CAR Inc.
神州租車有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0699)

2017 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of CAR Inc. (the "Company") is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 (the "Reporting Period") prepared pursuant to International Financial Reporting Standards ("IFRS").

I. FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		**Year-over-year change**
	2017	**2016**	
	(in RMB millions, except otherwise stated)		%
Total rental revenue	2,456	2,452	0%
- Car rental[1]	1,739	1,326	31%
- Fleet rental[1]	705	1,100	-36%
Total revenue	3,612	2,969	22%
Net profit	379	1,062	-64%
Adjusted EBITDA[2]	1,449	1,556	-7%
Adjusted EBITDA margin[3]	59.0%	63.5%	-4.5pp
Adjusted net profit[2]	314	472	-33%
Adjusted net profit margin[3]	12.8%	19.2%	-6.4pp
Basic EPS (RMB)	0.164	0.444	-63%
Free cash flow[4]	407	784	-48%

Notes:

(1) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures. For details regarding the reclassification, please refer to the Company's 2017 first quarter results announcement.

(2) Adjusted EBITDA and adjusted net profit are non-IFRS measures. Certain non-IFRS numbers in 2016 have been revised to conform to current period's presentation for comparative purpose. Please refer to "V. Non-IFRS financial reconciliation" for details.

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

(4) Free cash flow is a non-IFRS measure. Please refer to "V. Non-IFRS financial reconciliation" for details.

II. BUSINESS OVERVIEW

For the first half of 2017, the Company recorded a flat growth on rental revenue, driven by a combined impact from two significant dynamics, restored strong growth of the car rental business and the decrease of the rental fleet of UCAR Inc.("UCAR"). During the Reporting Period, car rental revenue increased by 31% to RMB1,738.7 million year-over-year, while fleet rental revenue, which was mainly contributed by UCAR fleet, decreased by 36% to RMB704.7 million year-over-year. Rental days growth reached 71% year-over-year, a record high since 2013. Moreover, the growth rate has increased sequentially in six consecutive quarters. The decrease of UCAR fleet rental revenue was resulted from the introduction of the new regulation on ride-hailing services and UCAR's increased operating efficiency.

During the Reporting Period, net profit was RMB379.0 million, compared with RMB1,061.8 million for the same period last year. The decrease was mainly driven by a significant difference of RMB794.3 million fair value gain or loss from investment in equity shares and redeemable preference shares and the decrease of UCAR rental fleet for the first half of 2017. For the Reporting Period, the adjusted net profit was RMB313.7 million, compared with RMB471.6 million for the same period last year. The decrease was a combined result of the strong car rental contribution, the decrease in UCAR fleet demand, the reduced residual values of legacy vehicle models and UCAR fleet and increased finance expenses. Adjusted net profit margin decreased to 12.8% and adjusted EBITDA margin decreased slightly to 59.0%. The margins decrease was a combined result of the increased car rental margin, the decrease in percentage of UCAR fleet, the used car disposal loss of legacy vehicle models and UCAR fleet and increased finance expenses.

The Company has changed the fleet mix to accommodate the changing business needs. As at 30 June 2017, the total fleet was 100,029 vehicles, compared with 99,727 vehicles for the same period last year. The car rental fleet increased by 33% year-over-year to 71,872 vehicles, offset by 45% decrease in fleet rental fleet to 16,157 vehicles, most of which were rented to UCAR. As at 30 June 2017, the percentage of fleet rental fleet as a percentage of the total operating fleet was 18%, decreased from 34% last year. The Company was able to sell or redeploy the cars returned from UCAR fleet in an efficient manner when UCAR fleet demand decreased.

Number of Fleet

	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17
Fleet size as at period end						
Car rentals[(1)]	47,560	54,119	61,314	62,946	64,117	71,872
Fleet rentals[(1)]	30,612	29,505	22,949	24,330	21,761	16,157
Finance lease	4,055	3,961	3,722	2,537	727	272
Total operating fleet	82,227	87,585	87,985	89,813	86,605	88,301
Retired vehicles awaiting sale	5,800	11,203	7,184	3,292	5,542	8,328
Vehicles held for sale	826	939	1,565	3,344	3,215	3,400
Total fleet	88,853	99,727	96,734	96,449	95,362	100,029

Notes:

(1) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures.

During the first half of 2017, the Company demonstrated a strong growth and solid profitability with upward trend in its car rental business. During the Reporting Period, rental days grew 71% year-over-year, and the utilization rate increased by 14 percentage points to 68.5%. After a record high performance in the first quarter of 2017, the second quarter of 2017 delivered an even stronger growth rate and utilization rate. During the second quarter of 2017, the rental days growth rate and the utilization rate were 79% and 69.4% respectively. During the Reporting Period, the Company continued to execute the competitive pricing strategy to meet the growing car rental demand and suppress competition. As a result, ADDR decreased by 24% to RMB234. RevPAC decreased slightly by 5% to RMB160. Combined with a lower RevPAC breakeven cost driven by significant scale benefit, the car rental business achieved slight margins expansion year-over-year.

The Company was committed to laying a strong foundation for car rental long-term growth and extending the leadership position. Since the second quarter of 2016, the Company has implemented various growth initiatives. Innovative marketing initiatives and smart pricing remained in place to accelerate the growth momentum. The Company has further expedited vehicle replacement and optimized fleet mix to enhance fleet condition and attractiveness to customers. For four consecutive quarters, rental days grew by over 40% and the registered members increased by over 50%. The Company is in the process of developing various technological innovations and business initiatives to drive growth. The Company will continue to focus its execution towards of enhancing customer experience and optimizing cost structure.

The Company was broadening its city coverage to fulfil the growing customer demand. As at 30 June 2017, the Company had presence in 104 cities, compared with 93 cities as at 30 June 2016. As at 30 June 2017, the Company had 823 directly-operated service locations, which included 333 stores and 490 pick-up points, covering all major tier 1 and tier 2 cities as well as key tourist destinations. As at 30 June 2017, the franchisee network comprised of 239 service locations in 189 tier 3 and tier 4 cities. Most of the franchise agreements will start to expire in early 2018.

Since the first quarter of 2017, the Company has reclassified its business into car rental and fleet rental. Fleet rental refers to the customized fleet management services that are provided to corporations under framework agreements. The Company believes, by leveraging cost advantages, fleet scale and synergies in cross-selling, fleet management can generate solid and sustainable returns for the business. During the Reporting Period, fleet rental revenue as a percentage of the total rental revenue decreased from 45% to 29% for the same period last year, mainly due to the decline in UCAR fleet rental demand. Recently, the Company has started to re-enter the new long-term rental business to serve corporations and institutions that generate reasonable returns.

The Company strategically expedited vehicle replacement to enhance fleet condition. During the Reporting Period, the Company disposed of 17,808 used vehicles compared with 8,077 vehicles for the same period last year. The cost-to-sales ratio was 103%, which was mainly due to the lowered pricing of legacy vehicle models. Among all the used cars sold, 58% were sold to the business-to-consumer ("B2C") channel operated by Shenzhou Maimaiche (Tianjin) Technology Development Co. Ltd ("Maimaiche"). Further penetration into the B2C disposal channel remained as the Company's important strategy to expedite vehicle replacements and realize higher residual values.

III. STRATEGIC HIGHLIGHTS

The Company sees the prosperous growth in the auto mobility market, supported by the consumption upgrade, technological revolutions and more developed transportation system. The Company is committed to executing its long-term strategy of becoming a leading auto mobility provider in China, with a laser focus on self-drive car rental and fleet management.

