMB53,000,000, RMB40,000,000 and RMB9,000,000, respectively, which were determined based on the valuations of these shares conducted by an independent valuer. The acquired shares represent a minority interest in each of them, representing less than 5% of the total issued equity interests of Jiangsu Bank, Xuzhou Huaihai Bank and Tongshanxian Credit. It is not part of the Group's investment strategy, and neither does the Group has any current intention, to make further investments in any financial institutions. Subsequent to such acquisitions, the Group was released from holding these shares in Jiangsu Bank, Xuzhou Huaihai Bank and Tongshanxian Credit as a nominee of Xuzhou Dianrun.

19. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. As at 31 December 2014 and 31 December 2015, certain unlisted equity investments with carrying amounts of RMB102,000,000 and RMB102,000,000, respectively, were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

Under each of the equity interest transfer agreements, Xuzhou Dianrun and Mr. Yang Peng have jointly provided an undertaking to the Group, that if (a) the Group sells all or part of its shares acquired to any independent third party under normal commercial terms within three years of the date of each of the equity interest transfer agreements; and (b) the average sale price per share to the independent third party is lower than the average price per share acquired, Xuzhou Dianrun and Mr. Yang Peng shall jointly indemnify the Group for all the losses suffered by the Group.

As at 31 December 2014 and 2015, certain of the Group's bank loans amounted to RMB65,000,000 and RMB65,000,000, respectively, were secured by equity shares of Jiangsu Bank (note 28).

20. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Motor vehicles	**1,647,930**	1,743,615
Spare parts and accessories	**162,522**	156,039
	1,810,452	1,899,654

Certain of the Group's inventories with carrying amounts of RMB1,104,925,000 and RMB1,314,186,000 as at 31 December 2014 and 2015 were pledged as security for the Group's bills payable.

Certain of the Group's inventories with aggregate net book values of approximately RMB638,690,000 and RMB404,745,000 as at 31 December 2014 and 2015 were pledged as security for the Group's interest-bearing bank and other borrowings (note 28).

21. TRADE RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**251,775**	208,722
Impairment	**–**	–
	251,775	208,722

The Group's trading terms with its customers are mainly on cash, except for some transactions which are traded on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	**235,108**	193,451
3 to 12 months	**14,696**	13,261
Over 12 months	**1,971**	2,010
	251,775	208,722

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**235,108**	193,451
Less than 3 months past due	**14,696**	13,261
3 to 12 months past due	**1,971**	2,010
	251,775	208,722

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Prepayments to suppliers	**1,080,999**	647,180
Rebate receivables	**750,228**	558,003
Other receivables *(note 32 (i))*	**242,055**	–
VAT recoverable	**109,091**	120,554
Prepaid expense	**11,181**	33,092
Others	**124,104**	36,473
	2,317,658	1,395,302

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

23. CASH IN TRANSIT

	2015 *RMB'000*	2014 *RMB'000*
Cash in transit	**47,606**	60,017

Cash in transit represents the sales proceeds settled by credit cards, which have yet to be credited to the Group by the banks.

24. PLEDGED BANK DEPOSITS

	2015 *RMB'000*	2014 *RMB'000*
Deposits pledged with banks as collateral against:		
— Bills payable granted by the banks	**780,743**	1,765,494
— Credit facilities granted by the banks	**548,505**	157,002
	1,329,248	1,922,496

The pledged bank deposits, which are all denominated in RMB as at 31 December 2014 and 2015, earn interest at interest rates stipulated by the respective financial institutions.

25. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash and bank balances	**1,513,212**	1,072,158

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The Group's cash and bank balances as at 31 December 2014 and 2015 are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
Denominated in:		
— RMB	**1,115,097**	890,688
— HKD	**300,716**	171,754
— USD	**97,399**	9,716
	1,513,212	1,072,158

26. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Bills payable	**2,700,467**	3,518,607
Trade payables	**74,550**	120,270
Trade and bills payables	**2,775,017**	3,638,877

An aged analysis of the trade and bills payables as at 31 December 2014 and 2015, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	**2,164,085**	2,947,251
3 to 6 months	**586,932**	684,769
6 to 12 months	**24,000**	3,033
Over 12 months	**–**	3,824
	2,775,017	3,638,877

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

27. OTHER PAYABLES AND ACCRUALS

	2015 **RMB'000**	2014 RMB'000
Advances from customers	**312,543**	321,166
Payables for purchase of items of property, plant and equipment and land use rights	**194,067**	169,638
Taxes payable (other than income tax)	**131,801**	148,589
Unsettled consideration for business combinations *(note 32)*	**53,154**	–
Accrued expenses	**33,654**	36,972
Dividend payable	**13,320**	117,270
Advancements from former shareholders and employees arising from new acquisitions *(note 32) (i)*	**241,359**	–
Others	**112,645**	141,205
	1,092,543	934,840

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

		2015		2014	
		Effective interest rate (%)	**RMB'000**	Effective interest rate (%)	RMB'000
Current					
Bank loans		**4.35–10.20**	**3,453,152**	5.88–10.20	3,023,257
Other borrowings		**6.44–10.55**	**353,154**	6.44–10.98	229,803
			3,806,306		3,253,060
Non-current					
Long-term loan facilities	*(i)*	**3.55–3.98**	**974,040**	–	–
Bank loans		**7.44–8.97**	**461,388**	6.44–8.97	680,944
			1,435,428		680,944
Transaction cost			**(31,819)**		–
			1,403,609		680,944
			5,209,915		3,934,004
Bank loans and other borrowings representing:					
— secured	*(a)*		**148,179**		284,244
— guaranteed	*(b)*		**2,238,774**		1,688,790
— secured and guaranteed	*(a)(b)*		**1,880,741**		1,960,970
— unsecured	*(i)*		**942,221**		–
			5,209,915		3,934,004

28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

(i) The Group entered into a facility agreement with a syndicate of banks on 27 November 2015 (the "**Facility Agreement**") for a term loan facility of US$100 million which is subject to the accession by any additional banks to the Facility Agreement increased by US$150 million (the "**Facility**"). Its interest rate is floating applicable to LIBOR. The Group utilised US$150 million (approximately RMB974 million) of the Facility as at 31 December 2015. The Facility has a term of 36 months from the first utilisation date of the Facility (i.e, 2 December 2015).

