



# 2019

## CAR Inc. Interim Report

Incorporated in the Cayman Islands with Limited Liability  
Stock Code: 699



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# FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-over- year change
	2019	2018	
	<i>(RMB in millions, except otherwise stated)</i>		
Total rental revenue	<b>2,877</b>	2,493	15%
– Car rental	<b>2,504</b>	2,073	21%
– Fleet rental & others	<b>373</b>	420	-11%
Net profit	<b>279</b>	135	106%
Adjusted net profit <sup>(1)</sup>	<b>348</b>	336	3.7%
Adjusted net profit margin <sup>(2)</sup>	<b>12.1%</b>	13.5%	-1.4pp
Adjusted EBITDA <sup>(1)</sup>	<b>1,816</b>	1,527	19%
Adjusted EBITDA margin <sup>(2)</sup>	<b>63.1%</b>	61.3%	1.8pp
Basic EPS (RMB)	<b>0.132</b>	0.063	109.1%
Adjusted EPS (RMB) <sup>(3)</sup>	<b>0.164</b>	0.156	5.1%

Notes:

- (1) Adjusted EBITDA and adjusted net profit are non-IFRS measures. Please refer to “Management Discussion and Analysis - 3. Non-IFRS Financial Reconciliation” for details.
- (2) These margins are presented as a percentage of total rental revenue.
- (3) Adjusted EPS is equal to adjusted net profit divided by weighted average number of ordinary shares in issue during the Reporting Period used in the basic earnings per share calculation.



## BUSINESS OVERVIEW AND STRATEGIES

The Board of Directors (the “Board”) of CAR Inc. (the “Company”) is pleased to present the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 (the “Reporting Period”).

### BUSINESS OVERVIEW

The Company’s overall business performance has started to recover during the six months ended 30 June 2019. During the Reporting Period, total rental revenue increased by 15%, which has kept up with the upward trend in the first quarter. Car rental revenue increased by 21% year-over-year to RMB2,504 million, which was driven by 24% rental days growth. Fleet rental and other revenue was RMB373 million.

For the first half of 2019, adjusted EBITDA increased by 19% year-over-year to RMB1,816 million, and the adjusted EBITDA margin increased by 1.8 percentage points year-over-year to 63.1%. Net profit increased by 106% year-over-year to RMB279 million, mainly driven by the increase in gross profit, resulted from increased operating efficiency and economies of scale. Adjusted net profit increased by 4% year-over-year to RMB348 million. Adjusted net profit margin was 12.1%.

During the Reporting Period, the average daily rental fleet increased by 28% year-over-year to 106,232. ADRR continued to remain relatively stable at RMB217, a slight decrease of 2% from the same period last year. Car utilization rate slightly decreased to 60.3%, as ADRR remained constant with an enlarged fleet size. RevPAC was RMB131. Despite the decrease in RevPAC, the gross profit margin of car rental business improved as a result of expanded economies of scale and increased self-served transactions.

As at 30 June 2019, the total fleet size was 147,388. During the Reporting Period, the Company disposed 10,473 used vehicles, increased by 55% from the same period last year, indicating an increasing sale of used vehicles. The cost-to-sales ratio of used vehicles increased to 104.3% due to the weak market of the used vehicles but remained within the +/-5% tolerance.

### STRATEGIC HIGHLIGHTS

The Company has successfully executed the strategic goals set at the beginning of 2019 to stay focused on core business and enhance advanced technology application. During the Reporting Period, car rental revenue has contributed 87% of the total rental revenue, increasing the concentration of the Company’s core business. Wider application of the self-served technology and Smart Assistance system started to show return, resulted in improved operating efficiency and lower unit direct operating expenses. The Company will continue to work towards the goals to bring a better service experience to a broader base of customers.



## BUSINESS OVERVIEW AND STRATEGIES

Towards the end of the second quarter, the Company entered into a series of leasing agreements with a financial institution. Meanwhile, vehicle purchase agreements and leaseback agreements were entered into between the financial institution and one of the major OEM suppliers of the car rental fleet of the Company. Such arrangement provides the Company with better financing flexibility and more protection on cost management.

In May 2019, the Company completed an exchange offer in respect of approximately US\$172 million of the existing USD-denominated senior notes due 2020, extending the tenor for three years. At the same time, the Company repaid the syndicated loan due in November 2019. The Company managed to optimize the debt schedule to reduce short term debt and will continue to work with different financial institutions on refinancing proposals to flatten the debt repayment schedule.

During the Reporting Period, sales volume of used vehicles continued to pick up and will remain the key focus of the Company for this year. The Company aims to continue maintain a healthy balance of depreciation costs and vehicle conditions from time to time to stay competitive.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. REVENUES AND PROFITABILITY ANALYSIS

### Rental revenue

	For the six months ended 30 June		Year-over- year change
	2019 RMB	2018 RMB	
Car rental revenue	<b>2,504,297</b>	2,073,302	20.8%
Fleet rental & other revenue	<b>373,020</b>	419,824	-11.1%
<b>Total rental revenue</b>	<b>2,877,317</b>	<b>2,493,126</b>	<b>15.4%</b>

(in thousands, except percentages)

### Car rental metrics

	1H'18	1H'19	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19
Average daily fleet <sup>(1)</sup>	83,247	106,232	80,303	86,160	100,112	100,321	103,384	109,047
ADRR <sup>(2)</sup> (RMB)	222	217	229	216	222	208	226	208
Utilization rate <sup>(3)</sup> (%)	62.2%	60.3%	63.0%	61.4%	64.3%	57.7%	60.4%	60.2%
RevPAC <sup>(4)</sup> (RMB)	138	131	144	132	143	120	136	125

#### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company's total rental revenue increased by 15.4% year-over-year to RMB2,877.3 million for the six months ended 30 June 2019.

- **Car rentals.** Revenue from car rentals increased by 20.8% year-over-year to RMB2,504.3 million for the six months ended 30 June 2019, mainly driven by 24% rental days growth, which was slightly offset by decrease in RevPAC. The RevPAC decrease was mainly driven by lower utilization rate. The utilization rate was 60.3%, which was lower than last year due to the Company's intention to maintain a stable ADRR level with enlarged fleet. During the Reporting Period, the average daily fleet increased by 27.6% year-over-year to 106,232.
- **Fleet rentals and others.** Revenue from fleet rentals and others decreased by 11.1% year-over-year to RMB373 million for the six months ended 30 June 2019, mainly due to the decrease in UCAR Inc.'s ("UCAR") ride-hailing fleet.

### Depreciation of rental vehicles and direct operating expenses of rental services

	For the six months ended 30 June			
	2019		2018	
	<i>RMB</i>	<i>% of rental revenue</i>	<i>RMB</i>	<i>% of rental revenue</i>
	<i>(in thousands, except percentages)</i>			
Depreciation of rental vehicles	<b>799,791</b>	<b>27.8%</b>	704,957	28.3%
Direct operating expenses				
– Payroll costs	<b>245,910</b>	<b>8.5%</b>	239,819	9.6%
– Store expenses	<b>162,494</b>	<b>5.6%</b>	126,667	5.1%
– Insurance fees	<b>138,819</b>	<b>4.8%</b>	100,608	4.0%
– Repair and maintenance fees	<b>114,820</b>	<b>4.0%</b>	125,872	5.0%
– Fuel and transportation expenses	<b>59,516</b>	<b>2.1%</b>	58,012	2.3%
– Others	<b>141,671</b>	<b>4.9%</b>	144,704	5.8%
<b>Total direct operating expenses</b>	<b>863,230</b>	<b>29.9%</b>	795,682	31.8%
<b>Total costs of rental business</b>	<b>1,663,021</b>	<b>57.7%</b>	1,500,639	60.1%



## MANAGEMENT DISCUSSION AND ANALYSIS

**Depreciation of rental vehicles.** As a percentage of rental revenue, depreciation expenses decreased slightly to 27.8% for the six months ended 30 June 2019 from 28.3% for the six months ended 30 June 2018.

**Direct operating expenses of rental services.** As a percentage of rental revenue, direct operating expenses decreased to 29.9% for the six months ended 30 June 2019 from 31.8% for the six months ended 30 June 2018. The decrease was due to the reduction in payroll costs as percentage of rental revenue after the introduction of the Smart Assistant system, which improved operating efficiency.

### Sales of used vehicles (revenue & cost)

	For the six months ended 30 June	
	2019	2018
	RMB	RMB
	<i>(in thousands, except percentages)</i>	
Revenue from sales of used vehicles	863,641	582,288
Cost of sales of used vehicles	901,105	588,306
<b>Cost as a % of revenue (sales of used vehicles)</b>	<b>104.3%</b>	101.0%
<b>Total number of used vehicles disposed</b>	<b>10,473</b>	6,753

The Company disposed 10,473 used vehicles for the six months ended 30 June 2019, compared with 6,753 used vehicles for the six months ended 30 June 2018.

Cost of sales of used vehicles was 104.3% of revenue from the sales of used vehicles for the six months ended 30 June 2019, compared with 101.0% for the six months ended 30 June 2018. The increase was due to lower used car sales price in the weak used car sales market.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit

	For the six months ended 30 June	
	2019 RMB	2018 RMB
	<i>(in thousands, except percentages)</i>	
Gross profit of rental business	<b>1,214,296</b>	992,487
<i>Gross profit margin of rental business</i>	<b>42.2%</b>	39.8%
Gross loss of sales of used vehicles	<b>(37,464)</b>	(6,018)
<i>Gross loss margin of sales of used vehicles</i>	<b>(4.3)%</b>	(1.0)%
<b>Total gross profit</b>	<b><u>1,176,832</u></b>	<u>986,469</u>
<b>Total gross profit margin as a % of rental revenue</b>	<b><u>40.9%</u></b>	<u>39.6%</u>

Total gross profit increased by 19.3% to RMB1,176.8 million for the six months ended 30 June 2019 due to higher operating efficiency. Total gross profit margin as a percentage of rental revenue increased to 40.9% for the six months ended 30 June 2019 from 39.6% for the same period last year.

## Selling and distribution expenses

	For the six months ended 30 June			
	2019		2018	
	RMB	% of rental revenue	RMB	% of rental revenue
	<i>(in thousands, except percentages)</i>			
Payroll costs	<b>640</b>	<b>0.0%</b>	686	0.0%
Advertising expenses	<b>1,343</b>	<b>0.1%</b>	12,899	0.5%
Others	<b>14,635</b>	<b>0.5%</b>	16,029	0.6%
<b>Total</b>	<b><u>16,618</u></b>	<b><u>0.6%</u></b>	<u>29,614</u>	<u>1.1%</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses were RMB16.6 million for the six months ended 30 June 2019, compared with RMB29.6 million for the six months ended 30 June 2018. As a percentage of rental revenue, selling and distribution expenses were 0.6% for the six months ended 30 June 2019. The decrease as compared with the same period last year was mainly driven by the decrease in advertising activities for car rental business.

## Administrative expenses

	For the six months ended 30 June			
	2019		2018	
	<i>RMB</i>	<i>% of rental revenue</i>	<i>RMB</i>	<i>% of rental revenue</i>
	<i>(in thousands, except percentages)</i>			
Payroll costs	<b>192,027</b>	<b>6.7%</b>	133,477	5.4%
Office expenses	<b>22,565</b>	<b>0.8%</b>	23,479	0.9%
Rental expenses	<b>9,992</b>	<b>0.3%</b>	11,593	0.5%
Share-based compensation	—	—	1,490	0.1%
Others	<b>49,795</b>	<b>1.7%</b>	42,824	1.7%
<b>Total</b>	<b>274,379</b>	<b>9.5%</b>	212,863	8.6%

Administrative expenses increased by 28.9% year-over-year to RMB274.4 million for the six months ended 30 June 2019. As a percentage of rental revenue, administrative expenses increased by 0.9 percentage point year-over-year to 9.5%. Such increase was primarily due to the increase of science and technology talents to support the development of the Company's technology-driven services and smart management system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income and expenses, net

	For the six months ended 30 June	
	2019	2018
	<i>(RMB in thousands)</i>	
Interest income from bank deposits	<b>32,164</b>	46,319
Unrealized loss related to USD-denominated liabilities	<b>(23,520)</b>	(87,366)
Realized exchange gain/(loss)	<b>10</b>	(15,193)
Government grants	<b>19,623</b>	27,976
Fair value changes on derivative instrument-transactions not qualifying as hedges	<b>23,093</b>	(92,189)
Fair value loss from investment in equity shares and redeemable preference shares	<b>—</b>	(6,732)
Loss on disposal of items of other property, plant and equipment	<b>(227)</b>	(1,025)
Others	<b>15,206</b>	6,115
<b>Total</b>	<b><u>66,349</u></b>	<b><u>(122,095)</u></b>

Net gain was RMB66.3 million for the six months ended 30 June 2019, compared with a net loss of RMB122.1 million for the six months ended 30 June 2018. Net gain for the Reporting Period was mainly due to the increase in valuation of fair value of derivative instrument-transactions not qualifying as hedges.