The Company has strong confidence in the market potential of the self-drive car rental business. The car rental market is expected to expand rapidly and the growth potential remains significant, as a result of flourishing demand from tourism, the booming travel demand, mobility upgrades and increasing popularity of car rental as an attractive alternative to car ownership. The Company will continue to extensively focus on growing and excelling in the car rental business and extend its dominant leading position in China.

Over the past two years, the Company has further extended its strategic focus to become a leading fleet management platform for broader auto mobility needs. With fast expansion of the ride-hailing supply and service upgrades of the industry, consumers have already become more receptive to ride-hailing as a premium mobility solution. With the implementation of the new regulation, the industry development has become healthier and the business model has become clearer and widely proven. The Company also recognized, during the transition, the competition in the ride-hailing industry remains strong, which requires the market players to better focus on customer experience and operating efficiency.

Looking into the second half of 2017, the Company is going to further invest on business initiatives and technological innovations in the car rental business, with a focused commitment of delivering best-in-class customer experience and achieving optimal cost structure. With the solid foundation of the established competitive advantages, the Company is well positioned to embrace its success in the opportunistic car rental market.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenues and Profitability Analysis

Rental revenue

	Six months ended 30 June 2017	2016	Year-over-year change
	(in RMB thousands)		
Car rental revenue	1,738,692	1,325,885	31%
Fleet rental revenue	704,674	1,100,202	-36%
Other revenue	12,351	26,104	-53%
Total rental revenue	2,455,717	2,452,191	0%

Car rental metrics[5]

	1H'16	1H'17	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17
Average daily fleet [1]	43,830	60,307	44,751	42,908	53,688	50,689	60,389	60,225
ADRR [2] (RMB)	307	234	313	300	282	251	245	223
Utilization rate [3] (%)	54.9%	68.5%	55.4%	54.4%	60.3%	59.3%	67.6%	69.4%
RevPAC [4] (RMB)	169	160	174	163	170	149	165	155

Notes:

(1) Average daily car rental fleet is calculated by dividing the aggregate days of our car rental vehicles in operation in a given period by the aggregate days of that period. "Car rental vehicles in operation" refers to our entire car rental fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported.

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

(3) Car utilization rate is calculated by dividing the aggregate days that our vehicles are rented out for car rentals by the aggregate days that our car rental vehicles are in operation.

(4) RevPAC refers to average daily rental revenue per car rental vehicle, which is calculated by multiplying the average daily rental rate in a given period by the car utilization rate in that same period.

(5) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures.

The Company's total rental revenue increased slightly to RMB2,455.7 million for the six months ended 30 June 2017.

- ***Car rentals.*** Revenue from car rentals increased by 31.1% to RMB1,738.7 million for the six months ended 30 June 2017. Average daily fleet increased by 38%, along with a 71% year-over-year growth of rental days, driven by more competitive pricing and better fleet condition. RevPAC decreased slightly by 5% to RMB160. Combined with a lower RevPAC breakeven cost driven by significant scale benefit, the car rental business achieved slight margins expansion year-over-year.

- ***Fleet rentals.*** Revenue from fleet rentals decreased by 36.0% to RMB704.7 million for the six months ended 30 June 2017, mainly due to the decrease in UCAR fleet. As at 30 June 2017, total fleet size was 16,157 vehicles, most of which were rented to UCAR. The decrease of the fleet renting to UCAR was mainly due to policy change and increased operating efficiency. The rental prices and terms for each car model under the collaboration remained unchanged since the inception.

- ***Other revenue.*** Other revenue mainly consists of finance lease revenue, insurance claims and franchise royalty. Other revenue was RMB12.4 million for the six months ended 30 June 2017, compared with RMB26.1 million for the same period of 2016. The decrease was primarily driven by the decline in insurance claims for in-house repair and maintenance and expiration of existing financing lease programs.

Depreciation of rental vehicles and direct operating expenses of rental services

	Six months ended 30 June			
	2017		**2016**	
		% of rental		*% of rental*
	RMB	***revenue***	*RMB*	*revenue*
	(in thousands, except percentages)			
Depreciation of rental vehicles	**645,044**	**26.3%**	603,126	24.6%
Direct operating expenses				
— Payroll costs	**241,056**	**9.8%**	201,280	8.2%
— Store expenses	**97,377**	**4.0%**	87,496	3.6%
— Insurance fees	**95,558**	**3.9%**	110,384	4.5%
— Repair and maintenance fees	**142,005**	**5.8%**	132,806	5.4%
— Fuel expenses	**26,815**	**1.1%**	33,829	1.4%
— Others	**181,008**	**7.4%**	185,658	7.5%
Total direct operating expenses	**783,819**	**31.9%**	751,453	30.6%
Total costs of car rental business	**1,428,863**	**58.2%**	1,354,579	55.2%

Depreciation of rental vehicles. As a percentage of rental revenue, depreciation expenses increased to 26.3% for the six months ended 30 June 2017 from 24.6% for the six months ended 30 June 2016. The increase was primarily driven by (i) updated estimations of the residual values of legacy vehicle models; and (ii) the adjustment of residual values of UCAR fleet, both in the fourth quarter of 2016.

Direct operating expenses of rental services. As a percentage of rental revenue, direct operating expenses accounted for 31.9% and 30.6% for the six months ended 30 June 2017 and 2016, respectively. The increase was mainly driven by a number of factors, including (i) the decrease in percentage of UCAR fleet rental, which incurred limited store related expenses; (ii) the increased performance bonus as a result of higher than expected car rental growth; and (iii) increased repair expenses caused by self-insurance practices, which was offset by decreased insurance fees.

Sales of used vehicles (revenue & cost)

	Six months ended 30 June 2017 *RMB*	2016 *RMB*
	(in thousands, except percentages)	
Revenue from sales of used vehicles	1,155,880	516,604
Cost of sales of used vehicles	1,190,817	511,269
Cost as a % of revenue (sales of used vehicles)	103.0%	99.0%
Number of used vehicles sold	17,808	8,077
— Inclusive of used vehicles sold to franchisees via installment program	863	702
Total number of used vehicles disposed	17,808	8,077

The Company disposed of 17,808 used vehicles for the six months ended 30 June 2017, compared with 8,077 vehicles for the six months ended 30 June 2016. The number of retired vehicles awaiting for sale was 8,328 due to more used car disposal during the Reporting Period to expedite vehicle replacement. During the Reporting Period, 10,392 vehicles were sold to UCAR's Maimaiche platform.

Cost of sales of used vehicles was 103.0% and 99.0% of revenue from the sales of used vehicles for the six months ended 30 June 2017 and 2016, respectively. The loss was mainly due to the sale of the Company's legacy vehicle models.

The results further demonstrate the Company's proven capabilities at managing the full cycle of rental vehicles, supported by further diversified used car disposal channels and effective estimation of residual values.

Gross profit

	Six months ended 30 June	
	2017	**2016**
	RMB	*RMB*
	(in thousands, except percentages)	
Gross profit of rental business	1,026,854	1,097,612
Gross profit margin of rental business	41.8%	44.8%
Gross (loss)/profit of sales of used vehicles	(34,937)	5,335
Gross (loss)/profit margin of sales of used vehicles	(3.0)%	1.0%
Total gross profit	991,917	1,102,947
Total gross profit margin as a % of rental revenue	40.4%	45.0%

Total gross profit of the car rental business decreased by 6.4% to RMB1,027.0 million for the six months ended 30 June 2017. Total gross profit margin as a percentage of rental revenue was 40.4% for the six months ended 30 June 2017. The margin decrease was mainly due to (i) increase in depreciation cost; and (ii) decrease in percentage of revenue from UCAR fleet rental, which incurred limited store related expenses; and (iii) the margin difference in used car sales.

