

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Partial Offer, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers.

The Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.



**CHINA GRAND AUTOMOTIVE SERVICES
CO. LIMITED**

廣匯汽車服務股份有限公司
*(a joint stock limited company incorporated
in the People's Republic of China)*
(SSE Stock Code: 600297)

**CHINA GRAND AUTOMOTIVE SERVICES
(HONG KONG) LIMITED**

廣匯汽車服務(香港)有限公司
(incorporated in Hong Kong with limited liability)



BAOXIN AUTO GROUP LIMITED

寶信汽車集團有限公司
*(incorporated in the Cayman Islands
with limited liability)*
(Stock Code: 1293)

**COMPOSITE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL CASH PARTIAL OFFER AND OPTION OFFER BY
CMB INTERNATIONAL ON BEHALF OF THE OFFEROR TO ACQUIRE A
MAXIMUM OF 75 PER CENT. OF THE ISSUED SHARE CAPITAL OF BAOXIN
AUTO GROUP LIMITED FROM QUALIFYING SHAREHOLDERS AND TO CANCEL
A MAXIMUM OF 75 PER CENT. OF THE OUTSTANDING SHARE OPTIONS**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used in this cover page have the same meaning as those defined in the section headed "Definitions" in this Composite Document.

A letter from CMB International containing, among other things, the details of the terms and conditions of the Offers is set out on pages 8 to 33 of this Composite Document. A letter from the Board is set out on pages 34 to 43 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Qualifying Shareholders and to the Optionholders in respect of the Offers is set out on pages 44 to 45 of this Composite Document. A letter from Somerley, the Independent Financial Adviser, containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 46 to 62 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances should be received by the Registrar by no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Overseas Shareholders" in the letter from CMB International and Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas Qualifying Shareholder or Optionholder wishing to accept the Partial Offer or the Option Offer to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Qualifying Shareholders and Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

31 May 2016

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EXPECTED TIMETABLE

The timetable set out below assumes that the Partial Offer will become or be declared unconditional in all respects on or before the 7th day after the Despatch Date and therefore the Final Closing Date will be on the First Closing Date. The timetable is indicative only and any changes to the timetable will be jointly announced by CGA, the Offeror and the Company.

Despatch Date..... Tuesday, 31 May 2016

Partial Offer open for acceptance..... Tuesday, 31 May 2016

Acceptances of the Partial Offer by Mr. Yang Aihua,
Baixin Investment and Auspicious Splendid under
the Irrevocable Undertaking, the Accepting Shareholders
(other than SIMHKL and SIMSL) (*Note 1A*) under the Additional
Irrevocable Undertakings and the Second Round Accepting
Shareholders under the Second Round Additional
Irrevocable Undertakings (*Note 1*)..... Friday, 3 June 2016

First Closing Date and Final Closing Date assuming that the
Partial Offer is declared unconditional in all respects on the
date of the acceptances by Mr. Yang Aihua, Baixin Investment,
Auspicious Splendid, the Accepting Shareholders (other than
SIMHKL and SIMSL) and the Second Round Accepting
Shareholders of the Partial Offer (*Note 2*)..... Tuesday, 21 June 2016

Announcement of the results of the Offers as at the First
Closing Date and Final Closing Date (assuming that the
Partial Offer is declared unconditional in all respects on the
date of the acceptances by Mr. Yang Aihua, Baixin Investment,
Auspicious Splendid, the Accepting Shareholders
(other than SIMHKL and SIMSL) and the
Second Round Accepting Shareholders of the Partial Offer)
to be posted on the website of the Stock Exchange (*Note 3*) no later than 7:00 p.m. on
Tuesday, 21 June 2016

Latest date for posting of remittances for amounts
due under the Partial Offer and the Option Offer (*Note 4*) Thursday, 30 June 2016

Designated brokers starts to stand in the market
to provide matching services for sale
and purchase of odd lots holdings of Shares 9:00 a.m. on
Wednesday, 22 June 2016

Designated broker ceases to stand in the market to
provide matching services for sale and purchase of
odd lots holdings of Shares 4:00 p.m. on
Wednesday, 3 August 2016

EXPECTED TIMETABLE

Notes:

- 1A. As disclosed in the joint announcement dated 2 March 2016 in relation to the commitment by certain Shareholders to accept the Partial Offer under the Additional Irrevocable Undertakings, the Schroders IU will terminate automatically on 1 May 2016 (being sixty (60) days from the date of such Additional Irrevocable Undertaking). As such, the Schroders IU was terminated as at the Latest Practicable Date and SIMHKL and SIMSL are not obligated to accept the Partial Offer by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date.