**Finance costs.** Finance costs increased by 39% to RMB500.5 million for the six months ended 30 June 2019, primarily due to the costs for the exchange offer for the USD-denominated senior notes due 2020. The costs for the exchange offer were primarily the difference between the original carrying amount of the exchanged bond and the present value of the future cash flow.

**Profit before tax.** Profit before tax increased by 72% year-over-year to RMB452.5 million for the six months ended 30 June 2019.

**Income tax expenses.** Income tax expenses increased by 35% year-over-year to RMB173.3 million for the six months ended 30 June 2019 due to the increase of profit before tax.

# MANAGEMENT DISCUSSION AND ANALYSIS

**Net profit.** As a result of the aforementioned factors, the net profit increased by 106% year-over-year to RMB279.2 million for the six months ended 30 June 2019.

**Adjusted net profit.** As a result of the aforementioned factors, adjusted net profit increased by 3.7% year-over-year to RMB348.4 million for the six months ended 30 June 2019. Adjusted net profit margin decreased by 1.4 percentage points to 12.1% for the six months ended 30 June 2019.

**Adjusted EBITDA.** Adjusted EBITDA increased by 18.9% year-over-year to RMB1,816.5 million for the six months ended 30 June 2019. Adjusted EBITDA margin increased by 1.8 percentage points year-over-year to 63.1% for the six months ended 30 June 2019.

## 2. FINANCIAL POSITION

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<i>(RMB in millions)</i>	
Total assets	<b>23,422.6</b>	22,204.9
Total liabilities	<b>15,169.3</b>	14,231.9
Total equity	<b>8,253.3</b>	7,973.0
Cash and cash equivalents	<b>3,146.6</b>	3,186.4
Restricted cash	<b>573.8</b>	251.3
<b>Total cash</b>	<b><u>3,720.4</u></b>	<u>3,437.7</u>
Interest bearing bank and other borrowings – current	<b>2,717.4</b>	4,699.7
Interest bearing bank and other borrowings – non-current	<b>1,552.6</b>	754.8
Senior notes – current	<b>2,243.6</b>	—
Senior notes – non-current	<b>5,353.1</b>	6,176.5
Corporate bonds	<b>1,022.5</b>	1,020.8
<b>Total debt</b>	<b><u>12,889.2</u></b>	<u>12,651.8</u>
<b>Net debt (total debt less total cash)</b>	<b><u>9,168.8</u></b>	<u>9,214.1</u>
<b>Total debt/adjusted EBITDA (times)<sup>(1)</sup></b>	<b>3.6x</b>	3.9x
<b>Net debt/adjusted EBITDA (times)<sup>(1)</sup></b>	<b>2.6x</b>	2.8x

Note:

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Cash**

As at 30 June 2019, the Company's total cash balance was RMB3,720.4 million.

## **Trade receivables and due from related parties**

Trade receivables were RMB151.5 million and RMB96.4 million as at 30 June 2019 and 31 December 2018, respectively.

Due from related parties, which relates to the trade receivables from UCAR and its subsidiaries, was RMB332.4 million and RMB360.1 million as at 30 June 2019 and 31 December 2018, respectively.

## **Capital expenditures**

The majority of the Company's capital expenditures was for vehicle acquisitions. For the six months ended 30 June 2019, the Company purchased rental vehicles valued at approximately RMB1,884.6 million, which was inclusive of payments for rental vehicles that have not commenced service. The Company also spent approximately RMB78.5 million on purchases of other property, plant and equipment, and other intangible assets during the Reporting Period.

## **Borrowings**

As at 30 June 2019, the Company had total debt of RMB12,889.2 million and net debt of RMB9,168.8 million, compared with RMB12,651.8 million and RMB9,214.1 million as at 31 December 2018, respectively. The Company has a strong cash position and sufficient financing facilities. As at 30 June 2019, the current debt portion was RMB4,961 million, representing 38.5% of total debt, decreased from 62.9% as at the end of first quarter of 2019.

The Company continues to optimize its leverage ratios to support sustainable business growth, and to flatten debt repayment schedule to reduce risks. On 14 May 2019, the Company successfully completed an exchange offer of USD172.3 million with respect to its outstanding USD500.0 million 6.125% senior notes due 2020 and successfully issued USD200.0 million 8.875% senior notes due 2022, reflecting the Company's efforts to achieve the goals above.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital management

The preliminary objective of the Group's capital management policies is to safeguard the Group's ability to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust its finance sources, dividend policies, return capital to shareholders or issue new shares.

One of the measures that the Group uses to monitor its capital is the net debt/asset ratio, which is net debt divided by total assets. Net debt includes bank loans and other borrowings, senior notes and corporate bonds less total cash. Total cash is defined as the total of cash and cash equivalents and restricted cash. Total debt is defined as the total of (i) bank loans and other borrowings, (ii) senior notes, and (iii) corporate bonds. The gearing ratios as at each of the reporting periods were as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<i>(RMB in thousands)</i>	
Bank loans and other borrowings		
– current	<b>2,717,385</b>	4,699,665
– non-current	<b>1,552,582</b>	754,846
Senior notes		
– current	<b>2,243,563</b>	—
– non-current	<b>5,353,054</b>	6,176,503
Corporate bonds	<b>1,022,480</b>	1,020,834
<b>Total debt</b>	<b><u>12,889,064</u></b>	<u>12,651,848</u>
Cash and cash equivalents	<b>3,146,633</b>	3,186,401
Restricted cash	<b>573,785</b>	251,275
<b>Total cash</b>	<b><u>3,720,418</u></b>	<u>3,437,676</u>
<b>Net debt</b>	<b><u>9,168,646</u></b>	<u>9,214,172</u>
<b>Total assets</b>	<b><u>23,422,606</u></b>	<u>22,204,909</u>
<b>Net debt/total assets ratio</b>	<b>39%</b>	41%

# MANAGEMENT DISCUSSION AND ANALYSIS

Currencies in which debts are held as at each reporting period:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<i>(RMB in thousands)</i>	
RMB	<b>4,630,695</b>	4,491,674
Others	<b>8,258,369</b>	8,160,174
	<b><u>12,889,064</u></b>	<u>12,651,848</u>

Currencies in which cash and cash equivalents are held as at each reporting period:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<i>(RMB in thousands)</i>	
RMB	<b>2,989,745</b>	2,939,468
Others	<b>156,888</b>	246,933
	<b><u>3,146,633</u></b>	<u>3,186,401</u>

The Group is subject to foreign currency exposures. All monetary assets and liabilities denominated in foreign currencies are translated 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.

The Group pays close attention to its asset liability management, especially foreign exchange risk management. As at the date of this report, we have entered into forward currency contracts with an aggregate contractual amount of US\$300.0 million, which has offered us a level of protection against the foreign exchange risk. We will continue to closely evaluate market conditions and ensure appropriate measures are timely implemented to mitigate risks from RMB exchange rate fluctuations. For details, please refer to note 29 to the "Notes to Interim Condensed Consolidated Financial Information" of this interim report.





## MANAGEMENT DISCUSSION AND ANALYSIS

### **Significant investments held, material acquisitions or disposals of subsidiaries and associated companies**

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies for the six months ended 30 June 2019.

### **Contingent liabilities**

As at 30 June 2019, the Group had no significant contingent liabilities.

### **Charges on the Group's assets**

As at 30 June 2019, certain assets of the Group had been pledged. For details, please refer to notes 12, 22, 23 and 26 to the "Notes to Interim Condensed Consolidated Financial Information" of this interim report.

### **Remuneration policy and Directors' remuneration**

As at 30 June 2019, the Group had 6,869 employees. The Group's remuneration policies based on the performance of individual employees are formulated by benchmarking with companies in similar industries and companies with similar size in the market and are reviewed regularly. The remuneration of our employees includes salaries and allowances and most employees receive salaries based on the KPIs set by headquarters and branch offices. The KPIs of the Group can generally be categorized into profitability, cost control and service quality. Profitability mainly refers to RevPAC, gross profit and net profit. Cost control refers to costs controllable by the operation of the branch offices and stores, including fuel cost, store and branch operation related costs and vehicle dispatch cost, etc. Service quality refers to the assessment scores given to a service location based on their level of compliance with the central operation policies, customer satisfaction scores and the number of complaints received. At the company-level, profitability is the main KPI for the management and support departments, while at the city-level, profitability, cost control and services quality are the key KPIs for the operation and frontline departments. With the development of the company and constant review of the performance assessment system, the Group is adapting the KPIs from time to time to accommodate for the best interests of the employees and the Group. The Group offers competitive remuneration packages to the directors of the Company (the "Directors"), and the Directors' fees are subject to shareholders' approval at general meeting. The packages were set by benchmarking with companies in similar industries and companies with similar size in the market. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Foreign exchange risk management

As at the date of this report, the Company has entered into forward currency contracts with an aggregate contractual amount of US\$300.0 million.

## Free cash flow

The Company generated an inflow of RMB450.4 million free cash flow for the six months ended 30 June 2019, compared with an outflow of RMB1,367.6 million for the same period of 2018.

## Share repurchase

At the Company's annual general meeting (the "AGM") on 14 May 2019, the shareholders granted a general mandate (the "Repurchase Mandate") to the Directors to repurchase shares of the Company. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 211,954,326 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 2019, the Company has not repurchased any shares through the Stock Exchange. There is no share recorded as treasury shares as at 30 June 2019.

## 3. NON-IFRS FINANCIAL RECONCILIATION

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<i>(RMB in thousands, except percentages)</i>	
<b>A. Adjusted net profit</b>		
<b>Net profit</b>	<b>279,212</b>	135,480
Adjusted for:		
Share-based compensation	—	1,490
Fair value changes on derivative instrument-transaction not qualifying as hedges	<b>(23,093)</b>	92,189
Fair value loss from investment in equity shares and redeemable preference shares	—	6,732
Share of profit of associates	<b>(785)</b>	(2,636)
Foreign exchange loss	<b>23,510</b>	102,559
Finance costs (Senior notes exchange offer)	<b>69,513</b>	—
<b>Adjusted net profit</b>	<b>348,357</b>	335,814
<b>Adjusted net profit margin (as a percentage of rental revenue)</b>	<b>12.1%</b>	13.5%

# MANAGEMENT DISCUSSION AND ANALYSIS

**For the six months  
ended 30 June**

**2019**                      2018

*(RMB in thousands,  
except percentages)*

## **B. Adjusted EBITDA**

### **Reported EBITDA calculation**

Profit before tax	<b>452,466</b>	263,790
Adjusted for:		
Finance costs	<b>500,503</b>	360,743
Interest income from bank deposit	<b>(32,164)</b>	(46,319)
Depreciation of rental vehicles	<b>799,791</b>	704,957
Depreciation of other property, plant and equipment	<b>32,955</b>	37,558
Depreciation of right-of-use assets	<b>59,245</b>	—
Amortization of other intangible assets	<b>1,729</b>	3,367
Amortization of prepaid land lease payment	<b>807</b>	807
Impairments on trade receivables	<b>1,529</b>	2,127
<b>Reported EBITDA</b>	<b><u>1,816,861</u></b>	<b><u>1,327,030</u></b>

**Reported EBITDA margin (as a percentage of rental revenue)**

**63.1%**                      53.2%

### **Adjusted EBITDA calculation**

<b>Reported EBITDA</b>	<b>1,816,861</b>	1,327,030
Adjusted for:		
Share-based compensation	—	1,490
Fair value loss from investment in equity shares and redeemable preference shares	—	6,732
Fair value changes on derivative instrument-transaction not qualifying as hedges	<b>(23,093)</b>	92,189
Share of profit of associates	<b>(785)</b>	(2,636)
Foreign exchange loss	<b>23,510</b>	102,559
<b>Adjusted EBITDA</b>	<b><u>1,816,493</u></b>	<b><u>1,527,364</u></b>

**Adjusted EBITDA margin (as a percentage of rental revenue)**

**63.1%**                      61.3%

# MANAGEMENT DISCUSSION AND ANALYSIS

**For the six months  
ended 30 June**

**2019**                      2018

*(RMB in thousands,  
except percentages)*

## **C. Free cash flow**

<b>Net cash flows generated from/(used in) operating activities</b>	<b>528,739</b>	(1,327,405)
Purchases of other property, plant and equipment	<b>(73,661)</b>	(36,375)
Proceeds from disposal of other property, plant and equipment	<b>176</b>	1,068
Purchases of other intangible assets	<b>(4,875)</b>	(4,873)
<b>Net investment activity</b>	<b>(78,360)</b>	(40,180)
<b>Free cash flow</b>	<b>450,379</b>	(1,367,585)

The Group employed certain non-IFRS financial measures in measuring the performance of the Group. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and 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 of trade receivables, share-based compensation, foreign exchange loss, fair value loss from investment in equity shares and redeemable preference shares, fair value changes on derivative instrument-transaction not qualifying as hedges and share of profit of associates, is a useful financial metric to assess the Group's operating and financial performance.



## MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange loss, fair value loss from investment in equity shares and redeemable preference shares, gain on disposal of subsidiaries, and share of profit of an associate had been added in the reconciliation in 2016 due to the change in economic situation and the Group's business strategies. Gain on disposal of investments in redeemable preference shares had been added in the reconciliation in 2017. Fair value changes on derivative instrument-transactions not qualifying as hedges has been added in the reconciliation in 2018. The management believes that these items do not relate to the Group's business operations. The Group operates mainly in China and its foreign exchange loss mainly results from its USD-denominated senior notes. Fair value loss from investment in equity shares and redeemable preferences shares represents the non-cash fair value gain/(loss) on investments which is recognized in accordance with IFRS 9 Financial Instruments. Fair value changes on derivative instrument-transactions not qualifying as hedges are recognized based on the market price of the foreign exchange contract that the Company entered into during the Reporting Period. These accounting recognitions and measurements do not relate to the Group's business operations. Share of profit of associates relates to the share of profit from two associates that the Group acquired during the second quarter of 2016 and the first quarter of 2019 respectively.

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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2019, the interests of the Directors and chief executive in the shares and underlying shares of the Company which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### Long position in the shares of the Company

Name	Capacity	Number of Shares Interested	Approximate Percentage of the Company's Issued Share Capital*
Ms. Yifan SONG (宋一凡) <sup>(1)</sup>	Interest in a Controlled Corporation	48,123,080	2.27%
Mr. Charles Zhengyao LU (陸正耀) <sup>(2)</sup>	Interest in Controlled Corporations	630,956,855	29.77%
Mr. Sam Hanhui SUN (孫含暉)	Beneficial Owner	510,000	0.02%

Notes:

- (1) Ms. Song was deemed to be interested in 48,123,080 shares of the Company through a controlled corporation, Dignity Ally Limited.
- (2) Mr. Lu was deemed to be interested in 630,956,855 shares of the Company through various controlled corporations.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Long position in the underlying shares of the Company – physically settled unlisted equity derivatives (share options)

Name	Capacity	Number of Underlying Shares in respect of the Share Options Granted	Approximate Percentage of the Company's Issued Share Capital*
Ms. Yifan SONG (宋一凡)	Beneficial Owner	2,889,240	0.14%

### Short position in the underlying shares of the Company – physically settled unlisted equity derivatives (put options)

Name	Capacity	Number of Underlying Shares in respect of the Put Options	Approximate Percentage of the Company's Issued Share Capital*
Ms. Yifan SONG (宋一凡) <sup>(3)</sup>	Interest in a Controlled Corporation	48,123,080	2.27%

Note:

(3) Ms. Song was deemed to be interested in 48,123,080 underlying shares of the Company through a controlled corporation, Dignity Ally Limited.

\* The percentage represents the number of ordinary/underlying shares divided by the number of the Company's issued shares as at 30 June 2019.

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2019.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the persons, other than the Directors or chief executive of the Company, who had interests in the shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO were as follows:

#### Long position in the shares of the Company

Name	Capacity	Number of Shares Interested	Approximate Percentage of the Company's Issued Share Capital*
Ms. Lichun GUO <sup>(1)</sup>	Interest of Spouse	630,956,855	29.77%
Legend Holdings Corporation <sup>(2)</sup>	Interest in Controlled Corporations	563,583,025	26.59%
Right Lane Limited <sup>(2)</sup>	Interest in a Controlled Corporation	563,583,025	26.59%
Grand Union Investment Fund, L.P. <sup>(2)</sup>	Beneficial Owner	562,668,025	26.55%
Infinity Wealth Limited <sup>(2)</sup>	Interest in a Controlled Corporation	562,668,025	26.55%
Amber Gem Holdings Limited <sup>(3)</sup>	Beneficial Owner	214,348,260	10.11%
Warburg Pincus & Co. <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
Warburg Pincus Private Equity XI, L.P. <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
Warburg Pincus XI, L.P. <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
WP Global LLC <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
Warburg Pincus Partners II, L.P. <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
Warburg Pincus Partners GP LLC <sup>(3)</sup>	Interest in Controlled Corporations	214,348,260	10.11%
WP XI Equity Ltd <sup>(3)</sup>	Interest in a Controlled Corporation	214,348,260	10.11%
UCAR Technology Inc.	Beneficial Owner	260,486,310	12.29%
UCAR Inc. <sup>(4)</sup>	Interest in Controlled Corporations	630,956,855	29.77%





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) Ms. Guo was deemed to be interested in 630,956,855 shares of the Company through the interests of her spouse, Mr. Charles Zhengyao Lu.
  - (2) Grand Union Investment Fund, L.P. is an exempted liability partnership which is controlled by a sole general partner, Infinity Wealth Limited and a sole limited partner, Right Lane Limited. Infinity Wealth Limited is a wholly-owned subsidiary of Right Lane Limited, which in turn, is wholly-owned by Legend Holdings Corporation. Legion Elite Limited is a wholly-owned subsidiary of Right Lane Limited. Thus, Legend Holdings Corporation and Right Lane Limited were deemed to be interested in 562,668,025 shares and 915,000 shares of the Company held by Grand Union Investment Fund, L.P. and Legion Elite Limited respectively. Infinity Wealth Limited was deemed to be interested in 562,668,025 shares of the Company held by Grand Union Investment Fund, L.P.
  - (3) WP XI Equity Ltd owns 60.47% of the equity interest in Amber Gem Holdings Limited ("Amber Gem"); WP XI Equity Ltd is a wholly-owned subsidiary of Warburg Pincus Private Equity XI, L.P., which, in turn, is wholly-owned by Warburg Pincus XI, L.P. Warburg Pincus XI, L.P. is wholly-owned by WP Global LLC, which, in turn, is wholly-owned by Warburg Pincus Partners II, L.P. Warburg Pincus Partners II, L.P. is wholly owned by Warburg Pincus Partners GP LLC, which, in turn, is wholly owned by Warburg Pincus & Co. Thus, WP XI Equity Ltd, Warburg Pincus Private Equity XI, L.P., Warburg Pincus XI, L.P., WP Global LLC, Warburg Pincus Partners II, L.P., Warburg Pincus Partners GP LLC and Warburg Pincus & Co. were deemed to be interested in 214,348,260 shares of the Company held by Amber Gem.
  - (4) UCAR Inc. was deemed to be interested in 630,956,855 shares of the Company held by its wholly-owned subsidiaries.
- \* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2019.

Save as disclosed above, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 June 2019.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 2014 PRE-IPO SHARE OPTION SCHEME I

The Company has adopted the 2014 Pre-IPO Share Option Scheme I by a resolution of its shareholders on 15 June 2014 and amended on 30 July 2014.

On 16 June 2014, pursuant to the 2014 Pre-IPO Share Option Scheme I, options to subscribe for an aggregate of 14,035,595 shares of the Company were conditionally granted to a total of two members of the senior management and 274 other grantees under Tranche A and Tranche B of the 2014 Pre-IPO Share Option Scheme I. On 31 July 2014, options to subscribe for an aggregate of 4,456,688 shares of the Company under Tranche C of the 2014 Pre-IPO Share Option Scheme I were conditionally granted to three members of the senior management and 18 other grantees under the 2014 Pre-IPO Share Option Scheme I. On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. In light of the share split, the total number of options granted under the 2014 Pre-IPO Share Option Scheme I were adjusted to 92,461,415. No further option can be granted under the 2014 Pre-IPO Share Option Scheme I.

As at 30 June 2019, a total of 27,763,186 share options were outstanding under the 2014 Pre-IPO Share Option Scheme I. Set out below are details of the outstanding options granted to the grantees under the 2014 Pre-IPO Option Scheme I:

Relevant Grantees	Number of Shares under the Options		Date of Grant	Vesting Period	Option Period	Exercise Price	Outstanding	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding
	Granted						as of 1 January 2019				as of 30 June 2019
<b>Director</b>											
Yifan SONG (宋一凡)	816,730		16 June 2014	100% on the date of grant	10 years from 20 December 2013	US\$0.058	730	—	—	—	730
	1,596,510		16 June 2014	25% each on 31 December 2014, 2015, 2016 and 2017	10 years from 20 December 2013	US\$0.174	1,197,510	—	—	—	1,197,510
	2,250,000		31 July 2014	25% each on 31 July 2015, 2016, 2017 and 2018	10 years from 31 July 2014	US\$0.174	1,691,000	—	—	—	1,691,000
	<u>4,663,240</u>						<u>2,889,240</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,889,240</u>

# CORPORATE GOVERNANCE AND OTHER INFORMATION

Relevant Grantees	Number of Shares under the Options		Vesting Period	Option Period	Exercise Price	Outstanding	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding
	Granted	Date of Grant				as of 1 January 2019				as of 30 June 2019
Employees	34,272,260	16 June 2014	100% on the date of grant	10 years from 20 December 2013	US\$0.058	6,496,250	(39,990)	—	—	6,456,260
Employees	33,492,475	16 June 2014	25% each on 31 December 2014, 2015, 2016 and 2017	10 years from 20 December 2013	US\$0.174	11,443,277	(568,781)	—	—	10,874,496
Employees	18,533,440	31 July 2014	25% each on 31 July 2015, 2016, 2017 and 2018	10 years from 31 July 2014	US\$0.174	7,871,190	(328,000)	—	—	7,543,190
Employee	1,500,000	31 July 2014	1/3 each on 31 July 2015, 2016 and 2017	10 years from 31 July 2014	US\$0.174	—	—	—	—	—
<b>Total</b>	<b><u>92,461,415</u></b>					<b><u>28,699,957</u></b>	<b><u>(936,771)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>27,763,186</u></b>

For further details of the 2014 Pre-IPO Share Option Scheme I, please refer to the section headed “Report of the Directors – Summary of the Share Option Schemes” of the 2018 Annual Report of the Company and note 31 to the “Notes to Interim Condensed Consolidated Financial Information” of this interim report.

## 2014 PRE-IPO SHARE OPTION SCHEME II

The Company adopted the 2014 Pre-IPO Share Option Scheme II by a resolution of its shareholders on 15 June 2014.

On 16 June 2014, pursuant to the 2014 Pre-IPO Share Option Scheme II, options to subscribe for an aggregate of 1,232,428 shares of the Company were conditionally granted to our former Chief Financial Officer. On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. In light of the share split, the total number of options granted under the 2014 Pre-IPO Share Option Scheme II were adjusted to 6,162,140. No further option can be granted under the 2014 Pre-IPO Share Option Scheme II.

As at 30 June 2019, no options were outstanding under the 2014 Pre-IPO Share Option Scheme II.

For further details of the 2014 Pre-IPO Share Option Scheme II, please refer to the section headed “Report of the Directors – Summary of the Share Option Schemes” of the 2018 Annual Report of the Company and note 31 to the “Notes to Interim Condensed Consolidated Financial Information” of this interim report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **POST-IPO SHARE OPTION SCHEME**

The Company adopted the Post-IPO Share Option Scheme by an ordinary resolution passed by its shareholders at the extraordinary general meeting held on 5 April 2016.