Selling and distribution expenses

	Six months ended 30 June			
	2017		2016	
	RMB	***% of rental revenue***	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	1,331	0.1%	16,041	0.7%
Advertising expenses	6,819	0.3%	21,817	0.9%
Share-based compensation	139	0.0%	1,197	0.0%
Others	2,822	0.1%	5,875	0.2%
Total	11,111	0.5%	44,930	1.8%

Selling and distribution expenses decreased significantly by 75.3% to RMB11.1 million for the six months ended 30 June 2017 due to (i) more innovative marketing initiatives, which were more capable to identify target customers; (ii) free marketing initiatives associated with direct rebates to customers; and (iii) the increased use of more cost-efficient and reachable mobile social platform for point-to-point marketing. Selling and distribution expenses was 0.5% as a percentage of rental revenue.

Administrative expenses

	Six months ended 30 June			
	2017		**2016**	
	RMB	***% of rental revenue***	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	154,310	6.3%	121,882	5.0%
Office expenses	27,036	1.1%	31,730	1.3%
Rental expenses	11,067	0.5%	11,043	0.5%
Share-based compensation	4,336	0.2%	69,826	2.8%
Others	53,884	2.1%	66,602	2.7%
Total	250,633	10.2%	301,083	12.3%

Administrative expenses decreased by 16.8% to RMB250.6 million for the six months ended 30 June 2017. As a percentage of rental revenue, administrative expenses decreased to 10.2% for the six months ended 30 June 2017 from 12.3% for the six months ended 30 June 2016. The decrease was primarily due to the expiration of share-based compensation.

Other income and expenses, net

	For the six months ended 30 June	
	2017	**2016**
	(RMB in thousands)	
Interest income from bank deposit	13,373	9,554
Unrealized exchange gain/(loss) related to USD denominated liabilities	153,532	(115,792)
Realized exchange loss	(11,550)	(3,244)
Government grants	17,902	12,300
Fair value loss on derivative instrument-transaction not qualifying as hedges	(38,972)	—
Fair value (loss)/gain from investment in equity shares and redeemable preference shares	(32,426)	826,687
Loss on disposals of items of other property, plant and equipment	(504)	(28)
Others	5,020	4,209
Total	106,375	733,686

Net gain was RMB106.4 million for the six months ended 30 June 2017, compared with net gain of RMB733.7 million for the six months ended 30 June 2016. The net gain for the first half of 2017 was mainly due to the unrealized foreign exchange gain related to USD denominated liabilities as a result of RMB appreciation, offset by a slight loss from the hedging instruments. The net gain for the first half of 2016 was mainly due to the fair value gain on investments in UCAR.

Finance costs. Finance costs increased by 11.8% to RMB314.4 million for the six months ended 30 June 2017, primarily due to the Company's higher debt position.

Profit before tax. Profit before tax decreased by 56.9% to RMB521.4 million for the six months ended 30 June 2017.

Income tax expenses. Income tax expenses decreased by 4.6% to RMB142.4 million for six months ended 30 June 2017 due to decreased profit.

Profit after tax. As a result of the aforementioned factors, the Company recorded a net profit of RMB379.0 million, and RMB1,061.8 million for the six months ended 30 June 2017 and 2016, respectively.

Adjusted net profit. Adjusted net profit was RMB313.7 million for the six months ended 30 June 2017, compared with RMB471.6 million for the six months ended 30 June 2016. Adjusted net profit margin was 12.8%, a combined result of increased car rental margin, the decrease in percentage of UCAR fleet, the reduced residual values of certain vehicle models and UCAR fleet and increased finance expenses.

Adjusted EBITDA. Adjusted EBITDA was RMB1,449.5 million for the six months ended 30 June 2017, compared with RMB1,556.2 million for the six months ended 30 June 2016. Adjusted EBITDA margin was 59.0%, a combined result of increased car rental profitability and the decrease in the percentage of UCAR fleet rental.

2. **Financial Positions**

	As at	
	30 June 2017	**31 December 2016**
	(RMB in millions)	
Total assets	20,739.0	21,189.2
Total liabilities	12,712.7	12,970.6
Total equity	8,026.3	8,218.6
Cash and cash equivalents	4,925.9	5,723.2
Restricted cash	55.8	1.3
Total cash	4,981.7	5,724.5
Interest bearing bank and other borrowings - current	2,481.9	2,425.4
Interest bearing bank and other borrowings - non-current	3,140.8	3,820.7
Senior notes	5,323.5	5,435.9
Corporate bonds	295.7	—
Total debt	11,241.9	11,682.0
Net debt (total debt less total cash)	6,260.2	5,957.5
Total debt/adjusted EBITDA (times) [1]	3.8x	3.8x
Net debt/adjusted EBITDA (times) [1]	2.1x	1.9x

Note:

(1) *Adjusted EBITDA is calculated based on the total of the most recent four quarters.*

Cash

The Company continued to generate strong operating cash flows and maintain strong liquidity during the six months ended 30 June 2017. As at 30 June 2017, the Company's total cash balance was RMB4,981.7 million.

Trade receivables and due from related parties

Trade receivables were RMB85.8 million and RMB99.6 million as at 30 June 2017 and 31 December 2016, respectively. The decrease in trade receivables was mainly due to reduced institutional long-term rental business and continuous improvement in trade receivables management.

Due from related parties, which relates to the trade receivables from UCAR, was RMB815.7 million and RMB556.2 million as at 30 June 2017 and 31 December 2016, respectively. The increase was in line with the increase in used car sales.

Capital expenditures

The majority of the Company's capital expenditure was for vehicle acquisitions. During the six months ended 30 June 2017, the Company purchased approximately RMB1,973.4 million of rental vehicles, which is inclusive of payments for rental vehicles that have not commenced service. The Company also spent approximately RMB26.5 million on purchases of other property, plant and equipment, and other intangible assets.

Borrowings

As at 30 June 2017, the Company had total debt of RMB11,241.9 million and net debt of RMB6,260.2 million, compared with RMB11,682.0 million and RMB5,957.5 million as at 31 December 2016, respectively. The decrease of debt was due to the repayment of debt through utilizing the Company's strong cash position. Net debt remained low due to the similar total debt and cash levels. The Company has a strong cash position and sufficient financing facilities. As at 30 June 2017, the current debt portion was RMB2,481.9 million, representing 22.1% of total debt. Based on the repayment schedule as at 30 June 2017, the Company had a total debt of approximately RMB725.4 million to be repaid in the second half of 2017.

The Company has further diversified its funding sources and optimized its funding structure to support the sustainable business growth, while maintaining a prudent financial policy to ensure balanced leverage ratios and credit metrics. On 26 April 2017, the Company successfully issued its first RMB300.0 million 5.5% Panda Bonds in the Shanghai exchange market, marking a milestone to issue Panda Bonds in China, diversifying and deepening the Company's fund raising channels.

Foreign exchange risk management

The Company pays close attention to its asset liability management, especially foreign exchange risk management. As at the date of this announcement, the Company has entered into forward currency contracts with an aggregate contractual amount of US$630.0 million, which has offered the Company a level of protection against the foreign exchange risk. The Company will continue to closely evaluate market conditions and ensure appropriate measures are timely implemented to mitigate risks from RMB exchange rate fluctuations.

Free cash flow

The Company continued to generate strong cash flow, with an inflow of RMB406.7 million free cash flow for the six months ended 30 June 2017, compared with RMB784.2 million for the same period last year. The decrease was mainly due to the decrease in profit and the increase in amount due from related party relating to the increased sale of used vehicles. The Company started selling used vehicles to UCAR in 2016 and since then has increased the number of vehicles sold to UCAR.