Pursuant to the Facility Agreement, the Group shall ensure the satisfaction of a series of financial covenants at the end of each reporting period. If the Group fails to comply with any of financial covenants, an event of default will be triggered accordingly, that is, the total commitment under the Facility may be cancelled and all outstanding amounts, together with accrued interest and all other amounts accrued will become immediately due and payable.

	2015	2014
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	**3,453,152**	3,023,257
In the second year	**452,171**	317,506
In the third to fifth years, inclusive	**951,438**	363,438
	4,856,761	3,704,201
Other borrowings repayable:		
Within one year	**353,154**	229,803
	5,209,915	3,934,004

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's buildings, which had aggregate net book values of approximately RMB427,704,000 and RMB430,003,000, respectively, as at 31 December 2014 and 2015 (note 13).

(ii) mortgages over the Group's land use rights situated in Mainland China, which had aggregate net book values of approximately RMB209,612,000 and RMB185,641,000, respectively, as at 31 December 2014 and 2015 (note 14).

(iii) certain of the Group's bank loans amounting to RMB65,000,000 and RMB65,000,000 as at 31 December 2014 and 2015, respectively, which were secured by equity shares of Jiangsu Bank (note 19).

(iv) mortgages over the Group's inventories, which had aggregate net book values of approximately RMB638,690,000 and RMB404,745,000, respectively, as at 31 December 2014 and 2015 (note 20).

(v) mortgages over 1,168,640,000 shares and 1,168,640,000 shares of the Group's subsidiaries, respectively, as at 31 December 2014 and 2015.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

(b) Certain of the Group's bank loans are guaranteed by:

(i) certain of the Group's bank loans amounting to RMB50,870,000 and RMB65,163,000, respectively, which were guaranteed by the Controlling Shareholder as at 31 December 2014 and 2015.

(ii) certain of the Group's bank loans amounting to RMB1,218,017,000 and RMB3,687,286,000, respectively, which were guaranteed by the subsidiaries of the Group as at 31 December 2014 and 2015.

(iii) certain of the Group's bank loans amounting to RMB2,380,873,000 and RMB367,066,000, respectively, which were guaranteed jointly by the Controlling Shareholder, the subsidiaries of the Group and the third parties as at 31 December 2014 and 2015.

29. DEFERRED TAX

Deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements for the years ended 31 December 2014 and 2015 are as follows:

	Accrued payroll *RMB'000*	Losses available for offsetting against future taxable profits *RMB'000*	Provisions *RMB'000*	Total *RMB'000*
At 1 January 2015	**393**	**6,423**	**642**	**7,458**
Credited/(charged) to the statement of profit or loss during the year	**(148)**	**3,679**	**(332)**	**3,199**
At 31 December 2015	**245**	**10,102**	**310**	**10,657**
At 1 January 2014	642	5,155	–	5,797
Credited/(charged) to the statement of profit or loss during the year	(249)	1,268	642	1,661
At 31 December 2014	393	6,423	642	7,458

29. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

Deferred tax assets have not been recognised in respect of the following item:

	2015 **RMB'000**	2014 RMB'000
Tax losses	**233,711**	178,459

The above tax losses arising in Mainland China are subject to an expiry period of five years for offsetting against future taxable profits of the companies in which the losses arose, while those tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	**Withholding taxes** *RMB'000*	**Total** *RMB'000*
At 1 January 2015	**55,486**	**–**	**55,486**
Deferred tax liabilities recognised in the consolidated statement of financial position	**101,327**	**–**	**101,327**
Deferred tax utilised in the statement of profit or loss during the year	**(7,429)**	**–**	**(7,429)**
At 31 December 2015	**149,384**	**–**	**149,384**
At 1 January 2014	58,741	31,556	90,297
Deferred tax (credited)/charged to the statement of profit or loss during the year	(3,255)	4,870	1,615
Deferred tax utilised in the statement of profit or loss during the year	–	(36,426)	(36,426)
At 31 December 2014	55,486	–	55,486

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from Mainland China effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between Mainland China and the jurisdiction of the foreign investors. Under the Arrangement between Mainland China and the Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or the China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%.

29. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

And the applicable tax rate of the Group is 10%. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of Mainland China from the retained earnings as at 31 December 2007 are exempted from withholding tax.

The Group has provided for withholding taxes of RMB4,871,000 for the year ended 31 December 2014. No deferred tax has been recognised for withholding taxes that would be payable on the remaining unremitted earnings of the Group's subsidiaries established in Mainland China, as in the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of such remaining unremitted earnings totalled approximately RMB291,395,000 and RMB514,323,000, respectively, as at 31 December 2014 and 2015.

30. SHARE CAPITAL

Shares

	2015 ***RMB'000***	2014 *RMB'000*
Issued and fully paid:		
946,476,000 (2014:1,074,474,000) ordinary shares of US$0.0000005 each	**3**	3
664,268,747 (2014: Nil) convertible preference shares of US$0.0000005 each	**2**	–
	5	3

A summary of the movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*	**Share premium account** *RMB'000*	**Total** *RMB'000*
At 1 January 2014	**–**	**–**	**–**	**–**
Incorporation *(note (a))*	**1**	**–**	**–**	**–**
Share swap *(note (b))*	**799,999,999**	**2**	**–**	**2**
Exercise of share options *(note (c))*	**29,500,000**	**–**	**94,752**	**94,752**
Issue of new shares *(note (d))*	**244,974,000**	**1**	**665,372**	**665,373**
At 31 December 2014 and 1 January 2015	**1,074,474,000**	**3**	**760,124**	**760,127**
Issue of new shares *(note (e))*	**536,270,747**	**2**	**1,266,524**	**1,266,526**
At 31 December 2015	**1,610,744,747**	**5**	**2,026,648**	**2,026,653**

30. SHARE CAPITAL *(Continued)*

Notes:

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 January 2014 with initial authorised share capital of US$50,000 divided into 250,000,000,000 ordinary shares of US$0.0000002 each. On the date of incorporation, one share was issued to China Rundong Auto Holding Limited (the "**Parent of the Company**") (representing the then entire issued share capital of the Company).