The Post-IPO Share Option Scheme has become effective for the period of 10 years commencing on the effective date. The maximum number of the Company's shares in respect of which options may be granted pursuant to the Post-IPO Share Option Scheme is 239,494,759 shares, being 10% of the total issued shares of the Company on the date of approval of the Post-IPO Share Option Scheme. The details of the Post-IPO Share Option Scheme are set out in the section headed "Report of the Directors – Summary of the Share Option Schemes" of the 2018 Annual Report of the Company and note 31 to the "Notes to Interim Condensed Consolidated Financial Information" of this interim report.

No share options have been granted under the Post-IPO Share Option Scheme since its adoption on 5 April 2016 and there were no outstanding share options as at 30 June 2019.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES WRITTEN GUIDELINES**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities.

Specific enquiry has been made to all the Directors, and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2019.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the six months ended 30 June 2019.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2019, 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 Listing Rules, except for the following deviations:

Code provision E.1.2 of the CG Code stipulates that the chairman of the independent board committee should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. At the Company's extraordinary general meeting held on 22 February 2019 for approving the continuing connected transactions between the Company and UCAR (the "EGM"), the independent board committee members were not present. Alternatively, the Company's management, who is well-versed in the Company's business and affairs, was arranged to answer questions from the independent shareholders at the meeting. Besides, opinions of independent non-executive Directors had been expressed and endorsed in the letter from the independent board committee, which was included in the circular for the EGM dated 18 January 2019.

Code provision E.1.2 of the CG Code also 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 AGM held on 14 May 2019 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.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 C.3 and D.3 of the CG Code. The Audit and Compliance Committee consists of one non-executive Director, namely, Ms. Xiaogeng LI, and two independent non-executive Directors, namely, Mr. Sam Hanhui SUN and Mr. Li ZHANG, with Mr. Sam Hanhui SUN acting as 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 consolidated interim results of the Group for the six months ended 30 June 2019 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 six months ended 30 June 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE LAST ANNUAL REPORT

Set out below are the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Charles Zhengyao LU has been appointed as the chairman of the board of Luckin Coffee Inc. (shares of which have been listed on the NASDAQ since 17 May 2019; Stock Code: LK) on 29 June 2018.
2. Mr. Sam Hanhui SUN has ceased to be the independent director and the chairman of the audit committee of each of Fang Holdings Limited (a company listed on the New York Stock Exchange; Stock Code: SFUN) with effect from 22 May 2019 and Sunlands Technology Group (formerly known as Sunlands Online Education Group, a company listed on the New York Stock Exchange; Stock Code: STG) with effect from 10 July 2019.



# AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## To the board of directors of CAR Inc.

(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 92, which comprises the condensed consolidated statement of financial position of CAR Inc. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB"). The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young  
Certified Public Accountants  
Hong Kong  
13 August 2019

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Rental revenue	4	2,877,317	2,493,126
Sales of used vehicles	4	863,641	582,288
<b>Total revenue</b>		<b>3,740,958</b>	3,075,414
Depreciation of rental vehicles	6	(799,791)	(704,957)
Direct operating expenses of rental services		(863,230)	(795,682)
Cost of sales of used vehicles	6	(901,105)	(588,306)
<b>Gross profit</b>		<b>1,176,832</b>	986,469
Other income and expenses, net	5	66,349	(122,095)
Selling and distribution expenses		(16,618)	(29,614)
Administrative expenses		(274,379)	(212,863)
Finance costs		(500,503)	(360,743)
Share of profit of associates		785	2,636
<b>Profit before tax</b>	6	<b>452,466</b>	263,790
Income tax expenses	7	(173,254)	(128,310)
<b>Profit for the period</b>		<b>279,212</b>	135,480
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>279,212</b>	135,480
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic (RMB)	9	0.132	0.063
Diluted (RMB)	9	0.130	0.062



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<b>2019</b> <b>RMB'000</b> <b>(Unaudited)</b>	2018 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b><u>279,212</u></b>	<u>135,480</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the period, net of tax</b>	<b><u>279,212</u></b>	<u>135,480</u>
<b>Attributable to:</b>		
<b>Owners of the parent</b>	<b><u>279,212</u></b>	<u>135,480</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2018 <b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Rental vehicles	10	<b>11,379,131</b>	10,788,372
Other property, plant and equipment	11	<b>613,935</b>	573,644
Finance lease receivables – non-current	13	<b>919,517</b>	1,097,470
Prepayments	14	<b>210,438</b>	3,664
Prepaid land lease payments	15	<b>56,370</b>	57,177
Right-of-use assets	16	<b>145,489</b>	—
Goodwill		<b>6,728</b>	6,728
Other intangible assets	17	<b>151,974</b>	148,828
Investments in associates	18	<b>111,548</b>	41,911
Investment in equity shares	19	<b>2,809,641</b>	2,809,641
Rental deposits		<b>—</b>	145
Deposits for sales-leaseback borrowing		<b>73,110</b>	30,000
Restricted cash – non-current	23	<b>1,275</b>	1,275
Deferred tax assets		<b>251,118</b>	232,195
Other non-current assets		<b>9,813</b>	9,813
<b>Total non-current assets</b>		<b>16,740,087</b>	15,800,863
<b>CURRENT ASSETS</b>			
Inventories	20	<b>363,539</b>	190,648
Trade receivables	21	<b>151,500</b>	96,380
Due from a related party	33	<b>332,443</b>	360,129
Prepayments, other receivables and other assets	22	<b>1,569,215</b>	1,547,679
Finance lease receivables – current	13	<b>395,421</b>	250,299
Other current financial assets	12	<b>—</b>	522,510
Derivative financial instruments	29	<b>9,198</b>	—
Right-of-use assets – current	16	<b>142,060</b>	—
Restricted cash – current	23	<b>572,510</b>	250,000
Cash and cash equivalents	23	<b>3,146,633</b>	3,186,401
<b>Total current assets</b>		<b>6,682,519</b>	6,404,046
<b>CURRENT LIABILITIES</b>			
Trade payables	24	<b>896,049</b>	112,259
Other payables and accruals	25	<b>877,615</b>	869,708
Advances from customers		<b>176,534</b>	250,148
Interest-bearing bank and other borrowings – current	26	<b>2,717,385</b>	4,699,665
Senior notes-current	27	<b>2,243,563</b>	—
Due to a related party	33	<b>4,479</b>	305
Income tax payable		<b>80,538</b>	119,685
<b>Total current liabilities</b>		<b>6,996,163</b>	6,051,770

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	<i>Notes</i>	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(313,644)</b>	352,276
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>16,426,443</b>	16,153,139
<b>NON-CURRENT LIABILITIES</b>			
Senior notes – non-current	27	<b>5,353,054</b>	6,176,503
Corporate bonds	28	<b>1,022,480</b>	1,020,834
Derivative financial instruments – non-current	29	—	13,895
Interest-bearing bank and other borrowings – non-current	26	<b>1,552,582</b>	754,846
Deposits received for rental vehicles		<b>737</b>	753
Deferred tax liabilities		<b>244,295</b>	213,280
<b>Total non-current liabilities</b>		<b>8,173,148</b>	8,180,111
<b>Net assets</b>		<b>8,253,295</b>	7,973,028
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	30	<b>131</b>	131
Reserves	30	<b>4,415,105</b>	4,414,050
Retained earnings		<b>3,838,059</b>	3,558,847
<b>Total equity</b>		<b>8,253,295</b>	7,973,028

**Yifan SONG**  
Director

**Sam Hanhui SUN**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

## For the six months ended 30 June 2019

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	
As at 1 January 2019 (unaudited)	131	2,382,719	313,597	1,572,069	145,665	—	3,558,847	7,973,028
Profit for the period	—	—	—	—	—	—	279,212	279,212
Other comprehensive income for the period	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	—	279,212	279,212
Exercise of share options (note 31)	—	—	—	4,427	(3,372)	—	—	1,055
As at 30 June 2019 (Unaudited)	<u>131</u>	<u>2,382,719</u>	<u>313,597</u>	<u>1,576,496</u>	<u>142,293</u>	<u>—</u>	<u>3,838,059</u>	<u>8,253,295</u>

## For the six months ended 30 June 2018

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	
As at 1 January 2018 (audited)	134	2,382,719	246,025	1,886,096	168,566	(147,481)	3,336,574	7,872,633
Profit for the period	—	—	—	—	—	—	135,480	135,480
Other comprehensive income for the period	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	—	135,480	135,480
Cancellation of shares	(2)	—	—	(147,479)	—	147,481	—	—
Exercise of share options (note 31)	1	—	—	28,577	(21,979)	—	—	6,599
Equity-settled share option arrangements (note 31)	—	—	—	—	1,490	—	—	1,490
As at 30 June 2018 (Unaudited)	<u>133</u>	<u>2,382,719</u>	<u>246,025</u>	<u>1,767,194</u>	<u>148,077</u>	<u>—</u>	<u>3,472,054</u>	<u>8,016,202</u>

\* These reserve accounts comprise the consolidated reserves of RMB4,415,105,000 (30 June 2018: RMB4,544,015,000) in the interim condensed consolidated statement of financial position as at 30 June 2019.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	<b>2019</b> <b>RMB'000</b> <b>(Unaudited)</b>	2018 <b>RMB'000</b> <b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>452,466</b>	263,790
Adjustments for:			
Finance costs		<b>500,503</b>	360,743
Interest income	5	<b>(32,164)</b>	(46,319)
Loss on disposal of items of other property, plant and equipment	6	<b>227</b>	1,025
Fair value loss on investment in equity shares	6	<b>—</b>	6,732
Fair value changes on derivative instrument transaction not qualifying as hedges	6	<b>(23,093)</b>	92,189
Share of profit of associates		<b>(785)</b>	(2,636)
Depreciation of rental vehicles	10	<b>799,791</b>	704,957
Depreciation of right-of-use assets	6	<b>59,245</b>	—
Depreciation of other property, plant and equipment	11	<b>32,955</b>	37,558
Amortisation of prepaid land lease payments	15	<b>807</b>	807
Amortisation of other intangible assets	17	<b>1,729</b>	3,367
Impairment of trade receivables	6	<b>1,529</b>	2,127
Exchange loss	6	<b>23,510</b>	102,559
Equity-settled share option expenses	31	<b>—</b>	1,490
		<b>1,816,720</b>	1,528,389
Increase in rental vehicles		<b>(1,390,550)</b>	(2,363,300)
Increase in trade receivables		<b>(56,649)</b>	(3,536)
Decrease in due from a related party		<b>27,686</b>	391,801
Increase in inventories		<b>(172,891)</b>	(32,094)
Increase in prepayments, other receivables and other assets		<b>(273,305)</b>	(197,569)
Decrease/(Increase) in finance lease receivables		<b>32,831</b>	(478,424)
Increase/(Decrease) in trade payables		<b>783,790</b>	(14,521)
Increase/(Decrease) in due to a related party		<b>4,174</b>	(2,368)
(Decrease)/Increase in advances from customers		<b>(73,614)</b>	57,962
Increase/(Decrease) in other payables and accruals		<b>24,517</b>	(38,525)
Tax paid		<b>(193,970)</b>	(175,220)
<b>NET CASH FLOWS GENERATED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES</b>		<b>528,739</b>	(1,327,405)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	<b>2019</b> <b>RMB'000</b> <b>(Unaudited)</b>	2018 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of other property, plant and equipment		<b>(73,661)</b>	(36,375)
Proceeds from disposal of other property, plant and equipment		<b>176</b>	1,068
Purchases of other intangible assets		<b>(4,875)</b>	(4,873)
Decrease/(Increase) in other current financial assets		<b>522,510</b>	(481,000)
Investment in an associate		<b>(68,852)</b>	—
Settlement of derivative financial instruments		<b>—</b>	(191,884)
Interest received		<b>64,090</b>	24,807
		<hr/>	<hr/>
<b>NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>439,388</b>	(688,257)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Addition of deposits for borrowings		<b>(43,110)</b>	(30,000)
(Increase)/Decrease in restricted cash		<b>(322,510)</b>	60,895
Proceeds from bank and other borrowings		<b>2,401,734</b>	2,554,681
Repayments of bank and other borrowings		<b>(3,912,398)</b>	(1,973,131)
Proceeds from issuance of corporate bonds	28	<b>—</b>	722,268
Proceeds from issuance of senior notes	27	<b>1,338,656</b>	731,465
Compensation of senior notes exchange offer		<b>(17,918)</b>	—
Proceeds from exercise of share options		<b>1,055</b>	6,599
Principal portion of lease payments		<b>(64,070)</b>	—
Interest paid		<b>(405,904)</b>	(311,589)
		<hr/>	<hr/>
<b>NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>		<b>(1,024,465)</b>	1,761,188
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(56,338)</b>	(254,474)
Cash and cash equivalents at beginning of period		<b>3,186,401</b>	4,813,311
Effect of foreign exchange rate changes, net		<b>16,570</b>	(5,303)
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>3,146,633</b>	4,553,534



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 1. CORPORATE INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 13 August 2019.