Share repurchase

At the Company's annual general meeting (the "AGM") on 16 May 2017, the shareholders granted a general mandate (the "Repurchase Mandate") to the directors of the Company (the "Directors") to repurchase shares of the Company. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 229,986,581 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

For the six months ended 30 June 2017, the Company repurchased a total of 92,083,000 shares through the Stock Exchange, representing approximately 4.05% of the issued share capital of the Company as at 30 June 2017. The aggregate consideration for the repurchase was HK$662.2 million. As of the date of this announcement, the Company has repurchased a total of 119,667,000 shares through the Stock Exchange, representing approximately 5.37% of the issued share capital of the Company. The share repurchase reflects the Company's solid financial position and the Board's strong confidence in the Company's future business prospects. The Company believes that the Repurchase Mandate is in the interest of the shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

V. NON-IFRS FINANCIAL RECONCILIATION

	For the six months ended 30 June	
	2017	**2016**
	(RMB in thousands, except percentages)	
A. Adjusted net profit		
Net profit	379,012	1,061,821
Adjusted for:		
Share-based compensation	4,531	71,146
Fair value loss/(gain) from investment in equity shares and redeemable preference shares	32,426	(826,687)
Fair value loss on derivative instrument-transaction not qualifying as hedges	38,972	—
Share of loss/(profit) of an associate	777	(1,538)
Foreign exchange (gain)/loss	(141,982)	119,036
Loss relating to the used car B2C pilot program	—	47,821
Adjusted net profit	313,736	471,599
Adjusted net profit margin (as a percentage of rental revenue)	12.8%	19.2%
B. Adjusted EBITDA		
Reported EBITDA calculation		
Profit before tax	521,364	1,210,976
Adjusted for:		
Finance costs	314,407	281,182
Interest income from bank deposit	(13,373)	(9,554)
Depreciation of rental vehicles	645,044	603,126
Depreciation of other property, plant and equipment	36,105	30,988
Amortization of other intangible assets	4,392	5,259
Amortization of prepaid land lease payment	807	807
Impairments on trade receivables	5,991	23,650
Reported EBITDA	1,514,737	2,146,434

	For the six months ended 30 June 2017	2016
	(RMB in thousands, except percentages)	
Reported EBITDA margin (as a percentage of rental revenue)	61.7%	87.5%
Adjusted EBITDA calculation		
Reported EBITDA	1,514,737	2,146,434
Adjusted for:		
Share-based compensation	4,531	71,146
Fair value loss/(gain) from investment in equity shares and redeemable preference shares	32,426	(826,687)
Fair value loss on derivative instrument-transaction not qualifying as hedges	38,972	—
Share of loss /(profit) of an associate	777	(1,538)
Foreign exchange (gain)/loss	(141,982)	119,036
Loss relating to the used car B2C pilot program	—	47,821
Adjusted EBITDA	1,449,461	1,556,212
Adjusted EBITDA margin (as a percentage of rental revenue)	59.0%	63.5%

C. Free cash flow

	2017	2016
Net cash flows generated from operating activities	433,185	1,021,453
Purchases of other property, plant and equipment	(26,116)	(235,605)
Proceeds from disposal of other property, plant and equipment	31	43
Purchases of other intangible assets	(394)	(1,649)
Net investment activity	(26,479)	(237,211)
Free cash flow	406,706	784,242

The Group employed certain non-IFRS financial measures in measuring the performance of the Group. The presentation of these non-IFRS financial measures are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and for planning and forecasting future periods. The Group's management believes that adjusted EBITDA, defined as earnings before interest, income tax expenses, depreciation and amortization, impairment on trade receivables, share-based compensation, foreign exchange (gain)/loss, fair value loss/(gain) from investment in equity shares and redeemable preference shares, fair value loss on derivative instrument-transaction not qualifying as hedges, share of loss/(profit) of an associate and loss relating to the used car B2C pilot program, is a useful financial metric to assess the Group's operating and financial performance.

Foreign exchange (gain)/loss, fair value loss/(gain) from investment in equity shares and redeemable preference shares, gain on disposal of subsidiaries, loss relating to the used car B2C pilot program and share of loss/(profit) of an associate have been added in the reconciliation in 2016 due to the change in economic situation and the Group's business strategies. Fair value loss on derivative instrument-transaction not qualifying as hedges has been added in the reconciliation in 2017. Management believes that these items do not relate to the Group's business operations. The Group operates mainly in China and its foreign exchange (gain)/loss mainly results from its USD-denominated senior notes. Fair value loss/(gain) from investment in equity shares and redeemable preference shares represents the non-cash fair value gain/(loss) on investments which is recognized in accordance with IAS 39 Financial Instruments. Fair value loss on derivative instrument-transaction not qualifying as hedges is recognized based on the market price of the foreign exchange contract that the Company entered into during the first half of 2017. These accounting recognitions and measurements do not relate to the Group's business operations. Share of loss/(profit) of an associate relates to the share of loss/(profit) from an associate that the Group acquired during the second quarter of 2016.

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Capital expenditures are defined as net expenditures of other property, plant and equipment, other intangible assets and prepaid lease payments. Free cash flow represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

VI. FINANCIAL INFORMATION

Consolidated statements of profit or loss

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Rental revenue		2,455,717	2,452,191
Sales of used vehicles		1,155,880	516,604
Total revenue	4	3,611,597	2,968,795
Depreciation of rental vehicles		(645,044)	(603,126)
Direct operating expenses of rental services		(783,819)	(751,453)
Cost of sales of used vehicles		(1,190,817)	(511,269)
Gross profit		991,917	1,102,947
Other income and expenses, net	4	106,375	733,686
Share of (loss)/profit of an associate		(777)	1,538
Selling and distribution expenses		(11,111)	(44,930)
Administrative expenses		(250,633)	(301,083)
Finance costs		(314,407)	(281,182)
Profit before tax	5	521,364	1,210,976
Income tax expenses	6	(142,352)	(149,155)
Profit for the period		379,012	1,061,821
Attributable to:			
Owners of the parent		379,012	1,061,821
Earnings per share attributable to ordinary equity holders of the parent			
Basic (RMB)	7	0.164	0.444
Diluted (RMB)	7	0.161	0.436
Profit for the period		379,012	1,061,821
Other comprehensive income for the period, net of tax		—	—
Total comprehensive income for the period, net of tax		379,012	1,061,821

Consolidated statements of financial position

		As at	
		30 June 2017	**31 December 2016**
		(Unaudited)	*(Audited)*
	Notes	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Rental vehicles	8	9,306,906	9,176,738
Other property, plant and equipment	9	481,419	491,942
Finance lease receivables — non-current	10	73,213	100,798
Prepayments		12,344	12,940
Prepaid land lease payments		59,598	60,405
Goodwill		6,728	6,728
Other intangible assets		150,087	154,085
Investment in equity shares and redeemable preference shares	11	3,041,280	3,073,706
Investment in an associate	12	31,601	32,378
Rental deposits		10,020	12,306
Restricted cash		1,575	1,300
Deferred tax assets		154,585	122,575
Other non-current assets		13,609	9,609
Total non-current assets		**13,342,965**	**13,255,510**
CURRENT ASSETS			
Inventories		265,894	233,448
Trade receivables	14	85,789	99,639
Due from related parties		815,702	556,201
Prepayments, deposits and other receivables	15	1,144,275	1,172,089
Finance lease receivables — current	10	104,205	119,171
Deposits for sale-leaseback borrowings-current		—	30,000
Restricted cash		54,201	—
Cash and cash equivalents		4,925,944	5,723,161
Total current assets		**7,396,010**	**7,933,709**