1. Each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid will each not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, Baoxin Investment and Auspicious Splendid will, pursuant to the Irrevocable Undertaking, sell at least 1,027,608,000 Shares (being 75% of the IU Shares) and up to 1,370,144,000 Shares (being all of the IU Shares) to the Offeror, depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them, in respect of their respective Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Accepting Shareholders (other than SIMHKL and SIMSL) will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Accepting Shareholders (other than SIMHKL and SIMSL) will, pursuant to the relevant Additional Irrevocable Undertakings, sell an aggregate of at least 328,164,000 Shares (being 75% of the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)) and up to 437,552,000 Shares (being the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each Second Round Accepting Shareholder has respectively agreed to accept the Partial Offer in respect of all the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Second Round Accepting Shareholders will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Second Round Accepting Shareholders will, pursuant to the relevant Second Round Additional Irrevocable Undertakings, sell an aggregate of at least 73,850,625 Shares (being 75% of the aggregate number of Shares held by the Second Round Accepting Shareholders) and up to 98,467,500 Shares (being the aggregate number of Shares held by the Second Round Accepting Shareholders), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The percentage of the issued share capital of the Company made up by all of the IU Shares, the Shares owned by the Accepting Shareholders (other than SIMHKL and SIMSL) and the Shares owned by the Second Round Accepting Shareholders is 74.54%. Therefore, once Baoxin Investment and Auspicious Splendid tender the acceptances of the Partial Offer in respect of all of the IU Shares under the Irrevocable Undertaking, the Accepting Shareholders (other than SIMHKL and SIMSL) tender the acceptances of the Partial Offer in respect of all of the Shares owned by them under the Additional Irrevocable Undertakings and the Second Round Accepting Shareholders tender the acceptances of the Partial Offer in respect of all of the Shares owned by them under the Second Round Additional Irrevocable Undertakings, the Condition set out at paragraph 1 of the letter from CMB International will have been met. The Partial Offer is therefore expected to become unconditional prior to the 7th day after the Despatch Date.

2. In order to accept the Offers, Qualifying Shareholders and Optionholders are required to submit the duly completed Form(s) of Acceptance to the Registrar and to the Company respectively on or before 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such other time and/or date as the Offeror may decide and announce and the Executive may approve. Pursuant to Rule 15.3 of the Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date, being 21 days after the Despatch Date.

EXPECTED TIMETABLE

Pursuant to Rule 28.4 of the Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

3. The announcement of the results of the Offers will be jointly issued by CGA, the Offeror and the Company and posted on the Stock Exchange's website by 7:00 p.m. on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Code and will include, among other things, the results of the Partial Offer and the Option Offer and details of the way in which each accepting Shareholder's and each accepting Optionholder's pro rata entitlement was determined.
4. Remittances in respect of the Shares tendered for acceptance and taken up by the Offeror under the Partial Offer (after deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates) will be posted to the relevant Qualifying Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven business days (as defined in the Code) following the Final Closing Date. Remittances in respect of the Share Options tendered for acceptance and taken up by the Offeror under the Option Offer will be posted to the relevant Optionholders by ordinary post at their own risk as soon as possible, but in any event within seven business days (as defined in the Code) following the Final Closing Date.
5. The latest time and date by which the Partial Offer and the Option Offer can be declared unconditional as to acceptances is 7:00 p.m. on Tuesday, 21 June 2016.

All references to times and dates contained in this Composite Document are to Hong Kong times and dates.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Offers to Qualifying Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Qualifying Shareholders or Optionholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Qualifying Shareholder or Optionholder who wishes to accept the Partial Offer or the Option Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Qualifying Shareholder in such relevant jurisdictions.

Any acceptance by any Qualifying Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder or Optionholder to the Offeror and the Company that all local laws and requirements have been complied with and that the Partial Offer and Option Offer can be accepted by such Qualifying Shareholder or Optionholder lawfully under the laws of the relevant jurisdiction. Qualifying Shareholders and Optionholders should consult their professional advisers if in doubt.