CAR Inc. (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 Box 2681, Cricket Square, P.O., Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in the car rental business.

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

### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

As at 30 June 2019, the group had net current liabilities of approximately RMB313,644,000. The directors of the Company 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 interim condensed consolidated financial statements are prepared on a going concern basis.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

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

(continued)

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.



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

*(continued)*

### 2.2 Changes in accounting policies and disclosures *(continued)*

#### **New definition of a lease**

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

#### **As a lessee – Leases previously classified as operating leases**

##### ***Nature of the effect of adoption of IFRS 16***

The Group has lease contracts for various items of license plates, offices and parking lots. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

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

*(continued)*

### 2.2 Changes in accounting policies and disclosures *(continued)*

#### **As a lessee – Leases previously classified as operating leases** *(continued)*

##### **Impacts on transition**

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

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

*(continued)*

**2.2 Changes in accounting policies and disclosures** *(continued)*

**As a lessee – Leases previously classified as operating leases** *(continued)*

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	<b>Increase/ (decrease) RMB' 000 (Unaudited)</b>
<b>Assets</b>	
Increase in right-of-use assets	<b>233,215</b>
Decrease in prepayments, other receivables and other assets	<b>(14,202)</b>
	<hr/>
Increase in total assets	<b>219,013</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Increase in interest-bearing bank and other borrowings	<b>219,013</b>
	<hr/>
Increase in total liabilities	<b>219,013</b>
	<hr/> <hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

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

(continued)

### 2.2 Changes in accounting policies and disclosures (continued)

#### As a lessee – Leases previously classified as operating leases (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<b>RMB'000</b> <b>(Unaudited)</b>
<b>Operating lease commitments at 31 December 2018</b>	<b>385,099</b>
Weighted average incremental borrowing rate as at 1 January 2019	<b>6.30%</b>
Discounted operating lease commitments as at 1 January 2019	<b>290,385</b>
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	<b>(75,921)</b>
Commitments relating to leases of low-value assets	—
Add: Commitments relating to leases previously classified as finance leases	—
Payments for optional extension periods not recognised as at 31 December 2018	<b>4,549</b>
	<hr/>
<b>Lease liabilities as at 1 January 2019</b>	<b>219,013</b>
	<hr/> <hr/>

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

*(continued)*

### 2.2 Changes in accounting policies and disclosures *(continued)*

#### **Summary of new accounting policies**

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

#### ***Right-of-use assets***

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

#### ***Lease liabilities***

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

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

*(continued)*

### 2.2 Changes in accounting policies and disclosures *(continued)*

#### **Summary of new accounting policies** *(continued)*

##### **Lease liabilities** *(continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

##### **Significant judgement in determining the lease term of contracts with renewal options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease offices and parking lots for additional terms of several years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases of offices and parking plots due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

**2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES***(continued)***2.2 Changes in accounting policies and disclosures** *(continued)***Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss**

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank and other borrowings'), and the movement during the period are as follow:

	<b>Right-of-use assets</b>				<b>Lease liabilities</b>
	<b>License plates</b>	<b>Offices</b>	<b>Parking lots</b>	<b>Sub-total</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
As at 1 January 2019	<b>20,600</b>	<b>149,388</b>	<b>63,227</b>	<b>233,215</b>	<b>219,013</b>
Additions	<b>5,565</b>	<b>27,345</b>	<b>80,669</b>	<b>113,579</b>	<b>114,555</b>
Depreciation expense	<b>(7,504)</b>	<b>(25,529)</b>	<b>(26,212)</b>	<b>(59,245)</b>	<b>—</b>
Interest expense	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,025</b>
Payment	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(70,095)</b>
As at 30 June 2019	<b>18,661</b>	<b>151,204</b>	<b>117,684</b>	<b>287,549</b>	<b>269,498</b>

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

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

(continued)

### 2.2 Changes in accounting policies and disclosures (continued)

- (c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

## 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 related 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*.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 4. REVENUE

An analysis of revenue with the adoption of IFRS 15 and IFRS 16 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Revenue from other sources</i>		
Car rental revenue	<b>2,504,297</b>	2,073,302
Fleet rental revenue	<b>264,745</b>	409,104
Sales of used rental vehicles under lease contracts	<b>220,158</b>	94,245
Finance lease income	<b>90,434</b>	5,105
	<b>3,079,634</b>	2,581,756
<i>Revenue from contracts with customers</i>		
Sales of used rental vehicles	<b>643,483</b>	488,043
Franchise related income	<b>600</b>	1,230
Other service income	<b>17,241</b>	4,385
	<b>661,324</b>	493,658
	<b>3,740,958</b>	3,075,414

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 4. REVENUE *(continued)*

With the adoption of IFRS 15 from 1 January 2018, the disaggregation of the Company's revenue from contracts with customers, including sales of used rental vehicles, franchise related income and other service income above, is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Type of goods or service</b>		
Sales of used rental vehicles	<b>643,483</b>	488,043
Franchise related income	<b>600</b>	1,230
Other service income	<b>17,241</b>	4,385
	<b>661,324</b>	493,658
<b>Type of revenue recognition</b>		
Goods transferred at a point in time	<b>643,483</b>	488,043
Services transferred over time	<b>17,841</b>	5,615
	<b>661,324</b>	493,658

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 5. OTHER INCOME AND EXPENSES, NET

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income from bank deposits	<b>32,164</b>	46,319
Exchange loss	<b>(23,510)</b>	(102,559)
Government grants*	<b>19,623</b>	27,976
Loss on disposal of items of other property, plant and equipment	<b>(227)</b>	(1,025)
Fair value loss on investments in equity shares and redeemable preference shares	<b>—</b>	(6,732)
Fair value changes on derivative instrument transaction not qualifying as hedges	<b>23,093</b>	(92,189)
Default income	<b>2,323</b>	—
Others	<b>12,883</b>	6,115
	<b>66,349</b>	(122,095)

\* There were no unfulfilled conditions or other contingencies attached to government grants that had been recognised.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 6. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of sales of used vehicles	<b>901,105</b>	588,306
Depreciation of rental vehicles	<b>799,791</b>	704,957
Depreciation of other property, plant and equipment	<b>32,955</b>	37,558
Depreciation of right-of-use assets	<b>59,245</b>	—
Recognition of prepaid land lease payments	<b>807</b>	807
Amortisation of other intangible assets*	<b>1,729</b>	3,367
Minimum lease payments under operating leases in respect of offices and stores	<b>26,724</b>	47,124
Minimum lease payments under operating leases in respect of rental vehicles	<b>6,309</b>	10,302
Wages and salaries	<b>357,473</b>	306,633
Equity-settled share option expenses (note 31)	<b>—</b>	1,490
Pension scheme contributions**	<b>80,577</b>	66,826
Insurance expenses	<b>138,819</b>	100,608
Repair and maintenance	<b>114,820</b>	125,872
Exchange loss	<b>23,510</b>	102,559
Auditors' remuneration	<b>2,000</b>	2,000
Impairment of trade receivables	<b>1,529</b>	2,127
Loss on disposal of items of other property, plant and equipment	<b>227</b>	1,025
Advertising and promotion expenses	<b>1,343</b>	12,899
Share of profit of associates	<b>(785)</b>	(2,636)
Finance costs	<b>500,503</b>	360,743
Fair value changes on derivative instrument transaction not qualifying as hedges	<b>(23,093)</b>	92,189
Fair value loss on investment in equity shares	<b>—</b>	6,732

\* Amortisation of other intangible assets for the six months ended 30 June 2019 and 2018 is included in "Administrative expenses" in the interim condensed consolidated statement 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.

**7. INCOME TAX EXPENSES**

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax	<b>161,162</b>	115,839
Deferred tax	<b>12,092</b>	12,471
Total tax charge for the period	<b>173,254</b>	128,310

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) Information 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 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 enterprise derivatives from the operations in Mainland China. The withholding tax derived from inter-company charges from certain overseas subsidiaries to PRC subsidiaries amounted to RMB18,015,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB14,010,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 7. INCOME TAX EXPENSES *(continued)*

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
Profit before tax	<b>452,466</b>	263,790
Tax at the PRC statutory tax rate of 25%	<b>113,117</b>	65,948
Tax effect of tax rate differences between PRC and overseas entities	<b>62,847</b>	80,228
Impact/(Utilisation) of unrecognised deferred tax assets	<b>7,389</b>	(14,759)
PRC entities with preferential tax rate	<b>(27,697)</b>	(20,644)
Gain not subject to tax	<b>(1,187)</b>	—
Expenses not deductible for tax	<b>770</b>	3,527
Withholding tax on the deemed income	<b>18,015</b>	14,010
Total charge for the period	<b>173,254</b>	128,310

The effective tax rate of the Group was 38.29% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 48.64%).

## 8. DIVIDENDS

The board of the directors did not recommend payment of any dividend in respect of the period (for the six months ended 30 June 2018: Nil).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 9. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,119,251,070 (for the six months ended 30 June 2018: 2,149,952,069) in issue during the period.

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 periods, 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:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>279,212</b>	135,480
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>2,119,251,070</b>	2,149,952,069
Effect of dilution on the weighted average number of ordinary shares:		
Share options	<b>23,047,693</b>	27,650,493
	<b><u>2,142,298,763</u></b>	<u>2,177,602,562</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 10. RENTAL VEHICLES

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
At 1 January:		
Cost	<b>13,769,773</b>	11,593,572
Accumulated depreciation	<b>(2,981,401)</b>	(2,054,744)
Net carrying amount	<b>10,788,372</b>	9,538,828
At 1 January, net of accumulated depreciation	<b>10,788,372</b>	9,538,828
Additions	<b>2,470,369</b>	3,488,003
Disposals and transfers to inventories	<b>(1,069,017)</b>	(618,292)
Transfers to finance leases	<b>(10,802)</b>	(506,411)
Depreciation provided during the period	<b>(799,791)</b>	(704,957)
At 30 June, net of accumulated depreciation	<b>11,379,131</b>	11,197,171
At 30 June:		
Cost	<b>14,628,153</b>	13,689,589
Accumulated depreciation	<b>(3,249,022)</b>	(2,492,418)
Net carrying amount	<b>11,379,131</b>	11,197,171

Vehicles with a carrying value of RMB878,155,000 as at 30 June 2019 (31 December 2018: RMB427,290,000) were pledged to secure certain of the Group's interest-bearing loans (note 26).

Included in the Group's rental vehicles as at 30 June 2019 were rental vehicles with an net carrying amount of RMB2,137,861,000 purchased from third party car dealers and the Group has the option to require the car dealer to repurchase vehicles at a specified price and date, subject to certain vehicle condition and mileage. The Group currently plans to execute the repurchase option and depreciates vehicles with an amount equal to the difference of the initial purchase payment and the contractual repurchase price, thereby minimising any gain or loss.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 11. OTHER PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the six months ended 30 June 2019, the Group acquired items of other property, plant and equipment with a cost of RMB73,649,000 (for the six months ended 30 June 2018: RMB37,178,000). Depreciation for items of other property, plant and equipment was RMB32,955,000 during the period (for the six months ended 30 June 2018: RMB37,558,000).

Assets with a net book value of RMB403,000 were disposed of by the Group during the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB2,093,000).