(b) On 22 January 2014, the Parent of the Company entered into an equity transfer agreement with the Company pursuant to which the Company acquired all of the issued share capital in each of the subsidiaries incorporated in the BVI directly held by the Parent of the Company. The Company allotted and issued 1,999,999,999 shares (799,999,999 after the share consolidation) at par value to the Parent of the Company as the consideration of this transfer. Immediately after this transfer, the Company became the holding company of the subsidiaries comprising the Group. Pursuant to the resolutions of shareholders of the Company dated 23 July 2014, every ten ordinary shares in the capital of the Company of US$0.0000002 each were to be consolidated into four ordinary shares of the Company of US$0.0000005 each (the "**Share Consolidation**"). Immediately after the completion of the Share Consolidation, the authorised and issued share capital of the Company, comprising 250,000,000,000 and 2,000,000,000 ordinary shares of US$0.0000002 each, respectively, were consolidated into 100,000,000,000 ordinary shares and 800,000,000 ordinary shares of US$0.0000005 each, respectively, prior to the Company's public listing.

(c) The subscription rights attaching to 29,500,000 share options were exercised, on 12 August 2014, at the subscription price of US$0.3573 per share (note 33), resulting in the issue of 29,500,000 shares for a total cash consideration of RMB65,350,000. An amount of RMB29,402,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

(d) On 12 August 2014, in connection with the Company's IPO as defined in the Prospectus, 244,974,000 new ordinary shares of the Company of US$0.0000005 each were issued at a price of HK$3.58 per share with net proceeds of RMB665,372,000.

(e) On 16 May 2015, the Company, Greenland Financial Overseas Investment Group Co., Ltd. ("**Greenland**") and Rundong Fortune ("**RF**", the original controlling shareholder ultimately controlled by Mr. Yang Peng) entered into the subscription agreement, pursuant to which Greenland had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, a total of 536,270,747 subscription shares, at a subscription price of HK$2.89 per share or an aggregate subscription price of HK$1,549,822,458 (the "**Subscription**").

On 14 August 2015, the Board of the Company announced that all conditions precedent in respect of the subscription agreement had been satisfied by the parties to the subscription agreement and the completion of the subscription took place in accordance with the terms of the subscription agreement. The Company allotted and issued a total of 536,270,747 subscription shares, comprising 251,942,800 ordinary shares and 284,327,947 convertible preference shares ("**CPS**") of par value US$0.0000005 each in the share capital of the Company at a subscription price of HK$2.89 per share.

In connection with the Subscription and in order to facilitate the maintenance of the public float requirement by the Company upon the completion of the Subscription, RF, KKR China Auto Retail Holding Ltd II ("**KKR**") and the Company entered into the redesignation agreement, pursuant to which (a) up to 200,073,200 RF ordinary shares, subject to the redesignation adjustment, would be redesignated into the same number of RF redesignated shares; and (b) up to 179,867,600 KKR ordinary shares, subject to the redesignation adjustment, would be redesignated into the same number of KKR redesignated shares upon the completion of the Subscription.

On 17 August 2015, the Company collected total net proceeds of RMB1,266,526,000, after deducting the transaction costs, from the issuance of the subscription shares to Greenland.

31. RESERVES

(i) Merger reserve

The merger reserve of the Group represents the capital contributions from the then equity holders of the Company. The additions during the year represent the injection of additional paid-up capital by the equity holders of the subsidiaries to the respective companies, which were consolidated from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder. The deductions during the year represent the decrease in the Group's net assets resulted from the distribution to equity holders of the Company and acquisition of interests in subsidiaries from the Controlling Shareholder for business combinations under common control.

(ii) Statutory reserve

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 41 to the financial statements are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

32. BUSINESS COMBINATIONS

In April 2015, the Group acquired 100% equity interests in eight dealership stores in Jiangsu Province and Shandong Province from independent third parties, at a cash consideration of RMB605,000,000. The consideration of RMB605,000,000 was not fully settled with the remaining balance of RMB53,154,000 outstanding as at 31 December 2015.

The fair values of the identifiable assets and liabilities of the eight dealership stores as at the date of acquisition were as follows:

	2015 *RMB'000*
Property, plant and equipment	**548,030**
Land use rights	**138,129**
Intangible assets	**297,774**
Inventories	**205,298**
Trade receivables	**53,843**
Prepayments, deposits and other receivables (i)	**365,673**
Pledged bank deposits	**720,075**
Cash in transit	**9,214**
Cash and cash equivalents	**38,887**
Trade and bills payables	**(353,604)**
Other payables and accruals (i)	**(571,371)**
Interest-bearing bank and other borrowings	**(1,239,199)**
Deferred tax liabilities	**(101,327)**
Total identifiable net assets	**111,422**
Goodwill on acquisition *(note 18)*	**493,578**
Satisfied by cash	**605,000**

32. BUSINESS COMBINATIONS *(Continued)*

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2015 *RMB'000*
Total purchase consideration	**605,000**
Less: Prepayment made in previous year *(note 16)*	**(418,485)**
Less: Unsettled consideration *(note 27)*	**(53,154)**
Less: Cash and cash equivalents acquired	**(38,887)**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**94,474**

Since the acquisition, the acquired businesses contributed RMB1,465,669,000 to the Group's turnover and RMB14,350,000 loss to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue and profit of the Group for the year ended 31 December 2015 would have been RMB15,411,897,000 and RMB179,361,000, respectively.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of those eight dealership stores with those of the Group. The goodwill is not deductible for income tax purposes.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB53,843,000 and RMB365,673,000, respectively.

(i) Under the agreement between the Company and the Sellers, the Sellers shall endeavors to settle the other receivables of these dealership stores arising from the acquisition within a period of twelve months due by 1 April 2016. In additions, under the settlement arrangement, both parties agrees that the remaining unsettled balances to be settled by way of either (a) offset the outstanding amounts against the remaining balance of outstanding purchase consideration of RMB53,154,000 and/or the other payables of these dealership stores due to the Sellers' related parties; or (b) to extend for a six month repayment period due by 1 October 2016, and the overdue balance is subject to the prevailing interest rate at 6.6% per annum. Other payables represented the interest-bearing borrowings from the employees and former controlling shareholders of those dealership stores acquired with rates ranging from 6% to 15% per annum with no fixed repayment terms.

    As at 31 December 2015, the other receivables due from the Sellers' related parties, and the other payables due to the Sellers' related parties amounted to RMB242,055,000 (note 22), and RMB241,359,000 (note 27), respectively. In view of the above settlement arrangement, and there were no recent history of default, the Directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances.