Consolidated statements of financial position (continued)

		As at	
		30 June 2017	**31 December 2016**
		(Unaudited)	*(Audited)*
	Notes	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Trade payables	13	99,356	72,668
Other payables and accruals		619,526	559,353
Advances from customers		480,037	331,264
Interest-bearing bank and other borrowings	17	2,481,905	2,425,391
Due to a related party		6,017	33,861
Derivative financial instruments		38,972	—
Income tax payable		56,786	138,599
Total current liabilities		**3,782,599**	**3,561,136**
NET CURRENT ASSETS		3,613,411	4,372,573
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,956,376**	**17,628,083**
NON-CURRENT LIABILITIES			
Senior notes	18	5,323,496	5,435,942
Corporate bonds	19	295,691	—
Interest-bearing bank and other borrowings	17	3,140,847	3,820,742
Deposits received for rental vehicles		817	1,173
Deferred tax liabilities		169,248	151,620
Total non-current liabilities		**8,930,099**	**9,409,477**
Net assets		**8,026,277**	**8,218,606**
EQUITY			
Equity attributable to owners of the parent			
Share capital		140	144
Treasury shares		(131,661)	(8,474)
Reserves		5,263,731	5,711,881
Retained profits		2,894,067	2,515,055
Total equity		8,026,277	8,218,606

Consolidated statements of cash flows

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	521,364	1,210,976
Adjustments for operating activities:		
Finance costs	314,407	281,182
Share of loss/(profit) of an associate	777	(1,538)
Interest income	(13,373)	(9,554)
Loss on disposal of items of other property, plant and equipment	504	28
Fair value loss/(gain) from investment in equity shares and redeemable preference shares	32,426	(826,687)
Fair value loss on derivative instrument-transaction not qualifying as hedges	38,972	—
Depreciation of rental vehicles	645,044	603,126
Depreciation of other property, plant and equipment	36,105	30,988
Amortisation of other intangible assets	4,392	5,259
Amortisation of prepaid land lease payments	807	807
Impairment on trade receivables	5,991	23,650
Exchange (gain)/ loss	(147,638)	118,754
Equity-settled share option expenses	4,531	71,146
	1,444,309	1,508,137
Decrease of trade receivables	7,859	99,508
(Increase)/decrease in due from related parties	(259,501)	356,832
(Increase)/decrease of inventories	(32,446)	12,402
Decrease in prepayments and other receivables	23,962	6,627
Increase of trade payables	26,688	44,480
Decrease of due to a related party	(27,844)	(233)
Increase/(decrease) of advances from customers	148,773	(18,734)
Increase of other payables and accruals	59,835	27,220
Increase of rental vehicles	(775,212)	(820,275)
Decrease/(increase) of finance lease receivables	42,551	(54,601)
Tax paid	(225,789)	(139,910)
Net cash flows generated from operating activities	**433,185**	**1,021,453**

Consolidated statements of cash flows (continued)

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of other property, plant and equipment	(26,116)	(235,605)
Proceeds from disposal of other property, plant and equipment	31	43
Purchases of other intangible assets	(394)	(1,649)
Acquisition of subsidiaries	(3,360)	(1,993)
Interest received	16,107	8,710
Acquisition of an associate	—	(26,410)
Net cash flows used in investing activities	(13,732)	(256,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits for borrowings	30,000	—
Restricted cash	(54,476)	51,829
Proceeds from bank and other borrowings	1,423,046	2,016,056
Repayments of bank and other borrowings	(1,986,111)	(903,822)
Proceeds from exercise of share options	8,447	4,627
Repurchase of shares	(584,319)	(250,220)
Interest paid	(304,863)	(282,649)
Proceeds from issuance of corporate bonds	295,548	—
Net cash flows used in/generated from financing activities	**(1,172,728)**	**635,821**
Net (decrease) /increase in cash and cash equivalents	(753,275)	1,400,370
Cash and cash equivalents at the beginning of the period	5,723,161	1,987,878
Effect of foreign exchange rate changes, net	(43,942)	11,790
Cash and cash equivalents at the end of the period	**4,925,944**	**3,400,038**

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS OF PRESENTATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of CAR Inc. and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statement of profit or loss, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, have been prepared in accordance with IAS 34 "Interim Financial Reporting" issued by the IASB and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016

2.2 Changes in accounting policies and disclosures

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2016, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2017 below:

The Group has adopted the following revised IFRSs for the first time in these interim condensed consolidated financial statements.

Amendments to IAS 7	*Statement of Cash Flows:* Disclosure Initiative
Amendments to IAS 12	*Income Taxes:* Recognition of Deferred Tax Assets for Unrecognised losses
Annual Improvements *2012-2014 Cycle*	Amendments to IFRS 12 Disclosure *Interests in Other Entities: clarification of the scope of disclosure requirements in IFRS 12*

The adoption of these new and revised IFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the provision of car rental and other services to its customers. For management purposes, the Group operates in one business unit based on its services, and has one reportable segment which is the provision of car rental and other services.

Information about geographical area

Since all of the Group's revenue was generated from the car rental and other services in Mainland China and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND EXPENSES, NET

Revenue mainly represents the value of rental service rendered and the net invoiced value of rental vehicles sold, net of business tax and discounts allowed.

An analysis of revenue, other income and expenses, net is as follows:

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited) *RMB'000*	*(Unaudited)* *RMB'000*
Revenue		
Car rental revenue	1,738,692	1,325,885
Fleet rental revenue	704,674	1,100,202
Finance lease income	5,408	5,160
Sales of used rental vehicles	1,155,880	516,604
Franchise related income	1,658	1,860
Others	5,285	19,084
	3,611,597	2,968,795
Other income and expenses, net		
Interest income from bank deposit	13,373	9,554
Exchange gain/(loss)	141,982	(119,036)
Government grants	17,902	12,300
Loss on disposal of items of other property, plant and equipment	(504)	(28)
Fair value (loss)/gain from investment in equity shares and redeemable preference shares	(32,426)	826,687
Fair value loss on derivative instrument-transaction not qualifying as hedges	(38,972)	—
Others	5,020	4,209
	106,375	733,686

* The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of sales of used vehicles	1,190,817	511,269
Depreciation of rental vehicles	645,044	603,126
Depreciation of other property, plant, and equipment	36,105	30,988
Recognition of prepaid land lease payments	807	807
Amortisation of other intangible assets*	4,392	5,259
Minimum lease payments under operating leases in respect of		
- offices and stores	40,106	42,575
- rental vehicles	18,783	29,178
Wages and salaries	326,222	275,153
Equity-settled share option expenses	3,426	71,146
Pension scheme contribution**	69,958	64,050
Insurance expenses	95,558	110,384
Repair and maintenance	142,005	132,806
Exchange (gain)/loss	(141,982)	119,036
Auditors' remuneration	1,600	1,600
Impairment on trade receivables	5,991	23,650
Loss on disposal of items of other property, plant and equipment	504	28
Advertising and promotion expenses	6,819	21,817
Fair value loss/(gain) from investment in equity shares and redeemable preference shares	32,426	(826,678)
Fair value loss on derivative instrument-transaction not qualifying as hedges	38,972	—
Share of loss/(profit) of associates	777	(1,538)

* The amortization of other intangible assets for the six months ended 30 June 2016 and 2017 is included in "Administrative expenses" in the consolidated statements of profit or loss.