## 12. OTHER CURRENT FINANCIAL ASSETS

### Debt instruments at amortised cost:

Other current financial assets

<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<u>—</u>	<u>522,510</u>

As of 30 June 2019, no other current financial assets (31 December 2018: RMB522,510,000) had been pledged to secure the Group's certain interest-bearing loans (note 26).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 13. 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 4 years. Finance lease receivables are comprised of the following:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Net minimum lease payments receivable	<b>1,909,598</b>	2,113,634
Unearned finance income	<b>(594,660)</b>	(765,865)
Total net finance lease receivables	<b><u>1,314,938</u></b>	<u>1,347,769</u>
Less: current portion	<b><u>395,421</u></b>	<u>250,299</u>
Non-current portion	<b><u>919,517</u></b>	<u>1,097,470</u>

Future minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2019 and 31 December 2018 are as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within one year	<b>666,655</b>	479,194
In the second to fifth years, inclusive	<b><u>1,242,943</u></b>	<u>1,634,440</u>
	<b><u>1,909,598</u></b>	<u>2,113,634</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 13. FINANCE LEASE RECEIVABLES (continued)

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2019 and 31 December 2018 are as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within one year	<b>395,421</b>	250,299
In the second to fifth years, inclusive	<b>919,517</b>	1,097,470
	<b><u>1,314,938</u></b>	<u>1,347,769</u>

## 14. PREPAYMENTS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Prepayments for rental vehicles	<b><u>210,438</u></b>	<u>3,664</u>

As at 30 June 2019, total amounts of RMB210,438,000 (31 December 2018: RMB3,664,000) were prepaid for purchases of certain rental vehicles, which pending for physical transferred and the control of these vehicles have not obtained.

## 15. PREPAID LAND LEASE PAYMENTS

Leasehold lands are situated in Mainland China and are held with lease term ranging from 40 to 50 years. There is no addition of prepaid land lease payments during the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil). Amortisation of prepaid land lease payments was RMB807,000 during the period (for the six months ended 30 June 2018: RMB807,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets, and the movement during the period are as follow:

	Right-of-use assets			Sub-total
	License Plates	Offices	Parking lots	
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2019	20,600	149,388	63,227	233,215
Additions	5,565	27,345	80,669	113,579
Depreciation expense	(7,504)	(25,529)	(26,212)	(59,245)
As at 30 June 2019	<b>18,661</b>	<b>151,204</b>	<b>117,684</b>	<b>287,549</b>

## 17. OTHER INTANGIBLE ASSETS

During the six months period ended 30 June 2019, the Group acquired other intangible assets with amounts of RMB4,875,000 (for the six months ended 30 June 2018: RMB4,873,000). Amortisation of other intangible assets was RMB1,729,000 during the period (for the six months ended 30 June 2018: RMB3,367,000). The Group did not dispose of other intangible assets during the six months period ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 18. INVESTMENTS IN ASSOCIATES

### (a) Beijing QWOM Technology Co.,Ltd.

	<b>30 June 2019</b>	31 December 2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Share of net assets	<b>35,620</b>	33,605
Goodwill on acquisition	<b>8,306</b>	8,306
	<b>43,926</b>	41,911

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Beijing QWOM Technology Co.,Ltd. (北京氫動益維科 技股份有限公司) ("QWOM")	Ordinary shares	PRC/Mainland China	30	Providing mobile internet digital marketing solutions based on big data analytics

The Group, through its wholly-owned subsidiary Haike Pingtan, acquired a 30% equity interest 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 National Equities Exchange and Quotations ("NEEQ") in December 2016.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 18. INVESTMENTS IN ASSOCIATES *(continued)*

### (a) Beijing QWOM Technology Co.,Ltd. *(continued)*

The following table illustrates the financial information of the Group's associate that is not individually material:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	30 June 2018 RMB'000 (Unaudited)
Share of the associate's profit for the period	<b>2,015</b>	2,636
Share of the associate's total comprehensive income	<b>2,015</b>	2,636
Carrying amount of the Group's investment in the associate	<b><u>43,926</u></b>	<u>35,121</u>

### (b) Botpy Inc.

	<b>30 June 2019 RMB'000 (Unaudited)</b>
Share of net assets	<b>1,372</b>
Goodwill on acquisition	<b><u>66,250</u></b>
	<b><u>67,622</u></b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 18. INVESTMENTS IN ASSOCIATES *(continued)*

### (b) Botpy Inc. *(continued)*

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Botpy Inc.	Preference shares	Cayman	40	Providing automotive insurance business and solutions of the automotive aftermarket

The Group, through its wholly-owned subsidiary Premium Auto Rental (China) Limited, acquired a 40% equity interests in Botpy Inc. in February 2019. The Group's interest in Botpy Inc. is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the financial information of the Group's associate that is not individually material:

	<b>30 June 2019 RMB' 000 (Unaudited)</b>
Share of the associate's loss for the period	<b>(1,230)</b>
Share of the associate's total comprehensive loss	<b>(1,230)</b>
Carrying amount of the Group's investment in the associate	<b><u>67,622</u></b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 19. INVESTMENT IN EQUITY SHARES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Investment in equity shares of a publicly held company		
– UCAR Inc. (神州優車股份有限公司) (formerly, Huaxia United Science & Technology Co., Ltd.) (a)	<b><u>2,809,641</u></b>	<u>2,809,641</u>

### (a) 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 then 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 (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 equity interest held by CAR HK in UCAR was further diluted to 6.27% as at 31 December 2017 after a series of new capital injections in UCAR from third parties in 2017.

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 unlisted equity shares were measured at fair value and were classified as Level 3 fair value measurement as at 31 December 2018 and 30 June 2019. 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 2019 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. No associated fair value gain or loss for the six months ended 30 June 2019 (30 June 2018: Fair value loss RMB6,732,000) was recognised through profit or loss under “other income and expenses, net”.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 20. INVENTORIES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Used rental vehicles held for sale	<b>288,159</b>	120,248
Fuel	<b>51,008</b>	56,168
Others	<b>24,372</b>	14,232
	<b><u>363,539</u></b>	<u>190,648</u>

## 21. TRADE RECEIVABLES

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade receivables	<b>154,705</b>	100,475
Impairment provision	<b>(3,205)</b>	(4,095)
	<b><u>151,500</u></b>	<u>96,380</u>

The Company generally does not provide credit terms 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, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 21. TRADE RECEIVABLES *(continued)*

An aging analysis of the trade receivables as at 30 June 2019 and 31 December 2018, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within 3 months	<b>123,008</b>	70,884
3 to 6 months	<b>10,768</b>	14,821
6 to 12 months	<b>16,838</b>	10,232
Over 1 year	<b>886</b>	443
	<b><u>151,500</u></b>	<u>96,380</u>

## 22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Deductible VAT input	<b>993,717</b>	944,840
Prepayments	<b>407,431</b>	388,329
Other receivables	<b>133,242</b>	146,294
Rental deposits	<b>24,181</b>	23,961
Others	<b>10,644</b>	44,255
	<b><u>1,569,215</u></b>	<u>1,547,679</u>

Included in other receivables, no interest receivables from certain financial assets as at 30 June 2019 (31 December 2018: RMB17,434,000) had been pledged to secure the Group's certain interest-bearing loans (note 26).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Cash and bank balances	<b>3,146,633</b>	2,506,401
Time deposits	<b>573,785</b>	931,275
	<b>3,720,418</b>	3,437,676
Less: Pledged time deposits:		
Pledged for bank loans*	<b>572,510</b>	250,000
Pledged for bank overdraft facilities	<b>1,275</b>	1,275
Cash and cash equivalents	<b>3,146,633</b>	3,186,401

\* The Group pledged certain deposits of RMB572,510,000 to secure the Group's certain interest-bearing bank loans as at 30 June 2019. (note 26)

The cash and bank balances of the Group denominated in RMB amounted to RMB2,989,745,000 as at 30 June 2019 (31 December 2018: RMB2,259,467,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 24. TRADE PAYABLES

An aging analysis of the outstanding trade payables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within 3 months	<b>888,934</b>	110,039
3 to 6 months	<b>5,362</b>	753
Over 6 months	<b>1,753</b>	1,467
	<b><u>896,049</u></b>	<u>112,259</u>

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

## 25. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Contract liabilities	<b>221,144</b>	185,024
Other tax payable	<b>194,373</b>	185,953
Interest payables	<b>169,399</b>	207,055
Deposits by customers	<b>127,796</b>	135,107
Payroll payable	<b>73,750</b>	89,120
Payable for other property, plant and equipment	<b>14,661</b>	13,838
Others	<b>76,492</b>	53,611
	<b><u>877,615</u></b>	<u>869,708</u>

Other payables and accruals are non-interest-bearing.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current:</b>						
Short-term loans						
– guaranteed	5.00-5.08	2020	256,241	3.15-5.00	2019	524,483
– unsecured and unguaranteed	5.56-8.54	2020	796,527	4.61-5.94	2019	672,588
– pledged	3.62-4.61	2019-2020	564,637	0.31	2019	199,742
Current portion of long-term bank loans						
– guaranteed	4.75-5.92	2019-2020	116,869	4.75-6.00	2019	1,889,254
– unsecured and unguaranteed	5.28-6.41	2019-2020	410,969	4.99-6.18	2019	616,292
Current portion of long-term other loans						
– guaranteed	—	—	—	5.80	2019	700,000
Current portion of sale and leaseback obligations						
– secured	6.09-6.40	2020	435,833	6.03-6.20	2019	97,306
Current Lease liabilities						
– unsecured and unguaranteed	6.30	2020	136,309	—	—	—
			<u>2,717,385</u>			<u>4,699,665</u>
<b>Non-current:</b>						
Bank loans						
– guaranteed	5.55-5.92	2020-2021	873,280	4.91-6.23	2020-2021	736,374
– unsecured and unguaranteed	6.41	2020-2021	150,000	—	—	—
Sale and leaseback obligations						
– secured	6.09-6.40	2020-2021	396,113	6.20	2020	18,472
Non-current Lease liabilities						
– unsecured and unguaranteed	6.30	2020-2024	133,189	—	—	—
			<u>1,552,582</u>			<u>754,846</u>
			<u>4,269,967</u>			<u>5,454,511</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
within one year or on demand	<b>2,145,243</b>	3,902,359
in the second year	<b>1,023,280</b>	223,404
in the third to fifth years, inclusive	<b>—</b>	512,970
	<b><u>3,168,523</u></b>	<u>4,638,733</u>
Other borrowings repayable:		
within one year or on demand	<b>—</b>	700,000
Sale and leaseback obligations:		
within one year or on demand	<b>435,833</b>	97,306
in the second year	<b>396,113</b>	18,472
	<b><u>831,946</u></b>	<u>115,778</u>
Lease liabilities:		
within one year or on demand	<b>136,309</b>	—
in the second year	<b>112,611</b>	—
in the third to fifth years, inclusive	<b>20,578</b>	—
	<b><u>269,498</u></b>	<u>—</u>
	<b><u><u>4,269,967</u></u></b>	<u><u>5,454,511</u></u>

As at 30 June 2019, the Group's overdraft bank facilities amounted to RMB7,427,989,000 (31 December 2018: RMB8,822,756,000), of which RMB5,801,631,000 (31 December 2018: RMB6,175,923,000) was utilised.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Bank and other loans with the following amounts outstanding as at the period/year end were secured/guaranteed by the following:

<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)	<b>Security/guarantee</b>
<b>831,946</b>	115,778	Secured by certain of rental vehicles (a)
<b>360,836</b>	1,130,754	Guaranteed by CAR Inc.
<b>885,554</b>	2,204,874	Guaranteed by 7 offshore subsidiaries
<b>1,626,994</b>	1,288,880	Unsecured and unguaranteed
<b>564,637</b>	199,742	Pledged by restricted cash
<b>—</b>	514,483	Secured by certain other current financial assets and interests (b)
<b><u>4,269,967</u></b>	<b><u>5,454,511</u></b>	

- (a) Bank and other borrowings of RMB831,946,000 as at 30 June 2019(31 December 2018: RMB115,778,000) were secured by certain of the Group's rental vehicles, the total carrying amount of which at 30 June 2019 was RMB878,155,000 (31 December 2018 RMB427,290,000) (note 10).
- (b) No other borrowings as at 30 June 2019 (31 December 2018: RMB514,483,000) were secured by certain of the Group's other current financial assets and its interests set forth in note 12 and note 22 above.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES

### (1) The 2015 Notes (A)

On 4 February 2015, the Company issued senior notes with an aggregate principal amount of US\$500,000,000 due 2020 (the "2015 Notes (A)"). The 2015 Notes (A) were listed on the Stock Exchange of Hong Kong Limited. The 2015 Notes (A) carries interest at the rate of 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 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:

<b>Year</b>	<b>Redemption price</b>
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.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES *(continued)*

### (1) The 2015 Notes (A) *(continued)*

On 10 May 2019, the Company completed an exchange offer up to approximately US\$172,333,000 of the 2015 Notes (A), with interest at the rate of 8.875% per annum, payable semi-annually on 10 May and 10 November in arrears and maturity date extended to 10 May 2022.