For further discussion, please refer to the section headed “Overseas Shareholders” in the letter from CMB International and the section headed “Overseas Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

- “Accepting Shareholders” means, collectively, (1) Mr. Yang Zehua and Jumbo Create Investment Development Limited; (2) Mr. Yang Hansong and Wilfred Speedy Investment Development Limited; (3) SIMHKL and SIMSL; (4) Pinpoint; (5) Hua Xiuzhen; (6) Chen Changdong; (7) Zhao Hongliang; (8) Sun Meili; (9) Sun Zhiyuan; (10) Fu Xinmin; (11) Zhou Qizhu; and (12) Liu Tao;
- “acting in concert” has the meaning ascribed thereto under the Code;
- “Additional Irrevocable Undertakings” means, collectively, the 12 additional irrevocable undertakings dated 2 March 2016 between CGA, the Offeror and each of the Accepting Shareholders;
- “Announcement” means the joint announcement dated 11 December 2015 issued by CGA, the Offeror and the Company;
- “Announcement 7” means the Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises (Public Notice [2015] No.7) issued by the State Administration of Taxation of the PRC (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告), effective as of 3 February 2015 (including subsequent amending provisions, if any);
- “associate(s)” has the meaning ascribed thereto under the Code;
- “Auspicious Splendid” means Auspicious Splendid Global Investments Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Ms. Yang Chu Yu, a daughter of Mr. Yang Aihua as the trustee of a discretionary trust of which Mr. Yang Aihua and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. Mr. Yang Aihua also controls the voting rights attached to the shares of Auspicious Splendid as the protector of the discretionary trust;
- “Baoxin Investment” means Baoxin Investment Management Limited, a company incorporated in the British Virgin Islands, which is wholly owned by the trustee of a discretionary trust of which Mr. Yang Aihua, together with his children and further issue are beneficiaries. Mr. Yang Aihua also controls the voting rights attached to the shares of Baoxin Investment as the protector of the discretionary trust;

DEFINITIONS

“BLUE Form(s) of Acceptance”	the form(s) of acceptance and cancellation in blue of the Options in respect of the Option Offer;
“Board”	means the board of directors of the Company;
“Bonds”	means the unsecured pay-in-kind bonds issued by the Company on 31 December 2012 maturing on 30 December 2017, with an aggregate principal amount of US\$58,160,000 at a fixed interest rate of 5.65% per annum;
“CCASS”	means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“CGA”	means China Grand Automotive Services, Co., Ltd (廣匯汽車服務股份公司), a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297);
“CGA Group”	means CGA and its subsidiaries;
“close associate”	has the meaning ascribed thereto under the Listing Rules;
“CMB International”	means CMB International Capital Limited, a corporation licensed by the SFC to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Offers;
“Code”	means the Hong Kong Code on Takeovers and Mergers;
“Company”	means Baoxin Auto Group Limited (寶信汽車集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange with Stock Code 1293;
“Composite Document”	means this composite offer and response document jointly issued by CGA, the Offeror and the Company to all Qualifying Shareholders and Optionholders in accordance with the Code, as may be revised or supplemented as appropriate;
“Condition”	means the condition of the Partial Offer and the Option Offer, as set out under the section headed “Condition of the Offers” in paragraph 1 of the letter from CMB International;
“connected person”	has the meaning ascribed thereto under the Listing Rules;