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

6. INCOME TAX EXPENSES

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

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current income tax	156,734	156,429
Deferred tax	(14,382)	(7,274)
Total tax charge for the period	142,352	149,155

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

The provision for current income tax in Mainland China is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for Haike (Pingtan) Technology Co., Ltd. ("Haike Pingtan"). Haike Pingtan is qualified as an encouraged industry company established in the comprehensive experimentation area in Pingtan, Fujian Province, and therefore is entitled to a preferential corporate income tax rate of 15% pursuant to CaiShui 2014 No. 26 issued by the Ministry of Finance of the People's Republic of China.

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

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on earnings of non-resident enterprises derived from the operation in Mainland China. The withholding tax derived from inter-company charges of certain overseas subsidiaries to PRC subsidiaries amounted to RMB13,291,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB14,472,000).

A reconciliation of the tax expenses applicable to profit before tax using the statutory rate in Mainland China to the tax expenses at the effective tax rate is as follows:

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit before tax	521,364	1,210,976
Tax at PRC statutory tax rate of 25%	130,341	302,744
Tax effect of tax rate difference between PRC and overseas entities	9,654	12,437
Impact/(utilization) of unrecognized deferred tax assets	6,308	(12,076)
PRC entities with preferential tax rate	(23,684)	(10,047)
Expenses not deductible for tax	6,678	2,815
Withholding tax on the deemed income	13,291	14,472
Income not subject to tax	(236)	(161,190)
Total charge for the period	142,352	149,155

The effective tax rate of the Group was 27.30% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 12.32%).

7. EARNINGS PER SHARE ATTRIBUTED TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,312,927,423 (for the six months ended 30 June 2016: 2,392,407,573) in issue during the period, as adjusted to reflect the rights issue during the period, if any.

The calculation of the diluted earnings per share amount is based on the profit for the period 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 respective period, 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 of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June 2017	2016
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	379,012	1,061,821
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,312,927,423	2,392,407,573
Effect of dilution — weighted average number of ordinary shares:		
Share option	36,029,654	43,531,574
	2,348,957,077	2,435,939,147

8. RENTAL VEHICLES

	For the six months ended 30 June 2017	2016
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
At 1 January:		
Cost	11,191,607	11,016,202
Accumulated depreciation	(2,014,869)	(1,677,329)
Net carrying amount	9,176,738	9,338,873
At 1 January, net of accumulated depreciation	9,176,738	9,338,873
Additions	2,000,898	1,313,728
Disposals and transfers to inventories	(1,223,431)	(491,801)
Transfers to finance leases	(2,255)	(1,652)
Depreciation provided during the period	(645,004)	(603,126)
At 30 June, net of accumulated depreciation	9,306,906	9,556,022
At 30 June:		
Cost	11,326,045	11,514,165
Accumulated depreciation	(2,019,139)	(1,958,143)
Net carrying amount	9,306,906	9,556,022

Vehicles with carrying values of RMB191,307,000 as at 30 June 2017 (31 December 2016: RMB48,958,000) had been pledged to secure the Group's certain interest-bearing loans.

9. OTHER PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired items of other property, plant and equipment with a cost of RMB26,116,000 (for the six months ended 30 June 2016: RMB207,085,000); and depreciation for items of other property, plant and equipment of RMB36,105,000 (for the six months ended 30 June 2016: RMB30,988,000).

During the six months ended 30 June 2017, assets with a net book value of RMB534,000 were disposed by the Group (for the six months ended 30 June 2016: RMB71,000) .

During the six months ended 30 June 2017, the Group was not in the acquisition of subsidiaries (for the six months ended 30 June 2016: RMB7,000).

10. FINANCE LEASE RECEIVABLES

Certain rental vehicles have been leased out through finance leases entered into by the Group. These leases have remaining terms ranging generally from 1.5 to 3 years. Finance lease receivables are comprised of the following:

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Net minimum lease payments receivable	192,760	244,130
Unearned finance income	(15,342)	(24,161)
Total net finance lease receivables	177,418	219,969
Less: current portion	104,205	119,171
Non-current portion	73,213	100,798

Future minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2017 and 31 December 2016 are as follows:

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within one year	116,778	138,174
In the second to fifth years, inclusive	75,982	105,956
	192,760	244,130

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2017 and 31 December 2016 are as follows:

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within one year	104,205	119,171
In the second to fifth years, inclusive	73,213	100,798
	177,418	219,969

11. INVESTMENT IN EQUITY SHARES AND REDEEMABLE PREFERENCE SHARES

		30 June 2017	**31 December 2016**
		(Unaudited)	*(Audited)*
		RMB'000	*RMB'000*
Investments in redeemable preference shares of unlisted companies			
— Souche Holdings Ltd.	(a)	200,376	197,216
Investments in equity shares of an unlisted company			
— UCAR Technology Inc.	(b)	—	37,018
Investments in equity shares of a publicly held company			
— UCAR Inc. (formerly, Huaxia United Science & Technology Co., Ltd.)	(c)	2,840,904	2,839,472
		3,041,280	3,073,706

(a) **Souche Holdings Ltd. ("Souche")**

In April 2015, the Group subscribed for redeemable preference shares in Souche, which is an unlisted company and principally engaged to provide online platform and relevant professional services of trade-in used cars, at a total consideration of US$26.49 million (equivalent to approximately RMB161,828,000). According to the subscription agreement, the redemption price of such preference shares was agreed at not less than its original subscription price. After the investment of the redeemable preference shares, the Group held 19.91% of the equity interest (as converted) in Souche as at 31 December 2015. The directors of the Company are of the opinion that the Group does not have significant influence over Souche.

The Group designated such redeemable preference shares investment in Souche (a hybrid contract, i.e. host debt plus embedded conversion derivative) as a financial asset at fair value through profit or loss upon initial recognition. As the conversion option is precluded from fair value measurement, the entire hybrid contract (a host debt and conversion option) was deemed not to be reliably measurable as at 31 December 2015. As a result, the investment in Souche was measured at cost less impairment. As at 31 December 2015, the directors of the Company were of the opinion that there was no impairment indication identified for the investment in Souche.

Pursuant to a series of new investments in Souche, the equity interest (as converted) held by the Group in Souche was diluted from 19.91% as at 31 December, 2015 to 14.79% as at 31 December 2016 and then to 12.42% as at 30 June 2017 after the closing of the newest round of investment in May 2017.

The redeemable preference shares were measured at fair value and were classified as Level 3 fair value measurement. The fair value of the redeemable preference share investment in Souche was estimated with the assistance of an independent valuation company. The fair value of the redeemable preference share investment in Souche as at 30 June 2017 was based on the market approach, with reference to the market multiples from comparable companies with consideration of the size, profitability and development stage of the industry and those comparable companies. The associated fair value gain of RMB3,160,000 for the six months ended 30 June 2017 was recognised through profit or loss under "other income and expenses, net".

(b) **UCAR Technology Inc. ("UCAR Cayman")**

On 1 July 2015, the Group, among others, entered into the Series A preference share subscription agreement with UCAR Cayman, pursuant to which the Group agreed to subscribe for 2,500,000 Series A preference shares in UCAR Cayman for a consideration of US$125 million. On 16 September 2015, the Group, among others, entered into the Series B preference share subscription agreement with UCAR Cayman pursuant to which the Group agreed to subscribe for 443,263 Series B preference shares for a consideration at US$50 million. On the assumption that all Series A and Series B preference shares are converted into ordinary shares of UCAR Cayman based on the fully diluted conversion ratio of 1:1, the Company will hold approximately 9.35% of the total issued and outstanding shares of UCAR Cayman. The directors of the Company are of the opinion that the Group does not have significant influence over UCAR Cayman.