    In additions, under each of the business acquisition agreements, the respective Sellers have provided an undertaking to the Group that there is no exposure or risk in the perspectives of legal, taxation, properties, bank borrowings and etc. And the Sellers shall indemnify the Group for all losses to be suffered by the Group of which triggered due to past events during the pre-acquisition periods.

33. SHARE OPTION SCHEME

Before the incorporation of the Company, China Rundong Auto Holding Ltd. (the "**Former Listing Vehicle**") operates a share option scheme (the "**Pre-IPO Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In order to operate the Pre-IPO Scheme, the Former Listing Vehicle established a trust (the "**Employee Pre-IPO Trust**") under a trust deed in September 2011. Eligible participants of the Pre-IPO Scheme will be nominated as beneficiaries of the Employee Pre-IPO Trust. Eligible participants include the Company's directors, including independent non-executive directors, and other employees of the Group and its subsidiaries. The Pre-IPO Scheme became effective on 15 November 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date with a fixed exercise price of US$0.3573 per share.

The Former Listing Vehicle offered the share options to subscribe for a total of 40,000,000 shares upon their exercise, representing 5% of the then issued share capital of the Former Listing Vehicle, to Runda (PTC) Limited ("**Runda**"), acting as the trustee to the Employee Pre-IPO Trust. Runda holds the share options for the benefit of the eligible participants when they are granted with the share options. Share options were offered to each eligible participant in various batches from 2 January 2012 to 31 December 2013.

Each of the eligible participants has entered into a share option agreement (the "**Pre-IPO Share Option Agreement**") with the Former Listing Vehicle and Runda under which the Former Listing Vehicle nominated eligible participants as a beneficiary of the Employee Pre-IPO Trust. The offer of a grant of options may be accepted within seven days from the date of offer. The exercise period of the share options granted is dependent on the Company's qualified IPO listing and commences after a vesting period of one to five years and ends on the expiry date of the Pre-IPO Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 24 March 2014, 14 eligible participants (the "**Relevant Grantees**") entered into supplemental agreements (each, the "**Supplemental Agreement**") to their respective Pre-IPO Share Option Agreements with the Former Listing Vehicle and Runda to modify the original vesting conditions and periods and be entitled to fully vest their share options on the date of modification. The share options would be exercisable upon the completion of the IPO. Pursuant to the Supplemental Agreement, the Former Listing Vehicle agreed to (a) procure Runda to exercise the share options to which each of these Relevant Grantees was entitled to; and (b) upon such exercise, issue 30,700,000 shares in the Former Listing Vehicle to Runda as unpaid shares for the Relevant Grantees as beneficiaries of those shares. The incremental fair value of share options during the three months ended 31 March 2014 was estimated as at the date of modification, using a binomial model, taking into account the terms and conditions upon which the options were modified. The incremental fair value was measured as the difference between the fair value of the original award and that of the modified award and was recognised as a share option expense during the six months ended 30 June 2014.

Upon the Company's public listing, the Former Listing Vehicle, the Company, Runda and eligible participants entered into share option agreements to carry forward its former share options in the Former Listing Vehicle, other than those early exercised, to the Company without any change in terms and conditions.

33. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Pre-IPO Scheme during the years ended 31 December 2014 and 2015:

	2015		2014	
	Exercise price *US$ per share*	**Number of options** *'000*	Exercise price *US$ per share*	Number of options *'000*
At the beginning of the year	**0.3573**	**6,012**	0.3573	22,979
Granted during the year	**0.3573**	**804**	0.3573	14,062
Forfeited during the year	**0.3573**	**(1,612)**	0.3573	(1,529)
Exercised during the year	**–**	**–**	0.3573	(29,500)
At the end of the year	**0.3573**	**5,204**	0.3573	6,012

The weighted average fair values of the share options granted during the years ended 31 December 2014 and 2015 were US$0.1725 (RMB1.0588) and US$0.2192 (RMB1.3401) per option. The Group recognised equity-settled share option expenses of RMB25,090,000 and RMB2,516,000 during the years ended 31 December 2014 and 2015, respectively.

The fair value of the share options granted during the years ended 31 December 2014 and 2015 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2015	2014
Dividend yield (%)	**–**	–
Expected volatility (%)	**37.9**	34.90–45.70
Risk-free interest rate (%)	**2.77**	2.51–3.81
Expected life of options (year)	**10**	10
Weighted average share price (US$ per share)	**0.4514**	0.5158–0.6400

The expected life of the options is based on the Pre-IPO Scheme which became effective on 15 November 2011 and will remain in force for 10 years until 15 November 2021. The expected volatility reflects the assumption that the historical volatility of other similar listed companies is indicative of future trends of the Company, which may also not necessarily be the actual outcome. The weighted average share price reflects the assumption that the historical weighted average share price of other similar listed companies is indicative of future trend of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

At 31 December 2014 and 2015, 6,012,474 and 5,203,800 share options were outstanding under the Pre-IPO Scheme, respectively.

34. CONTINGENT LIABILITIES

In the opinion of the Directors of the Company, other than the property defectives mentioned in note 13 and 14, as at 31 December 2015, neither the Group nor the Company had any significant contingent liabilities.

35. COMMITMENTS

a. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment outstanding as at 31 December 2015 not provided for in the financial statements were as follows:

	2015	2014
	RMB'000	*RMB'000*
Contracted, but not provided for land use rights and buildings	**251,878**	432,406

b. Operating lease commitments

The Group leases certain of its office properties and land under operating lease arrangements. Leases for properties and land are negotiated for terms ranging from 1 to 17 years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	2015		2014	
	Properties	**Land**	Properties	Land
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**32,140**	**14,801**	33,383	14,127
In the second to fifth years, inclusive	**125,277**	**45,747**	120,626	47,159
After five years	**134,448**	**72,263**	187,231	82,662
	291,865	**132,811**	341,240	143,948

36. PLEDGE OF ASSETS

Details of the Group's assets pledged for its interest-bearing bank and other borrowings and bills payable are disclosed in notes 13, 14, 19, 20, 24 and 28 to the financial statements.

37. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the years ended 31 December 2014 and 2015:

Mr. Yang Peng is the chairman and a substantial shareholder of the Group and is also considered to be a related party of the Group.