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total carrying amount at 1 January	<b>3,493,988</b>	3,305,841
Impact of exchange offer	<b>36,901</b>	—
Exchange realignment	<b>6,394</b>	41,308
Interest expenses	<b>116,076</b>	107,610
Interest expense payment	<b>(122,937)</b>	(96,947)
Total carrying amount at 30 June	<b><u>3,530,422</u></b>	<u>3,357,812</u>
Less: Interest payables due within one year reclassified to other payables and accruals	<b><u>72,064</u></b>	<u>84,431</u>
	<b><u>3,458,358</u></b>	<u>3,273,381</u>

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered that the fair value of the above early redemption options was not significant on initial recognition and as at 30 June 2019.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES *(continued)*

### (2) The 2015 Notes (B)

On 11 August 2015, the Company issued senior notes with an aggregated nominal value of US\$300,000,000 due 2021 (the "2015 Notes (B)"). The 2015 Notes (B) were listed on the Stock Exchange of Hong Kong Limited. The 2015 Notes (B) carries 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 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:

<b>Year</b>	<b>Redemption price</b>
2018	103.0%
2019 and thereafter	101.5%

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES (continued)

### (2) The 2015 Notes (B) (continued)

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total carrying amount at 1 January	<b>2,082,414</b>	1,972,615
Exchange realignment	<b>2,999</b>	24,215
Interest expenses	<b>66,121</b>	61,982
Interest expense payment	<b>(60,373)</b>	(56,594)
	<hr/>	<hr/>
Total carrying amount at 30 June	<b>2,091,161</b>	2,002,218
	<hr/>	<hr/>
Less: Interest payables due within one year reclassified to other payables and accruals	<b>47,473</b>	45,898
	<hr/>	<hr/>
	<b>2,043,688</b>	1,956,320
	<hr/>	<hr/>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES *(continued)*

### (3) The 2018 Notes (A)

On 4 April 2018, the Company issued senior notes with an aggregated nominal value of RMB400,000,000 due 2021 (the "2018 Notes (A)"). The 2018 Notes (A) were listed on the Stock Exchange of Hong Kong Limited. The 2018 Notes (A) carries interest at the rate of 6.50% per annum, payable semi-annually on 4 April and 4 October in arrears, and will mature on 4 April 2021, unless redeemed earlier.

The 2018 Notes (A) may be redeemed in the following circumstances:

- (i) At any time on or after 4 April 2020, the Company may at its option redeem the Notes, in whole or in part, at 103.25% of the principal amount of Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (ii) At any time and from time to time prior to 4 April 2020, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2018 Notes (A) recognised in the statement of financial position were calculated as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total carrying amount at 1 January	<b>396,586</b>	—
Addition, net of issuance costs	—	387,447
Interest expenses	<b>14,887</b>	7,125
Interest expense payment	<b>(13,000)</b>	—
Total carrying amount at 30 June	<b><u>398,473</u></b>	<u>394,572</u>
Less: Interest payables due within one year reclassified to other payables and accruals	<b><u>6,180</u></b>	<u>6,217</u>
	<b><u>392,293</u></b>	<u>388,355</u>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES (continued)

### (4) The 2018 Notes (B)

On 2 May 2018, the Company issued the Additional Notes (the “2018 Notes (B)”) in the aggregate principal amount of RMB350,000,000, to be consolidated and form a single series with the 2018 Notes (A). The Additional Notes will mature on 4 April, 2021, unless earlier redeemed pursuant to the terms thereof. The 2018 Notes (B) were listed on the Stock Exchange of Hong Kong Limited. The 2018 Notes (B) carries interest at the rate of 6.50% per annum, payable semi-annually on 4 April and 4 October in arrears, and will mature on 4 April 2021, unless redeemed earlier.

The 2018 Notes (B) may be redeemed in the following circumstances:

- (i) At any time on or after 4 April 2020, the Company may at its option redeem the Notes, in whole or in part, at 103.25% of the principal amount of Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (ii) At any time and from time to time prior to 4 April 2020, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2018 Notes (B) recognised in the statement of financial position were calculated as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b> <b>RMB'000</b> <b>(Unaudited)</b>	2018 <i>RMB'000</i> <i>(Unaudited)</i>
Total carrying amount at 1 January	<b>350,819</b>	—
Addition, net of issuance costs	—	344,018
Interest expenses	<b>12,235</b>	5,876
Interest expense payment	<b>(11,308)</b>	—
Total carrying amount at 30 June	<b><u>351,746</u></b>	<u>349,894</u>
Less: Interest payables due within one year reclassified to other payables and accruals	<b>5,408</b>	5,440
	<b><u>346,338</u></b>	<u>344,454</u>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 27. SENIOR NOTES (continued)

### (5) The 2019 Notes

On 10 May 2019, the Company issued senior notes with an aggregate principal amount of US\$200,000,000 due 2022 (the "2019 Notes"). The 2019 Notes were listed on the Stock Exchange of Hong Kong Limited. The 2019 Notes carries interest at the rate of 8.875% per annum, payable semi-annually on 10 May and 10 November in arrears, and will mature on 10 May 2022, unless redeemed earlier.

The 2019 Notes may be redeemed in the following circumstances:

At any time and from time to time prior to 10 May 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2019 Notes recognised in the statement of financial position were calculated as follows:

	<b>For the six months ended 30 June 2019 RMB' 000 (Unaudited)</b>
Total carrying amount at 1 January	—
Addition, net of issuance costs	<b>1,338,656</b>
Exchange realignment	<b>16,508</b>
Interest expenses	<b>17,926</b>
Interest expense payment	—
Total carrying amount at 30 June	<b><u>1,373,090</u></b>
Less: Interest payables due within one year reclassified to other payables and accruals	<b><u>17,150</u></b>
	<b><u>1,355,940</u></b>

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

**28. CORPORATE BONDS**

The Company has received the Approval on the Public Issuance of the Corporate Bonds. (Zheng Jian Xu Ke [2016] No. 1536) (the "Approval") issued by China Securities Regulatory Commission (the "CSRC") dated 7 July 2016. Matters in relation to the issuance of Corporate Bonds are as follows: CSRC has approved the Company to publicly issue the Corporate Bonds not exceeding than RMB2,000,000,000 to qualified investors in Mainland China. The Corporate Bonds shall be issued in tranches. The first tranche of issuance shall be completed within 12 months from the date of the Approval, and the remaining tranches of issuance shall be completed within 24 months from the date of the Approval.

**(1) The 2017 Corporate Bonds (A)**

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

The 2017 Corporate Bonds (A) recognised in the statement of financial position were calculated as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total carrying amount at 1 January	<b>308,169</b>	307,360
Interest expenses incurred	<b>8,598</b>	8,567
Interest expense paid	<b>(16,500)</b>	(16,500)
Total carrying amount at 30 June	<b><u>300,267</u></b>	<u>299,427</u>
Less: Interest payables due within one year reclassified to other payables and accruals	<b><u>2,930</u></b>	<u>2,938</u>
	<b><u>297,337</u></b>	<u>296,489</u>

The options of the 2017 Corporate Bonds (A) entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 28. CORPORATE BONDS *(continued)*

### (2) The 2018 Corporate Bonds (B)

The public issue of the second tranche of the Corporate Bonds (the “2018 Corporate Bonds (B)”) was completed on 25 April 2018. The final principal amount of the 2018 Corporate Bonds (B) is RMB730,000,000, at a coupon rate of 6.3% per annum, with a term of three years with the Company’s option to adjust the coupon rate after the end of the second year upon issuance and the investors’ entitlement to require repurchase of the 2018 Corporate Bonds (B).

The 2018 Corporate Bonds (B) recognised in the statement of financial position were calculated as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB’000</b>	RMB’000
	<b>(Unaudited)</b>	(Unaudited)
Total carrying amount at 1 January	<b>755,462</b>	—
Addition, net of issuance costs	—	722,268
Interest expenses incurred	<b>23,966</b>	8,861
Interest expense paid	<b>(45,990)</b>	—
	<hr/>	<hr/>
Total carrying amount at 30 June	<b>733,438</b>	731,129
	<hr/>	<hr/>
Less: Interest payables due within one year reclassified to other payables and accruals	<b>8,295</b>	8,419
	<hr/>	<hr/>
	<b>725,143</b>	722,710
	<hr/>	<hr/>

The options of the 2018 Corporate Bonds (B) entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 29. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Assets		
Derivative financial instruments – Current	<u><b>9,198</b></u>	<u>—</u>
Liabilities		
Derivative financial instruments – Non-current	<u><b>—</b></u>	<u>13,895</u>

As at 30 June 2019, the Group has entered into derivative financial instruments of forward currency contracts, with an aggregate contractual amount of US\$300,000,000, 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 hedge purposes and are measured at fair value through profit or loss. The aggregate changes in the fair value of non-hedging currency derivatives were charged to the statement of profit or loss.

## 30. SHARE CAPITAL

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Authorised:		
26,000,000,000 ordinary shares of US\$0.00001 each	<b>1,586</b>	1,586
Issued and fully paid:		
2,119,653,991 (31 December 2018: 2,118,717,220) ordinary shares of US\$0.00001 each	<b>131</b>	131

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 April 2014 by China Auto Rental Holdings Inc. (“CARH”) with authorised share capital of US\$260,000 divided into 5,200,000,000 shares of US\$0.00005 each. On the date of incorporation, 1 ordinary share at par value of US\$0.00005 was allotted and issued as fully paid by CARH. On 12 June 2014, the Company further issued and allotted 373,444,013 shares to CARH at par value.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 30. SHARE CAPITAL (continued)

On 2 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares, and the par value of the share was changed from US\$0.00005 per share to US\$0.00001 per share. Immediately after the share split, the authorised share capital of the Company became US\$260,000 divided into 26,000,000,000 ordinary shares of par value of US\$0.00001 each and the issued share capital became 1,867,220,070 shares of par value of US\$0.00001 each.

On 19 September 2014, the Company issued 426,341,000 shares in its initial public offering at the price of HK\$8.50 per share.

On 25 September 2014, the Company issued additional 63,951,000 shares at the price of HK\$8.50 per share as a result of exercise of over-allotment options by the underwriters. Total proceeds from the initial public offering (including the over-allotment) were HK\$4,167,482,000 (approximately RMB3,302,729,000), and the net proceeds were HK\$4,026,035,684 (approximately RMB3,183,191,000) after deduction of related issuance costs.

A summary of movements in the Company's share capital for the six months ended 30 June 2019 is as follows:

	<b>Number of issued and fully paid ordinary shares</b>	<b>Nominal value of ordinary shares RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total RMB'000</b>
Issued and fully paid:				
As at 1 January 2019 (audited)	<b>2,118,717,220</b>	<b>131</b>	<b>1,572,069</b>	<b>1,572,200</b>
Issuance of shares pursuant to the option scheme (note 31)*	<b>936,771</b>	<b>—</b>	<b>4,427</b>	<b>4,427</b>
As at 30 June 2019 (unaudited)	<b><u>2,119,653,991</u></b>	<b><u>131</u></b>	<b><u>1,576,496</u></b>	<b><u>1,576,627</u></b>

\* During the six months ended 30 June 2019, the subscription rights attaching to 936,771 share options were exercised at the average subscription price of US\$0.17 per share (note 31), resulting in the issue of 936,771 ordinary shares for a total cash consideration of RMB1,055,000, of which RMB1,055,000 was charged to share premium. During the six months ended 30 June 2019, an amount of RMB3,372,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

### 31. SHARE OPTION SCHEME

China Auto Rental Holdings Inc. ("CARH") operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants within the Group who contribute to the success of the Group's operation. Eligible participants of the Scheme include the directors and other employees of the Group. The Scheme became effective on 18 December 2013.