DEFINITIONS

“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules and, in relation to the Company, means each of Baoxin Investment, Auspicious Splendid and Mr. Yang Aihua;
“core connected person”	has the meaning ascribed thereto under the Listing Rules;
“Deed of Non-Competition”	means the deed of non-competition dated 4 December 2015 between CGA, the Offeror, Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid;
“Despatch Date”	means the date of despatch of this Composite Document to the Shareholders as required by the Code;
“Director(s)”	means the director(s) of the Company;
“Employees”	means any persons who are employees of the Group as at the Final Closing Date;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director;
“Final Closing Date”	means the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances or (ii) the First Closing Date, whichever is the later;
“First Closing Date”	means the first closing date of the Partial Offer as set out in the section headed “Expected Timetable” in this Composite Document, or such later date as may be extended by the Offeror in accordance with the Code;
“Form(s) of Acceptance”	the accompanying WHITE Form(s) of Acceptance in respect of the Partial Offer and the BLUE Form(s) of Acceptance in respect of the Option Offer;
“Group”	means the Company and its subsidiaries;
“Guanghui Group”	means Xinjiang Guanghui Industry Investment Group Co., Ltd.* (新疆廣匯實業投資(集團)有限責任公司), a company established under the laws of the PRC and the controlling shareholder of CGA;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	means the independent committee of the Board (comprising Mr. Diao Jianshen, Mr. Wang Keyi and Mr. Chan Wan Tsun Adrian Alan, being all the independent non-executive Directors and the non-executive Director, Mr. Lu Linkui) formed for the purpose of making a recommendation to the Qualifying Shareholders and to the Optionholders as to whether the Offers are respectively fair and reasonable and as to acceptance;
“Independent Financial Adviser”	means Somerley appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in respect of the Offers and in particular as to whether the terms of the Offers are respectively fair and reasonable and as to acceptance;
“Irrevocable Undertaking”	means the irrevocable undertaking dated 4 December 2015 between CGA, the Offeror, Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid (as amended by the Supplemental Agreement and from time to time);
“IU Shares”	means the aggregate of 1,370,144,000 Shares held by Baoxin Investment and Auspicious Splendid, representing their entire aggregate interest in the Company and 53.58% of the issued share capital of the Company;
“Last Trading Date”	means 4 December 2015, being the last trading day prior to the suspension of trading in Shares pending the publication of the Announcement;
“Latest Practicable Date”	Friday, 27 May 2016, being the latest practicable date prior to the despatch of this Composite Document for the purpose of ascertaining certain information contained herein;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	means 11 August 2016, being the date falling eight months after the date of the Announcement, or such other date as the parties to the Irrevocable Undertaking may agree in writing;
“Mr. Yang Aihua”	means Mr. Yang Aihua, an executive Director and Chairman of the Company;
“Offer Period”	has the meaning ascribed thereto under the Code which commenced on 15 September 2015, being the date of the Rule 3.7 Announcement;
“Offer Price”	means HK\$5.99 per Share;

DEFINITIONS

- “Offeror” means China Grand Automotive Services (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of CGA;
- “Offers” means the Partial Offer and the Option Offer;
- “Option Offer” means the appropriate offer to be made by the Offeror to the Optionholders to cancel up to 11,662,500 outstanding Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) pursuant to Rule 13 of the Code;
- “Option Offer Price” HK\$0.266 for cancellation of each Share Option;
- “Optionholders” means the holder(s) of the Share Options;
- “Partial Offer” means the pre-conditional voluntary cash partial offer by CMB International on behalf of the Offeror to the Qualifying Shareholders to acquire a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from Qualifying Shareholders at the Offer Price and any subsequent revision or extension of such offer;
- “Pinpoint” means Pinpoint Asset Management Limited acting as the investment manager of Pinpoint China Fund and Pinpoint Multi-Strategy Fund;
- “PRC” means the People’s Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
- “Pre-Conditions” means the pre-conditions to the making of the Partial Offer, as set out under the section headed “Pre-Conditions to the Partial Offer and the Option Offer” in Part A of the Announcement, which were satisfied on 26 May 2016 (except for Pre-Condition (b), which will not be invoked by the Offeror);

DEFINITIONS

“Pzena”	means Pzena Investment Management, LLC acting as the Investment Manager of Pzena Emerging Markets Value Fund, a fund of Pzena Value Funds plc; Pzena Emerging Markets Focused Value Fund (GT); and Pzena Emerging Markets Value Fund;
“Qualifying Shareholders”	means Shareholders other than the Offeror and parties acting in concert with it;
“Registrar”	means Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company;
“Relevant Period”	means the period commencing on 15 March 2015, being the date falling six months prior to 15 September 2015, being the commencement date of the Offer Period, and up to and including the Latest Practicable Date;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Rule 3.7 Announcement”	the announcement made by the Company pursuant to Rule 3.7 of the Code and Rule 13.09 of the Listing Rules on 15 September 2015;
“Schroders IU”	means the Additional Irrevocable Undertaking dated 2 March 2016 between CGA, the Offeror and SIMHKL (acting for itself and on behalf of SIMSL), which has terminated automatically on 1 May 2016 pursuant to the terms of such Additional Irrevocable Undertaking
“Second Round Accepting Shareholders”	means, collectively, (1) Full Establish Global Trading Limited; (2) Moral Grand Limited; (3) Goffee Limited; and (4) Pzena;
“Second Round Additional Irrevocable Undertakings”	means, collectively, the 4 additional irrevocable undertakings dated 18 March 2016 between CGA, the Offeror and each of the Second Round Accepting Shareholders;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Charge”	has the meaning ascribed thereto in paragraph 5 of the letter from CMB International
“Share Options”	means outstanding options over Shares granted pursuant to the Share Option Scheme, where one Share Option represents the right to subscribe for one Share with an exercise price of HK\$5.724 for each Share;