(a) The Group had the following transaction with a related party during the years ended 31 December 2014 and 2015:

	2015	2014
	RMB'000	*RMB'000*
Repayment from a substantial shareholder:		
Mr. Yang Peng	**–**	445,837

(b) Compensation of key management personnel of the Group:

	2015	2014
	RMB'000	*RMB'000*
Short term employee benefits	**5,137**	6,798
Pension scheme contributions	**234**	243
Equity-settled share option expense	**–**	22,285
Total compensation paid to key management personnel	**5,371**	29,326

Further details of directors' emoluments are included in note 9 to the financial statements.

(c) Subscription Agreement with Greenland

As disclosed in Note 30 to the financial statements, with the completion of the Subscription Agreement with Greenland in August 2015, in the opinion of the Directors of the Company, Greenland became the controlling shareholder of the Company and is also considered to be a related party of the Group.

In the opinion of the Directors of the Company, there were no related party transactions with Greenland for the year ended 31 December 2015; and there were no outstanding balances, commitments nor guarantees with Greenland as at 31 December 2015.

37. BALANCES AND TRANSACTIONS WITH RELATED PARTIES *(Continued)*

(d) Management Subscription Agreements with certain members of director and senior management of the Group

On 16 May 2015, the Company entered into subscription agreements (the "**Management Subscription Agreements**") with certain members of director and senior management of the Group (the "**Management Subscribers**"), pursuant to which the Company conditionally agreed to allot and issue and the Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 management subscription shares at the price of HK$2.89 each pursuant to the terms and conditions of the Management Subscription Agreements, such management subscription becomes effective until the completion of the Subscription.

The management subscription scheme will take place in four instalments. First batch of 24,161,171 shares, representing 30% of the aggregate number of management subscription shares, have been granted in August 2015 when the Management Subscription Agreements was completed. The first batch management subscription shares had been forfeited during the year, as the performance conditions were not met pursuant to the terms and conditions of the Management Subscription Agreements.

38. FAIR VALUE

The fair values of the current portion of the Group's financial instruments approximates to their carrying amounts due to the short term maturities. For the non-current portion of bank loans and other borrowings, the fair value has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which also approximates to their carrying amount.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group has no significant interest-bearing assets other than pledged bank deposits (note 24) and cash and cash equivalents (note 25).

The Group's interest rate risk arises from its interest-bearing bank and other borrowings, details of which are set out in note 28. Borrowings at floating rates expose the Group to the risk of changes in market interest rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's debt obligations with floating interest rates.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
2015		
RMB	**50**	**(23,864)**
RMB	**(50)**	**23,864**
2014		
RMB	50	(24,616)
RMB	(50)	24,616

Foreign currency risk

The Group's business is located in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities were denominated in RMB, except for certain bank balances denominated in HKD and USD as disclosed in note 25.

The Group's assets and liabilities denominated in HKD and USD were mainly held by certain subsidiaries incorporated outside Mainland China which had HKD and USD as their functional currencies.

The Group did not have material foreign currency transactions in Mainland China during the years ended 31 December 2014 and 2015.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD and USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/ (decrease) in HKD rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2015			
If RMB weakens against HKD	**5**	**15,036**	**15,036**
If RMB strengthens against HKD	**(5)**	**(15,036)**	**(15,036)**

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2015			
If RMB weakens against USD	**5**	**42,241**	**42,241**
If RMB strengthens against USD	**(5)**	**(42,241)**	**(42,241)**

	Increase/ (decrease) in HKD rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2014			
If RMB weakens against HKD	5	8,588	8,588
If RMB strengthens against HKD	(5)	(8,588)	(8,588)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
2014			
If RMB weakens against USD	5	486	486
If RMB strengthens against USD	(5)	(486)	(486)

Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of pledged bank deposits, cash in transit, cash and cash equivalents, trade receivables, deposits and other receivables included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2014 and 2015, all pledged bank deposits and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

The Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2015	**On demand** *RMB'000*	**Less than 3 months** *RMB'000*	**3 to 12 months** *RMB'000*	**1 to 5 years** *RMB'000*	**Beyond 5 years** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	**2,775,017**	**–**	**–**	**–**	**–**	**2,775,017**
Interest-bearing bank and other borrowings	**1,432,102**	**197,930**	**3,445,930**	**1,435,428**	**–**	**6,511,390**
Other payables and accruals	**767,802**	**–**	**–**	**–**	**–**	**767,802**
	4,974,921	**197,930**	**3,445,930**	**1,435,428**	**–**	**10,054,209**

31 December 2014	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	1 to 5 years *RMB'000*	Beyond 5 years *RMB'000*	Total *RMB'000*
Trade and bills payables	3,638,877	–	–	–	–	3,638,877
Interest-bearing bank and other borrowings	105,781	891,323	2,348,198	942,779	–	4,288,081
Other payables and accruals	597,839	–	–	–	–	597,839
	4,342,497	891,323	2,348,198	942,779	–	8,524,797

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, an amount due to a related party, trade and bills payables, other payables and accruals, less cash and cash equivalents. The gearing ratios as at the end of the reporting periods are as follows:

	2015	2014
	RMB'000	*RMB'000*
Trade and bills payables	**2,775,017**	3,638,877
Interest-bearing bank and other borrowings	**5,209,915**	3,934,004
Other payables and accruals	**767,802**	597,839
Less: cash and cash equivalents	**(1,513,212)**	(1,072,158)
Net debt	**7,239,522**	7,098,562
Equity attributable to owners of the parent	**3,122,538**	1,651,007
Capital and net debt	**10,362,060**	8,749,569
Gearing ratio	**70%**	81%

40. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Schnell International Ltd.	British Virgin Islands 14 September 2010	Registered and paid-in capital of USD5	100	–	Investment holding
Schnell Holding Ltd.	Hong Kong 29 October 2010	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Allegro Auto International Ltd.	British Virgin Islands 14 September 2010	Registered and paid-in capital of USD5	100	–	Investment holding
Spring Oasis Investments Limited	Hong Kong 13 September 2010	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Spring Oasis Investments Holding Limited	Cayman Islands 28 October 2011	Registered and paid-in capital of USD50,000	–	100	Investment holding
Fresca International Ltd.	British Virgin Islands 14 September 2010	Registered and paid-in capital of USD5	100	–	Investment holding