The maximum number of share options currently permitted to be granted under the Scheme is in aggregate 14,035,595 shares, including the Tranche A Options granted for a total number of 7,017,798 shares and the Tranche B Options granted for a total number of 7,017,797 shares. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

On 18 December 2013, 7,017,798 Tranche A options and 7,017,797 Tranche B options have been granted with exercise prices of US\$0.29, and US\$0.87, respectively. The exercise prices of share option were determined by the directors. The Tranche A Options granted were fully vested on 31 December 2013 with no further service conditions attached, and the Tranche B Options granted become vested on 31 December 2014, 2015, 2016 and 2017, respectively, in four equal batches.

In March 2014, CARH further adopted the 2014 share option scheme ("2014 CARH Pre-IPO Share Option Scheme") which was approved by a board resolution passed on 1 March 2014 and further approved by a resolution passed by CARH shareholders on 1 March 2014. The 2014 CARH Pre-IPO Share Option Scheme Options granted become vested on 1 May 2015, 2016, 2017 and 2018, respectively, in four equal batches.

As part of the reorganisation, the Company was incorporated in Cayman Islands on 25 April 2014. The Company subsequently became the fully owned subsidiary of CARH and the holding company of the Group accordingly. In connection with the above restructuring, CARH cancelled the 2013 CARH Pre-IPO Share Option Scheme and the 2014 CARH Pre-IPO Share Option Scheme while the Company adopted a new share option scheme (the "2014 Pre-IPO Share Option Scheme") as a replacement. The replacement plan was approved by board resolutions of CARH and the Company, respectively, on 15 June 2014.

The cancelled and the replacement awards involve exactly the same conditions including exercise prices and vesting year, and were treated as modification with the incremental fair value being recognised over the vesting year of replacement share-based payment award.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 31. SHARE OPTION SCHEME *(continued)*

On 14 August 2014, 4,456,688 Tranche C options have been granted with an exercise price of US\$0.87. The 300,000 share options granted to certain management members will be vested on each of 1 August 2015, 2016, 2017 in equal batches and the remaining share options will be vested on each of 1 August 2015, 2016, 2017 and 2018.

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

On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. Immediately after the share split, the exercise price of each share option was amended to one-fifth of the exercise price before split.

On 12 April 2016, the employment contracts of 21 executives in the Group were terminated, of whom there were 14,606,233 unvested share options then. As approved by the directors of the Company as at 11 April 2016 and agreed with the employees, such share options became fully vested immediately before the terminations with the exercise price unchanged. The Group treated the immediate vesting as a simultaneous forfeiture of the unvested share options and a grant of an ex-gratia award, which resulted in a net charge of share option expense of RMB54,775,000 during the six months ended 30 June 2016.

On 5 April 2016, the Company adopted a Share Option Scheme by an ordinary resolution passed by its shareholders ("Post-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants within the Group who contribute to the success of the Group's operation. The Post-IPO Share Option Scheme has become effective for the period of 10 years commencing on the effective date. The maximum number of the Company's shares in respect of which options may be granted pursuant to the Post-IPO Share Option Scheme is 239,494,759 shares, being 10% of the total issued shares of the Company on the date of approval of the Post-IPO Share Option Scheme.

No share options have been granted under the Post-IPO Share Option Scheme since its adoption on 5 April 2016 and there are no outstanding Post-IPO share options as at 30 June 2019.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 31. SHARE OPTION SCHEME (continued)

The following share options were outstanding during the period:

	<b>Weighted average exercise price US\$ per share</b>	<b>Number of options</b>
At 1 January 2019, after share split	0.15	<u>28,699,957</u>
Exercised during the period	0.17	<u>(936,771)</u>
At 30 June 2019	0.15	<u><u>27,763,186</u></u>

The exercise prices and exercise periods of the share options outstanding as at 30 June 2019 are as follows:

<b>Number of options</b>	<b>Exercise price US\$ per share</b>	<b>Exercise year</b>
6,456,990	0.058	Till 31 December 2023
12,072,006	0.174	Till 31 December 2023
—	0.174	Till 1 May 2024
<u>9,234,190</u>	0.174	Till 31 August 2024
<u><u>27,763,186</u></u>		

No share option expenses were recognised during the six months ended 30 June 2019 (30 June 2018: RMB1,490,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 32. COMMITMENTS

The Group had the following capital commitments as at 30 June 2019 and 31 December 2018:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for		
Rental vehicles	<b>645,562</b>	37,457
Buildings	<b>153,500</b>	201,858
	<b><u>799,062</u></b>	<u>239,315</u>

## 33. RELATED PARTY TRANSACTIONS

### a) A related party

A related party for the six months ended 30 June 2019 and 2018 was as follows:

<b>Name</b>	<b>Relationship</b>
UCAR	An entity controlled by the Chairman of the Board

### b) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a related party during the period:

- (i) Vehicle rental services provided to a related party:

	<b>For the six months ended 30 June</b>	
	<b>2019 RMB'000 (Unaudited)</b>	2018 RMB'000 (Unaudited)
UCAR	<b><u>247,487</u></b>	<u>375,888</u>

The prices for the above services were determined in accordance with the prevailing market prices and conditions offered to other customers of the Group, which are stated excluding value-added tax.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 33. RELATED PARTY TRANSACTIONS *(continued)*

### b) Related party transactions *(continued)*

- (ii) Sales of used vehicles to a related party:

	For the six months ended 30 June	
	2019 <i>RMB'000</i> <i>(Unaudited)</i>	2018 <i>RMB'000</i> <i>(Unaudited)</i>
UCAR	—	166,865

The prices on sales of used vehicles to a related party are determined in accordance with the prevailing market price, which are stated excluding value-added tax.

- (iii) Provision of reconditioning services to a related party:

	For the six months ended 30 June	
	2019 <i>RMB'000</i> <i>(Unaudited)</i>	2018 <i>RMB'000</i> <i>(Unaudited)</i>
UCAR	—	166

The prices for the above services were determined in accordance with the prevailing market prices and conditions offered to other customers of the Group, which are stated excluding value-added tax.

- (iv) Auto repair and maintenance services provided by a related party:

	For the six months ended 30 June	
	2019 <i>RMB'000</i> <i>(Unaudited)</i>	2018 <i>RMB'000</i> <i>(Unaudited)</i>
UCAR	—	12,516

The prices for the above services were determined in accordance with the prevailing market prices and conditions offered to other customers of the related party.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 33. RELATED PARTY TRANSACTIONS (continued)

### b) Related party transactions (continued)

- (v) Commission charged by a related party:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
UCAR	<b>1,471</b>	—

The commission expense was charged at agreed unit prices multiplying the numbers of successful sales orders of vehicles via UCAR's sales platform.

- (vi) Office rental income from a related party:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
UCAR	<b>1,586</b>	1,586

The prices on office rental to the related party were determined in accordance with the prevailing market prices, which are stated excluding value-added tax.

- (vii) Office rental expense to a related party:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
UCAR	<b>2,512</b>	2,498

The prices on office rental to a related party were determined in accordance with the prevailing market prices, which are stated excluding value-added tax.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 33. RELATED PARTY TRANSACTIONS *(continued)*

### c) Outstanding balances with a related party

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Due from a related party:		
– UCAR	<b>332,443</b>	360,129
Due to a related party:		
– UCAR	<b>4,479</b>	305

As at 30 June 2019 and 31 December 2018, balances with a related party were unsecured, non-interest-bearing and repayable on demand.

### d) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2019 RMB'000 (Unaudited)</b>	2018 RMB'000 (Unaudited)
Short term employee benefits	<b>2,221</b>	2,568
Equity-settled share option expenses	<b>—</b>	511
	<b>2,221</b>	3,079

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>Financial assets</b>				
Investments in equity shares (note 19)	2,809,641	2,809,641	2,809,641	2,809,641
Derivative financial instruments (note 29)	9,198	—	9,198	—
	<u>2,818,839</u>	<u>2,809,641</u>	<u>2,818,839</u>	<u>2,809,641</u>
<b>Financial liabilities</b>				
Derivative financial instruments (note 29)	—	13,895	—	13,895

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivable, trade payables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, finance lease receivables, financial liabilities included in other payables and accruals, amounts due to a related party, interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits, finance lease receivables, other non-current assets, interest-bearing bank loans and other borrowings, senior notes and corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts. The Group's own non-performance risk for interest-bearing bank loans and other borrowings, senior notes and corporate bonds as at 30 June 2019 was assessed to be insignificant.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with good credit ratings. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to the discounted cash flow model and the Black-Scholes option pricing model. The models incorporate various market observable inputs including foreign exchange spot, forward rates, risk-free interest rate curves and implied volatility of the foreign exchange rate. The carrying amounts of forward currency contracts are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2019 and 30 June 2018:

### As at 30 June 2019

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range</b>	<b>Sensitivity of fair value to the input</b>
Investments in equity shares of UCAR	Market approach	Concluded market multiples	2.5-6.7	5% increase/(decrease) in concluded market multiples would result in increase/(decrease) in fair value by RMB130,742,000/ (RMB130,742,000)

### As at 30 June 2018

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range</b>	<b>Sensitivity of fair value to the input</b>
Investments in equity shares of UCAR	Market approach	Concluded market multiples	6.6	5% increase/(decrease) in concluded market multiples would result in increase/(decrease) in fair value by RMB127,908,000/ (RMB127,908,000)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investment in equity shares (note 19)	—	—	2,809,641	2,809,641
Derivative financial instruments (note 29)	—	9,198	—	9,198
	<u>—</u>	<u>9,198</u>	<u>2,809,641</u>	<u>2,818,839</u>

The movements in fair value measurements within Level 3 during the period/year are as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Investments in financial assets at fair value through profit or loss:		
At 1 January	2,809,641	2,807,244
Total gain recognised in the statement of profit or loss included in other income	—	2,397
At the end of the period/year	<u>2,809,641</u>	<u>2,809,641</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 2 during the period/year are as follows:

	<b>30 June 2019 RMB' 000 (Unaudited)</b>	31 December 2018 RMB' 000 (Audited)
Investments in financial assets at fair value through profit or loss:		
At 1 January	—	—
Transfer in during the period/year	<b>9,198</b>	—
At the end of the period/year	<b>9,198</b>	—

*Liability measured at fair value:*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB' 000 (Unaudited)	Significant observable inputs (Level 2) RMB' 000 (Unaudited)	Significant unobservable inputs (Level 3) RMB' 000 (Unaudited)	
Derivative financial instruments	—	—	—	—

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

## 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 2 during the period are as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Derivative financial instruments:		
At 1 January	<b>13,895</b>	187,026
Total (gain)/loss recognised in the statement of profit or loss included in other income	<b>(13,895)</b>	26,750
Settlement	<b>—</b>	(199,881)
At the end of the period/year	<b>—</b>	13,895

During the six months ended 30 June 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2018: Nil).

## 35. EVENTS AFTER THE REPORTING PERIOD

There was no subsequent event between the end of reporting period and the date of this interim condensed consolidated financial information that would cause material impact on the Group.

## BOARD OF DIRECTORS

### Executive Director

Ms. Yifan SONG (*Chief Executive Officer*)

### Non-executive Directors

Mr. Charles Zhengyao LU (*Chairman*)

Mr. Linan ZHU

Ms. Xiaogeng LI

Mr. Zhen WEI

### Independent Non-executive Directors

Mr. Sam Hanhui SUN

Mr. Wei DING

Mr. Li ZHANG

## CHIEF FINANCIAL OFFICER

Mr. Guangyu CAO

## COMPANY SECRETARY

Ms. Ka Man SO (*FCS, FCIS*)

## AUDIT AND COMPLIANCE COMMITTEE

Mr. Sam Hanhui SUN (*Chairman*)

Ms. Xiaogeng LI

Mr. Li ZHANG

## NOMINATION COMMITTEE

Mr. Li ZHANG (*Chairman*)

Mr. Charles Zhengyao LU

Mr. Sam Hanhui SUN

## REMUNERATION COMMITTEE

Mr. Wei DING (*Chairman*)

Ms. Xiaogeng LI

Mr. Li ZHANG

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEAD OFFICE

No. 118

East Zhongguancun Road

Haidian District

Beijing

PRC

(Postal Code: 100098)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

## INDEPENDENT AUDITORS

Ernst & Young

(*Certified Public Accountants*)



## CORPORATE INFORMATION

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **STOCK CODE**

HKEx: 699

### **COMPANY WEBSITE**

[www.zuche.com](http://www.zuche.com)