DEFINITIONS

“Share Option Scheme”	means the share option scheme adopted by the Company on 22 November 2011;
“Shareholder(s)”	means registered holders of Shares;
“Shares”	means the ordinary shares of HK\$0.01 each in the capital of the Company;
“SIMHKL”	means Schroder Investment Management (Hong Kong) Limited;
“SIMSL”	means Schroder Investment Management (Singapore) Limited;
“Somerley”	means Somerley Capital Limited, a licensed corporation under the SFO, licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Supplemental Agreement”	means the supplemental agreement to the Irrevocable Undertaking dated 26 May 2016 between CGA, the Offeror, Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid;
“ WHITE Form(s) of Acceptance”	the form(s) of acceptance and transfer in white of the Share(s) in respect of the Partial Offer; and
“%”	means per cent.

Unless otherwise specified in the Composite Document, amounts denominated in RMB have been converted, for illustrative purpose only, into HK\$ at an exchange rate of RMB0.82386 = HK\$1. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate and any other rate or at all.

LETTER FROM CMB INTERNATIONAL



CMB International Capital Limited

Units 1803-4, 18/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

31 May 2016

To the Qualifying Shareholders and the Optionholders

Dear Sir or Madam,

INTRODUCTION

On 11 December 2015, CGA, the Offeror and the Company jointly announced that CMB International, on behalf of the Offeror, would, subject to the satisfaction or, where applicable, waiver of the Pre-Conditions, make a voluntary conditional cash partial offer to acquire a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from Qualifying Shareholders at the Offer Price of HK\$5.99 per Share. The Offeror would extend an appropriate offer to Optionholders to cancel up to 11,662,500 outstanding Share Options (representing 75% of all the outstanding Share Options as at the date of the Announcement) or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) pursuant to Rule 13 of the Code. On 26 May 2016, CGA, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied (except for Pre-Condition (b), which will not be invoked by the Offeror).

This letter forms part of this Composite Document and sets out certain background information of CGA and the Offeror, the reasons for making the Offers and the intentions of the Offeror in relation to the Company. The terms of the Offers are set out in this letter, Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

Your attention is also drawn to the letter from the Board on pages 34 to 43, the letter from the Independent Board Committee on pages 44 to 45 and the letter from Somerley on pages 46 to 62 in this Composite Document.

LETTER FROM CMB INTERNATIONAL

THE PARTIAL OFFER AND THE OPTION OFFER

Partial Offer

CMB International is, on behalf of the Offeror, making the Partial Offer on the following basis:

For each Share HK\$5.99 in cash

Option Offer

CMB International is, on behalf of the Offeror, making the Option Offer on the following basis:

For cancellation of each Share Option HK\$0.266 in cash

As all the Share Options are in-the-money, the Option Offer Price represents the difference between the Offer Price and the exercise price of HK\$5.724 of the Share Options.

The Partial Offer and the Option Offer are made in compliance with the Code.

1. Condition of the Offers

The Partial Offer is conditional upon valid acceptances of the Partial Offer being received in respect of a minimum of 1,286,430,716 Shares (representing 50% of the issued share capital of the Company on an as converted basis as at the date of the Announcement (assuming that all Share Options of the Company are exercised) plus one Share) by 4:00 p.m. on or prior to the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase as many Shares as are tendered by the Qualifying Shareholders up to a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from the Qualifying Shareholders.