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name		Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Percentage of ownership interest Indirect %	Principal activities
Stay Success Limited		Hong Kong 13 September 2010	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Presto Auto International Ltd.		British Virgin Islands 14 September 2010	Registered and paid-in capital of USD5	100	–	Investment holding
Treasure Path Holdings Limited		Hong Kong 13 September 2010	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Vivace Auto International Ltd.		British Virgin Islands 14 September 2010	Registered and paid-in capital of USD5	100	–	Investment holding
True Worth Investments Limited		Hong Kong 13 September 2010	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Rundong Automobile Group Co., Ltd. 潤東汽車集團有限公司	(i)	Xuzhou, the PRC 3 March 1998	Registered and paid-in capital of RMB641,999,800	–	100	Investment holding
Xuzhou Rundong Jiaoguang Automobile Sales and Services Company Limited 徐州潤東交廣汽車營銷管理有限公司	(i)	Xuzhou, the PRC 10 June 2008	Registered and paid-in capital of RMB107,150,000	–	100	Investment holding
Xuzhou Rundong Automobile Sales Management Company Limited 徐州潤東汽車營銷管理有限公司	(i)	Xuzhou, the PRC 20 June 2003	Registered and paid-in capital of RMB204,090,000	–	100	Investment holding
Xuzhou Yuemei Automobile Sales Management Company Limited 徐州悦美汽車營銷管理有限公司	(i)	Xuzhou, the PRC 20 September 2010	Registered and paid-in capital of RMB50,000,000	–	100	Investment holding