The Group designated such preference share investment in UCAR Cayman (a hybrid contract, i.e., host debt plus embedded conversion derivative) as a financial asset at fair value through profit or loss upon initial recognition.

In January 2016, UCAR Cayman transferred its chauffeured car services business to Huaxia United Science & Technology Co., Ltd. ("Huaxia United") (the "Business Transfer"). The Business Transfer resulted in an accounting reclassification of RMB1,542,409,000 from the preference share investment in UCAR Cayman to the ordinary share investment in Huaxia United.

Pursuant to a board resolution of UCAR Cayman dated 5 May 2016, all of the preference shares held by the Company were converted to ordinary shares on a 1:1 basis on the same day. The Group designated such ordinary share investment as a financial asset at fair value through profit or loss.

The unlisted equity shares were measured at fair value and were classified as Level 3 fair value measurement. The fair value of the equity share investment in UCAR Cayman was estimated with the assistance of an independent valuation company. The fair value of the equity share investment in UCAR Cayman as at 30 June 2017 was based on the proportion of the equity amount of UCAR Cayman. The associated fair value loss of RMB37,018,000 for the six months ended 30 June 2017 was recognised through profit or loss under "other income and expenses, net".

(c) **UCAR Inc. ("UCAR", 神州優車股份有限公司) (formerly, Huaxia United)**

In December 2015, UCAR Cayman implemented a corporate restructuring (the "UCAR Cayman Restructuring"), whereby the existing shareholders of UCAR Cayman would acquire equity interests and increase capital in Huaxia United. The amount of the capital increase in Huaxia United was contributed by the distribution from UCAR Cayman to its then shareholders. Upon completion of the UCAR Cayman Restructuring, the percentage of equity interests held by the Group, through China Auto Rental Limited ("CAR HK", a wholly-owned subsidiary of the Company), in Huaxia United will be the same as the Company's then shareholding percentage in UCAR Cayman (i.e. 9.35%). In January 2016, UCAR Cayman transferred its chauffeured car services business to Huaxia United and the Business Transfer resulted in an accounting reclassification of RMB1,542,409,000 from the preference share investment in UCAR Cayman to the ordinary share investment in Huaxia United. Huaxia United subsequently changed its name to UCAR Inc. (神州優車股份有限公司). The equity interest held by CAR HK in UCAR was diluted from 9.35% as at 31 December 2015 to 7.42% as at 31 December 2016 after a series of capital injections in UCAR from third parties before the completion of UCAR's listing on the National Equities Exchange and Quotations of the PRC ("NEEQ") in July 2016.

The directors of the Company are of the opinion that the Group does not have significant influence over Huaxia United or UCAR and the Group designated such equity investment in Huaxia United or UCAR as a financial asset at fair value through profit or loss upon initial recognition.

The equity shares of UCAR were measured at fair value and were classified as Level 3 fair value measurement. The fair value of the ordinary share investment in UCAR was estimated with the assistance of an independent valuation company. The fair value of the ordinary share investment in UCAR as at 30 June 2017 was based on the market approach with reference to the market multiples from comparable companies with consideration of the size, profitability and development stage of the industry and those comparable companies. The associated fair value gain of RMB1,432,000 for the six months ended 30 June 2017 was recognised through profit or loss under "other income and expenses, net".

12. INVESTMENT IN AN ASSOCIATE

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Share of net assets	31,601	32,378

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ Registration and principal place of business	Percentage of ownership interest attributable to the Group	Principal activities
Beijing QWOM Technology Co., Ltd. (北京氫動益維營銷策劃有限公司) ("QWOM")	Ordinary shares	PRC	30	Providing mobile internet digital marketing solutions based on big data analytics

The Group, through its wholly-owned subsidiary, namely Haike (Pingtan) Information Technology Co., Ltd., acquired 30% equity interests in QWOM in April 2016. The Group's interest in QWOM is accounted for using the equity method in the consolidated financial statements. QWOM had completed listing on the NEEQ in December 2016.

The following table illustrates the financial information of the Group's associate:

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Share of the associate's (loss)/profit for the period	(777)	5,968
Share of the associate's total comprehensive (loss)/income	(777)	5,968
Carrying amount of the Group's investment in the associate	31,601	32,378

13. TRADE PAYABLES

An ageing analysis of outstanding trade payables as at 30 June 2017 and 31 December 2016, based on the invoice date, is as follows:

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	92,666	64,042
3 to 6 months	3,808	4,224
Over 6 months	2,882	4,402
	99,356	72,668

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

14. TRADE RECEIVABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Trade receivables	98,862	107,978
Impairment provision	(13,073)	(8,339)
	85,789	99,639

The Company generally does not provide credit term to car rental customers. The credit period for fleet rental customers and finance lease customers is generally one to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 30 June 2017 and 31 December 2016, based on the invoice date and net of provisions, is as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Within 3 months	67,045	79,824
3 to 6 months	10,311	14,613
6 to 12 months	8,433	5,202
	85,789	99,639

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

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Neither past due nor impaired	52,177	46,494
Past due but not impaired:		
Less than 3 months past due	26,088	48,499
3 months to 1 year past due	4,017	2,209
	82,282	97,202

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

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

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Deductible VAT input	821,463	845,459
Prepayments	235,250	196,573
Other receivables	60,266	96,433
Rental deposits	24,173	24,354
Others	3,123	9,270
	1,144,275	1,172,089

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Liabilities		
Derivative financial instruments	38,972	—

In 2017, the Group entered into certain forward currency contracts, with an aggregate contractual amount of US$580 million, to manage its exchange rate exposures. Such currency forwards represent commitments to purchase nominal amount of United States Dollar ("US$") against RMB at the strike rate with undelivered spot transactions. These forward currency contracts are not designated for hedging purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives amounting to RMB38,972,000 were charged to the statement of loss for the six months ended 30 June 2017 (2016: Nil).

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Current:		
Short-term loans		
— unsecured and unguaranteed	432,718	298,839
Current portion of Sale and leaseback obligations		
— secured	97,522	25,975
Current portion of long-term bank loans		
— guaranteed	1,270,604	656,374
— unsecured and unguaranteed	681,061	838,647
Current portion of long-term other loans		
— secured	—	5,556
— unsecured and unguaranteed	—	600,000
	2,481,905	2,425,391

	As at	
	30 June 2017	**31 December 2016**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Non-current:		
Bank loans		
— guaranteed	2,267,884	3,212,007
— unsecured and unguaranteed	395,969	608,735
Other loans		
— guaranteed	400,000	—
Sale and leaseback obligations		
— secured	76,994	—
	3,140,847	3,820,742
	5,622,752	6,246,133
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	2,384,383	1,793,860
In the second year	900,057	1,952,240
In the third to fifth years, inclusive	1,763,796	1,868,502
	5,048,236	5,614,602
Other borrowings repayable:		
Within one year or on demand	—	605,556
In the second year	400,000	—
Sale and leaseback obligations:		
Within one year or on demand	97,522	25,975
In the second year	76,994	—
	174,516	25,975
	5,622,752	6,246,133

As at 30 June 2017, the Group's overdraft bank facilities amounted to RMB8,310,125,000 (31 December 2016: RMB9,042,796,000), of which RMB5,668,708,000 (31 December 2016: RMB6,206,100,000) had been utilized.

18. SENIOR NOTES

(1) The 2015 Notes (A)

On 4 February 2015, the Company issued senior notes due 2020 with an aggregate principal amount of US$500 million (the "2015 Notes (A)"). The 2015 Notes (A) were listed on the Stock Exchange. The 2015 Notes (A) carry interest at the rate of the 6.125% per annum, payable semi-annually on 4 February and 4 August in arrears, and will mature on 4 February 2020, unless redeemed earlier.