The Option Offer will only become unconditional if the Partial Offer becomes or is being declared unconditional in all respects. The condition to the Partial Offer and the Option Offer cannot be waived by the Offeror.

In the event that valid acceptances are received:

- for less than 1,286,430,716 Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Code, the Offers will not proceed and will lapse immediately;
- for not less than 1,286,430,716 Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

LETTER FROM CMB INTERNATIONAL

The Option Offer will only be declared unconditional when the Partial Offer is declared unconditional in all respects.

Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid have irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date. If the Partial Offer becomes unconditional in all respects, Baoxin Investment and Auspicious Splendid will, pursuant to the Irrevocable Undertaking, sell at least 1,027,608,000 Shares (being 75% of the IU Shares) and up to 1,370,144,000 Shares (being all of the IU Shares) to the Offeror, depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them, in respect of their respective Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Accepting Shareholders (other than SIMHKL and SIMSL) will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Accepting Shareholders (other than SIMHKL and SIMSL) will, pursuant to the relevant Additional Irrevocable Undertakings, sell an aggregate of at least 328,164,000 Shares (being 75% of the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)) and up to 437,552,000 Shares (being the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each Second Round Accepting Shareholder has respectively agreed to accept the Partial Offer in respect of all the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Second Round Accepting Shareholders will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Second Round Accepting Shareholders will, pursuant to the relevant Second Round Additional Irrevocable Undertakings, sell an aggregate of at least 73,850,625 Shares (being 75% of the aggregate number of Shares held by the Second Round Accepting Shareholders) and up to 98,467,500 Shares (being the aggregate number of Shares held by the Second Round Accepting Shareholders), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The percentage of the share capital of the Company made up by all of the IU Shares, the Shares owned by the Accepting Shareholders (other than SIMHKL and SIMSL) and the Shares owned by the Second Round Accepting Shareholders is 74.54%. Therefore, once Baoxin Investment and Auspicious Splendid tender their respective acceptance of the Partial Offer in respect of all of the IU Shares under the Irrevocable Undertaking, the Accepting Shareholders (other than SIMHKL and SIMSL) tender the acceptances of the Partial Offer in respect of all the Shares owned by them under the Additional Irrevocable Undertakings and the Second Round Accepting Shareholders tender the acceptances of the Partial Offer in respect of all of the Shares owned by them under the Second Round Additional Irrevocable Undertakings, the acceptance condition set out in this paragraph 1 above will have been met. The Partial Offer and the Option Offer are therefore expected to become unconditional prior to the 7th day after the Despatch Date.

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Pursuant to Rule 15.3 of the Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 7th day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration.

Pursuant to Rule 28.4 of the Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Under Rule 28.5 of the Code, a partial offer which could result in the offeror holding 30% or more of the voting rights of a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

The Offeror has applied for, and the Executive has granted, a waiver from this requirement on the basis that (i) Baoxin Investment and Auspicious Splendid (being both ultimately controlled by Mr. Yang Aihua), holding in aggregate greater than 50% of the voting rights of the Company, indicates their approval under Rule 28.5 in writing to the Executive (which had been done as at the date of the Announcement); and (ii) each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid confirms that it is not acting in concert with the Offeror and parties acting in concert with it in writing to the Executive (which had been done as at the date of the Announcement). Accordingly, the Partial Offer is not conditional upon satisfaction of the requirement under Rule 28.5 of the Code.

Pursuant to Rule 28.6 of the Code, since the Offeror will be interested in more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects, the Offeror will by then be free, subject to Rule 28.3 of the Code, to acquire further Shares without incurring any obligation to make a general offer.

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WARNING: The Partial Offer and the Option Offer may or may not become unconditional and will lapse if it does not become unconditional. Closing of the Partial Offer and the Option Offer is therefore a possibility only. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

2. Comparisons of value

	Share price of the Company <i>HK\$</i>	Premium/ (Discount) of the Offer Price to the share price %
Closing price as quoted on the Stock Exchange on 11 September 2015, being the last trading day prior to the suspension of trading in Shares immediately prior to the publication of the Rule 3.7 Announcement	2.58	132.17
Average closing price as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Date	3.66	63.66
Average closing price as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date	3.31	80.97
Average closing price as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date	3.31	80.97
Average closing price as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date	3.40	76.18
Average closing price as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date	3.51	70.66
Average closing price as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date	3.68	62.77
Closing price as quoted on the Stock Exchange on the Last Trading Date	4.15	44.34
Closing price as quoted on the Stock Exchange on the Latest Practicable Date	4.94	21.26

3. Highest and lowest closing prices of Shares

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$6.97 per Share on 22 May 2015, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$2.14 per Share on 1 September 2015.