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Shanghai Baojing Automobile Sales and Services Company Limited. 上海寶景汽車銷售服務有限公司	Shanghai, the PRC 6 July 2010	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Shanghai Baojing Xingcheng Automobile Sales and Services Company Limited 上海寶景星誠汽車銷售服務有限公司	Shanghai, the PRC 26 November 2010	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Shanghai Baojing Yuejie Automobile Sales & Services Company Limited 上海寶景悦捷汽車服務有限公司	Shanghai, the PRC 13 December 2011	Registered and paid-in capital of RMB500,000	–	100	Sale and service of motor vehicles
Shanghai Jierun Automobile Sales and Services Company Limited 上海捷潤汽車銷售服務有限公司	Shanghai, the PRC 19 September 2011	Registered and paid-in capital of RMB40,000,000	–	100	Sale and service of motor vehicles
Xuzhou Baojing Automobile Sales Services Company Limited 徐州寶景汽車銷售服務有限公司	Xuzhou, the PRC 6 March 2007	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Xuzhou Baojing Runbao Automobile Sales and Services Company Limited 徐州寶景潤寶汽車銷售服務有限公司	Xuzhou, the PRC 12 April 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Xuzhou Rundong Ruijing Automobile Sales and Services Company Limited 徐州潤東瑞景汽車銷售服務有限公司	Xuzhou, the PRC 24 November 2004	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Percentage of ownership interest Indirect %	Principal activities
Xuzhou Rongchuang Automobile Services Company Limited 徐州融創車業服務有限公司	Xuzhou, the PRC 16 March 2010	Registered and paid-in capital of RMB1,000,000	–	100	Service of motor vehicles
Xuzhou Rundong Huijing Automobile Sales & Services Co., Ltd. 徐州潤東匯景汽車銷售服務有限公司	Xuzhou, the PRC 26 September 2002	Registered and paid-in capital of RMB5,000,000	–	100	Sale and service of motor vehicles
Xuzhou Rundong Pre-owned Automobiles Trading Company Limited 徐州潤東二手車交易市場有限公司	Xuzhou, the PRC 19 June 2009	Registered and paid-in capital of RMB3,000,000	–	100	Service of motor vehicles
Xuzhou Hezhong Automobile Sales Company Limited 徐州合眾汽車銷售服務有限公司	Xuzhou, the PRC 28 January 2011	Registered and paid-in capital of RMB15,500,000	–	100	Sale and service of motor vehicles
Xuzhou Dongchen Automobile Sales Services Company Limited 徐州東辰汽車銷售服務有限公司	Xuzhou, the PRC 13 September 2002	Registered and paid-in capital of RMB13,000,000	–	70	Sale and service of motor vehicles
Xuzhou Rundong Huitong Automobile Sales Services Company Limited 徐州潤東匯通汽車銷售服務有限公司	Xuzhou, the PRC 12 June 2003	Registered and paid-in capital of RMB10,000,000	–	90	Sale and service of motor vehicles
Xuzhou Rundong Fengtian Automobile Sales Services Company Limited 徐州潤東豐田汽車銷售服務有限公司	Xuzhou, the PRC 14 April 2006	Registered and paid-in capital of RMB15,000,000	–	70	Sale and service of motor vehicles
Xuzhou Rundong Zhitian Automobile Sales and Services Company Limited 徐州潤東之田汽車銷售服務有限公司	Xuzhou, the PRC 4 December 2005	Registered and paid-in capital of RMB15,000,000	–	70	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Xuzhou Rundong Zhifeng Automobile Sales and Services Company Limited 徐州潤東之風汽車銷售服務有限公司	Xuzhou, the PRC 1 July 2005	Registered and paid-in capital of RMB12,000,000	–	51	Sale and service of motor vehicles
Xuzhou Rundong Zhouji Automobile Sales Services Company Limited 徐州潤東洲際汽車銷售服務有限公司	Xuzhou, the PRC 29 March 2004	Registered and paid-in capital of RMB12,000,000	–	100	Sale and service of motor vehicles
Xuzhou Rundong Jiahua Automobile Sales and Services Company Limited 徐州潤東嘉華汽車銷售服務有限公司	Xuzhou, the PRC 25 May 2004	Registered and paid-in capital of RMB12,000,000	–	100	Sale and service of motor vehicles
Xuzhou Rundong Automobile Trading Company Limited 徐州潤東汽車貿易有限公司	Xuzhou, the PRC 13 July 2001	Registered and paid-in capital of RMB13,000,000	–	100	Sale and service of motor vehicles
Xuzhou Huifeng Lexus Automobile Sales and Services Company Limited 徐州滙豐雷克薩斯汽車銷售服務有限公司	Xuzhou, the PRC 28 February 2006	Registered and paid-in capital of RMB25,000,000	–	100	Sale and service of motor vehicles
Xuzhou Jierun Automobile Sales and Services Company Limited 徐州捷潤汽車銷售服務有限公司	Xuzhou, the PRC 27 July 2011	Registered and paid-in capital of RMB16,000,000	–	100	Sale and service of motor vehicles
Maanshan City Baojing Automobile Sales and Services Company Limited 馬鞍山市寶景汽車銷售服務有限公司	Maanshan, the PRC 10 December 2010	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Nantong Runbaohang Automobile Sales and Services Company Limited 南通潤寶行汽車銷售服務有限公司	Nantong, the PRC 28 June 2010	Registered and paid-in capital of RMB12,000,000	–	100	Sale and service of motor vehicles
Huzhou Runzhiyi Automobile Sales and Services Company Limited 湖州潤之翼汽車銷售服務有限公司	Huzhou, the PRC 9 June 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Huzhou Rundong Automobile Sales and Services Company Limited 湖州潤東汽車銷售服務有限公司	Huzhou, the PRC 18 May 2011	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Huzhou Baojing Automobile Sales and Services Company Limited 湖州寶景汽車銷售服務有限公司	Huzhou, the PRC 28 May 2010	Registered and paid-in capital of RMB30,000,000	–	100	Sale and service of motor vehicles
Huaian Baotielong Automobile Sales and Services Company Limited 淮安寶鐵龍汽車銷售有限公司	Huaian, the PRC 23 February 2011	Registered and paid-in capital of RMB15,000,000	–	100	Sale and service of motor vehicles
Huaian Rundong Zhifu Automobile Sales and Services Company Limited 淮安潤東之福汽車銷售服務有限公司	Huaian, the PRC 6 April 2006	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Xuzhou Rundong Huifeng Automobile Sales Services Company Limited 淮安潤東滙豐汽車銷售服務有限公司	Huaian, the PRC 24 September 2007	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Huaian Rundong Renheng Automobile Sales and Services Company Limited 淮安潤東仁恆汽車銷售服務有限公司	Huaian, the PRC 29 March 2007	Registered and paid-in capital of RMB13,000,000	–	100	Sale and service of motor vehicles
Huaian Rundong Shidai Automobile Sales and Services Company Limited 淮安潤東時代汽車銷售服務有限公司	Huaian, the PRC 1 August 2005	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Huaian Baojing Automobile Sales and Services Company Limited 淮安寶景汽車銷售服務有限公司	Huaian, the PRC 20 January 2010	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Lianyungang Tianlan Automobile Sales and Services Company Limited 連雲港天瀾汽車銷售服務有限公司	Lianyungang, the PRC 1 July 2004	Registered and paid-in capital of RMB10,000,000	–	87	Sale and service of motor vehicles
Lianyungang Tianlan Fengtian Automobile Sales and Services Company Limited 連雲港天瀾豐田汽車銷售服務有限公司	Lianyungang, the PRC 25 April 2006	Registered and paid-in capital of RMB12,000,000	–	70	Sale and service of motor vehicles
Lianyungang Rundong Tianyue Automobile Sales and Services Company Limited 連雲港潤東天裕汽車銷售服務有限公司	Lianyungang, the PRC 10 January 2008	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Lianyungang Zhibao Automobile Sales and Services Company Limited 連雲港之寶汽車銷售服務有限公司	Lianyungang, the PRC 22 April 2009	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Percentage of ownership interest Indirect %	Principal activities
Suqian Runkai Automobile Sales and Services Company Limited 宿遷潤凱汽車銷售服務有限公司	Suqian, the PRC 15 August 2011	Registered and paid-in capital of RMB15,000,000	–	100	Sale and service of motor vehicles
Yantai Runjie Automobile Sales and Services Company Limited 煙台潤捷汽車銷售服務有限公司	Yantai, the PRC 16 September 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Qingdao Baojing Automobile Sales and Services Company Limited 青島寶景汽車銷售服務有限公司	Qingdao, the PRC 16 September 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Suzhou Baojing Automobile Sales and Services Company Limited 蘇州市寶景汽車銷售服務有限公司	Suzhou, the PRC 24 November 2011	Registered and paid-in capital of RMB10,000,000	–	80	Sale and service of motor vehicles
Linyi Baojing Automobile Sales and Services Company Limited 臨沂寶景汽車銷售服務有限公司	Linyi, the PRC 14 April 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Taizhou Baojing Automobile Sales and Services Company Limited 泰州寶景汽車銷售服務有限公司	Taizhou, the PRC 1 March 2011	Registered and paid-in capital of RMB21,000,000	–	100	Sale and service of motor vehicles
Zaozhuang Baojing Automobile Sales and Services Company Limited 棗莊寶景汽車銷售服務有限公司	Zaozhuang, the PRC 14 April 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Rizhao Baojing Automobile Sales Company Limited 日照寶景汽車銷售服務有限公司	Rizhao, the PRC 12 March 2012	Registered and paid-in capital of RMB17,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Lianyungang Runhe Automobile Sales and Services Company Limited 連雲港潤合汽車銷售有限公司	Lianyungang, the PRC 10 August 2012	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Nanjing Baojing Automobile Sales and Services Company Limited 南京寶景汽車銷售服務有限公司	Nanjing, the PRC 25 May 2012	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Yancheng Baojing Automobile Sales and Services Company Limited 鹽城寶景汽車銷售服務有限公司	Yancheng, the PRC 1 August 2012	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Linyi Aofeng Automobile Sales and Services Company Limited 臨沂奧豐汽車銷售服務有限公司	Linyi, the PRC 18 May 2011	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Linyi Jinhua Automobile Sales and Services Company Limited 臨沂金華汽車銷售服務有限公司	Linyi, the PRC 29 November 2002	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Linyi Jialun Automobile Insurance Brokerage Co., Ltd. 臨沂佳輪汽車保險代理有限公司	Linyi, the PRC 23 May 2012	Registered and paid-in capital of RMB3,000,000	–	100	Automobile insurance
Zaozhuang Aowei Automobile Sales and Services Company 棗庄奧威汽車銷售服務有限公司	Zaozhuang, the PRC 5 May 2008	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Lianyungang Runjie Automobile Sales Company Limited 連雲港潤捷汽車銷售有限公司	Lianyungang, the PRC 25 April 2013	Registered and paid-in capital of RMB10,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Xuzhou Runzhiyi Automobile Sales and Services Company Limited 徐州潤之意汽車銷售服務有限公司	Xuzhou, the PRC 26 June 2013	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Huai'an Runbaohang Automobile Services Company Limited 淮安潤寶行汽車服務有限公司	Huaian, the PRC 11 July 2013	Registered and paid-in capital of RMB20,000,000	–	100	Sale and service of motor vehicles
Jinan Runzhiyi Automobile Sales and Services Company Limited 濟南潤之意汽車銷售服務有限公司	Jinan, the PRC 23 July 2013	Registered and paid-in capital of RMB30,000,000	–	70	Sale and service of motor vehicles
Hong Kong Gen-kun Investment Co., Limited	Hong Kong 25 July 2011	Registered and paid-in capital of HKD10,000	–	100	Investment holding
Huiyu (Shanghai) Financing and Leasing Company 匯譽(上海)融資租賃有限公司	Shanghai, the PRC 30 September 2013	Registered capital of USD30,000,000 Paid-in capital of USD10,000,000	–	100	Automobile financing and leasing
Nanjing Runzhiyi Automobile Sales and Services Company Limited 南京潤之意汽車銷售服務有限公司	Nanjing, the PRC 4 March 2014	Registered and paid-in capital of RMB50,000,000	–	70	Sale and service of motor vehicles
Suzhou Runbaohang Automobile Services Company Limited 蘇州潤寶行汽車服務有限公司	Suzhou, the PRC 27 February 2014	Registered and paid-in capital of RMB3,000,000	–	100	Service of motor vehicles
Shanghai Jingbao Automobile Services Company Limited 上海景寶汽車服務有限公司	Shanghai, the PRC 12 May 2014	Registered capital of RMB5,000,000	–	100	Service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Shanghai Zhilian Automobile Services Company Limited 上海智聯汽車銷售服務有限公司	Shanghai, the PRC 3 June 2014	Registered capital of RMB10,000,000	–	100	Sale of motor vehicles
Shanghai Puyuan Automobile Services Company Limited 上海浦源汽車銷售服務有限公司	Shanghai, the PRC 7 November 2014	Registered capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Zhangjiagang Free Trade Zone Zhibao Automobile Services Company Limited 張家港保税區智寶汽車銷售服務有限公司	Zhangjiagang, the PRC 7 November 2014	Registered capital of RMB10,000,000	–	100	Sale of motor vehicles
Xuzhou Jingzhong Automobile Services Company Limited 徐州景眾汽車銷售服務有限公司	Xuzhou, the PRC 28 November 2014	Registered capital of RMB5,000,000	–	100	Sale and service of motor vehicles
Xuzhou Zhixin Automobile Services Company Limited 徐州智信汽車服務有限公司	Xuzhou, the PRC 2 February 2015	Registered capital of RMB500,000	–	100	Sale of motor spare parts
Linyi Jialun Automobile Services Company Limited 臨沂佳輪汽車銷售服務有限公司	Linyi, the PRC 25 October 1989	Registered capital of RMB30,000,000	–	100	Sale and service of motor vehicles
Linyi Fenghui Automobile Services Company Limited 臨沂豐匯汽車銷售服務有限公司	Linyi, the PRC 18 August 2010	Registered capital of RMB8,000,000	–	100	Sale and service of motor vehicles
Linyi Jinyang Automobile Services Company Limited 臨沂金羊汽車銷售服務有限公司	Linyi, the PRC 30 June 1999	Registered capital of RMB8,000,000	–	100	Sale and service of motor vehicles

40. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ registration and place of operations	Registered/paid-in/ issued capital	Percentage of ownership interest Direct %	Indirect %	Principal activities
Linyi Jinlun Automobile Services Company Limited 臨沂金倫汽車銷售服務有限公司	Linyi, the PRC 22 October 2002	Registered capital of RMB8,000,000	–	100	Sale and service of motor vehicles
Nantong Runzhiyi Automobile Services Company Limited 南通潤之意汽車銷售服務有限公司	Nantong, the PRC 3 July 2015	Registered capital of RMB30,000,000	–	100	Sale and service of motor vehicles
Shanghai Puze Automobile Services Company Limited 上海浦澤汽車銷售服務有限公司	Shanghai, the PRC 29 October 2015	Registered capital of RMB2,000,000	–	100	Sale and service of motor vehicles
Xuzhou Baozun Automobile Services Company Limited 徐州寶尊汽車銷售服務有限公司	Xuzhou, the PRC 29 February 2012	Registered capital of RMB25,500,000	–	100	Sale and service of motor vehicles
Suqian Baozun Automobile Services Company Limited 宿遷寶尊汽車銷售服務有限公司	Suqian, the PRC 25 November 2011	Registered capital of RMB16,500,000	–	100	Sale and service of motor vehicles
Xuzhou Kainuo Automobile Services Company Limited 徐州凱諾汽車銷售服務有限公司	Xuzhou, the PRC 14 January 2013	Registered capital of RMB10,000,000	–	100	Sale and service of motor vehicles
Xuzhou Weichen Shenlan Automobile Services Company Limited 徐州維辰深藍汽車銷售服務有限公司	Xuzhou, the PRC 29 March 2013	Registered capital of RMB25,000,000	–	100	Sale and service of motor vehicles

(i) The statutory accounts for the year ended 31 December 2015 were audited by 徐州春秋聯合會計師事務所 (Xuzhou Chunqiu Union Certified Public Accountants), certified public accountants registered in the PRC. Except for these PRC investment holding subsidiaries, no statutory accounts of the remaining subsidiaries for the year ended 31 December 2015 have been prepared by any of these subsidiaries as at the date of this report.

41. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to year end, the Group utilised the remaining portion of long-term loan facility of approximately RMB650million (US$100 million) pursuant to the Facility Agreement (Note 28).

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	**2015** ***RMB'000***	2014 *RMB'000*
NON-CURRENT ASSETS			
Investments in subsidiaries	*40*	**4,328,731**	3,178,731
CURRENT ASSETS			
Cash and cash equivalents		**106,149**	176,084
Due from subsidiaries		**1,301,388**	266,089
Total current assets		**1,407,537**	442,173
TOTAL ASSETS		**5,736,268**	3,620,904
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**942,221**	–
CURRENT LIABILITIES			
Other payables and accruals		**13,320**	117,270
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,722,948**	3,503,634
NET ASSETS		**4,780,727**	3,503,634
EQUITY			
Share capital	*30*	**5**	3
Reserves		**4,780,722**	3,503,631
TOTAL EQUITY		**4,780,727**	3,503,634

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2016.

润东汽车

CHINA GREENLAND RUNDONG AUTO GROUP LIMITED

中國綠地潤東汽車集團有限公司