The 2015 Notes (A) may be redeemed in the following circumstances:

(i) On or after 4 February 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (A), at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (A) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 4 February of the years indicated below, subject to the rights of holders of the 2015 Notes (A) on the relevant record date to receive interest on the relevant interest payment date:

Year	**Redemption Price**
2018	103.0625%
2019 and thereafter	101.53125%

(ii) At any time prior to 4 February 2018, the Company may at its option redeem the 2015 Notes (A), in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes (A) redeemed plus the applicable premium as at, and accrued and unpaid interest, if any, to (but not including), the redemption date.

(iii) At any time and from time to time prior to 4 February 2018, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes (A) with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106.125% of the principal amount of the 2015 Notes (A) redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

The 2015 Notes (A) recognised in the statements of financial position were calculated as follows:

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Total carrying amount at 1 January	3,489,127	3,248,164
Exchange realignment	(82,206)	69,392
Interest expenses	115,249	108,801
Interest expense payment	(104,976)	(100,357)
Carrying amount at 30 June	3,417,194	3,326,000
Less: Interest payable due within one year reclassified to other payables and accruals	86,444	84,617
	3,330,750	3,241,383

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption option was not significant on initial recognition or at the end of the Reporting Period.

The comparative figures had been restated to reclassify the interest payable of senior notes that is due within one year to other payables and accruals. Such reclassification adjustment did not have an impact on the consolidated net assets as at 30 June 2016 and the consolidated net profit and other comprehensive income for the period ended 30 June 2016 then ended.

(2) **The 2015 Notes (B)**

On 11 August 2015, the Company issued senior notes due 2021 with an aggregated nominal value of US$300 million (the "2015 Notes (B)"). The 2015 Notes (B) are listed on the Stock Exchange. The 2015 Notes (B) carry interest at the rate of 6.00% per annum, payable semi-annually on 11 February and 11 August in arrears, and will mature on 11 February 2021, unless redeemed earlier.

The 2015 Notes (B) may be redeemed in the following circumstances:

On or after 11 August 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (B), at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015

Notes (B) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 August of the years indicated below, subject to the rights of holders of the 2015 Notes (B) on the relevant record date to receive interest on the relevant interest payment date:

Year	**Redemption Price**
2018	103.0%
2019 and thereafter	101.5%

The 2015 Notes (B) recognised in the statements of financial position were calculated as follows:

	For the six months ended 30 June	
	2017	**2016**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Total carrying amount at 1 January	2,084,293	1,942,443
Exchange realignment	(49,058)	41,371
Interest expenses	66,460	62,802
Interest expense payment	(61,744)	(58,877)
Carrying amount at 30 June	2,039,951	1,987,739
Less: Interest payable due within one year reclassified to other payables and accruals	47,205	46,415
	1,992,746	1,941,324

Early redemption options are regarded as embedded derivatives closely related to the host contract.

The comparative figures had been restated to reclassify the interest payable of senior notes that is due within one year to other payables and accruals. Such reclassification adjustment did not have an impact on the consolidated net assets as at 30 June 2016 and the consolidated net profit and other comprehensive income for the period end 30 June 2016.

19. CORPORATE BONDS

On 11 July 2016, the Company received the Approval Document Zheng Jian Xu Ke No. 2016 1536 (the "Approval Document"), dated 7 July 2016 (the "Date of Approval"), from the China Securities Regulatory Commission ("CSRC"), approving the application of the Company for a public issue of corporate bonds in an aggregate nominal value of not more than RMB2,000,000,000 ("Corporate Bonds") to qualified investors in Mainland China. The Approval

Document also approved that the Corporate Bonds would be issued in tranches. Issue of the first tranche of the Corporate Bonds shall be completed within 12 months from the Date of Approval and the issue of other tranches of the Corporate Bonds shall be completed within 24 months from the Date of Approval.

The public issue of the first tranche of the Corporate Bonds was completed on 26 April 2017. The final principal amount of the first tranche of the Corporate Bonds is RMB300,000,000 with a coupon rate of 5.5% per annum and with a tenure of five years with the Company's option to adjust the coupon rate after the end of the third year upon issuance and the investors are entitled to request the Company to repurchase the Corporate Bonds. The Corporate Bonds are listed on the Shanghai Stock Exchange.

The Corporate Bonds recognised in the statement of financial position were calculated as follows:

	Six months ended 30 June 2017 *RMB'000* *(Unaudited)*
Total carrying amount at 1 January	—
Addition, net of issuance costs	295,548
Interest expenses	3,118
Interest expense payment	—
Total carrying amount at 30 June	298,666
Less: Interest payables due within one year reclassified to other payables and accruals	2,975
	295,691

The options of the Corporate Bonds entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

20. TREASURY SHARES

On 16 May 2017, the Company's shareholders granted a general mandate (the "Repurchase Mandate") to the directors of the Company to repurchase shares of the Company at the annual general meeting (the "AGM"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 229,986,581 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on the Stock Exchange.

For the six months ended 30 June 2017, the Company has repurchased through the Stock Exchange a total of 92,083,000 shares, representing approximately 4.05% of the issued share capital of the Company as at 30 June 2017, of which 70,688,000 shares were cancelled. The remaining 21,395,000 shares were rewarded as treasury shares as at 30 June 2017.

VII. EVENTS AFTER THE REPORTING PERIOD

The treasury shares of 21,395,000 shares in the consolidated statements of financial position as at 30 June 2017 were cancelled on 10 July 2017 and 13 July 2017, respectively. After the Reporting Period and up to 12 July 2017, the Company has subsequently repurchased an aggregate of 27,584,000 of its own shares through the Stock Exchange, at a consideration of HK$201,184,000. The shares were cancelled on 27 July 2017.

VIII. CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Company had been in compliance with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the following deviation:

The code provision E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting. Mr. Charles Zhengyao Lu, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 16 May 2017 due to other engagement. In view of his absence, Mr. Lu had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with shareholders of the Company.

IX. MODEL CODE FOR SECURITIES TRANSACTIONS

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

X. PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the Reporting Period, the Company has repurchased 92,083,000 shares of its own ordinary shares through the Stock Exchange at a total consideration of approximately HK$662.2 million.

Save for the above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Reporting Period.

XI. AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the unaudited 2017 interim consolidated results of the Group for the Reporting Period and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. The Audit and Compliance Committee considers that the unaudited consolidated interim results of the Group for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

XII. REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2017 have been reviewed by Ernst & Young, certified public accountants, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review report of Ernst & Young will be included in the interim report to be sent to the shareholders of the Company.

XIII. DIVIDEND PAYMENT

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017.

XIV. PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.zuche.com) and the website of the Stock Exchange. The 2017 interim report of the Company containing all relevant information required by Appendix 16 to the Listing Rules will be published on the aforementioned websites and despatched to shareholders of the Company in due course.

Any forward-looking statements contained herein are not guaranteed of future performance. Rather they are based on current views and assumptions and *involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Therefore, such information is provided to shareholders and potential investors as interim information for reference only. The data shown above do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Group. Nor are they intended as the offer of any investment services or advices. Shareholders of the Company and investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.*

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

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

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

Hong Kong, 15 August 2017

As at the date of this announcement, the Board of Directors of the Company comprises Ms. Yifan Song as Executive Director; Mr. Charles Zhengyao Lu, Mr. Linan Zhu, Ms. Xiaogeng Li and Mr. Zhen Wei as Non-executive Directors; Mr. Sam Hanhui Sun, Mr. Wei Ding, Mr. Lei Lin and Mr. Joseph Chow as Independent Non-executive Directors.