4. Total consideration under the Offers

As at the Latest Practicable Date, the Company has 2,557,311,429 issued Shares and 15,550,000 outstanding Share Options to subscribe up to 15,550,000 Shares. The Partial Offer, based on the Offer Price of HK\$5.99 per Share, is valued at: (i) approximately HK\$7,705,719,988.84 assuming valid acceptances of the Partial Offer are received in respect of 1,286,430,716 Shares (representing 50% of the issued share capital of the Company on an as converted basis as at the date of the Announcement (assuming that all Share Options of the Company are exercised) plus one Share); (ii) approximately HK\$11,488,721,590.29 assuming valid acceptances of the Partial Offer are received in respect of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement and assuming that no Share Options are exercised); and (iii) approximately HK\$11,558,579,965.29 assuming valid acceptances of the Partial Offer are received in respect of 1,929,646,071 Shares (representing 75% of the Shares in issue and assuming that all the Share Options are exercised) respectively.

On the basis of the Offer Price of HK\$5.99 per Share and 2,557,311,429 issued Shares as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$15,318,295,459.71 (assuming that no Share Options are exercised) and HK\$15,411,439,959.71 (assuming that all the Share Options are exercised) respectively.

The Option Offer, based on the Option Offer Price of HK\$0.266 for cancellation of each Share Option and 15,550,000 outstanding Share Options as at the date of the Announcement, is valued at approximately HK\$3,102,225 assuming valid acceptances of the Option Offer are received in respect of 11,662,500 Share Options.

Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Offers (assuming no Share Options are exercised and full acceptances under the Offers) will be approximately HK\$11,491,823,815.29.

5. Confirmation of financial resources

The funds required by the Offeror to satisfy the consideration for the Offers will be financed by a combination of internal resources of the Offeror and external debt financing.

With respect to the external debt financing, the Offeror has access to a bridge loan of up to HK\$10,200,000,000 from China Merchants Bank Co., Ltd. CGA has entered into a syndicated loan facility of approximately RMB5,300,000,000 with China Merchants Bank Co., Ltd. as the lead arranger and Industrial and Commercial Bank of China Limited, China Minsheng Banking Corp., Ltd., the Export-Import Bank of China and Bank of Jiangsu Co., Ltd. as original lenders, pursuant to which all Shares to be acquired from the Partial Offer will be charged to China Merchants Bank Co., Ltd. as the agent bank (the “**Share Charge**”). Other than disclosed above, there are no other terms and conditions of such Share Charge as at the Latest Practicable Date.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the bridge loan and the syndicated loan facility will depend to any significant extent on the business of the Company.

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CMB International, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptances of the Offers as described above.

6. Entitlements of Qualifying Shareholders and Optionholders

Upon the Partial Offer becoming unconditional, each Qualifying Shareholder:

- (a) will receive a payment of HK\$5.99 in cash for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (after deducting the seller's ad valorem stamp duty arising therefrom); and
- (b) will have the opportunity of retaining an equity interest in the Company which will maintain its listing on the Stock Exchange following closing of the Partial Offer.

Upon the Option Offer becoming unconditional, each Optionholder:

- (a) will receive a payment of HK\$0.266 in cash for every Share Option in respect of which that Optionholder validly accepts the Option Offer and which is taken up by the Offeror under the Option Offer; and
- (b) will have the opportunity of retaining the option interest which will not be deemed to have lapsed after the Final Closing Date.

7. Other terms of the Partial Offer and the Option Offer

Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 1,917,983,571 Shares or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) or fewer Shares, all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 1,917,983,571 Shares or more than such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date), the total number of Shares to be taken up by the Offeror from each Qualifying Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 1,917,983,571 Shares or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) (being the maximum number of Shares for which the Partial Offer is made)

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B = the total number of Shares tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

As a result, it is possible that if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up. Qualifying Shareholders can, however, be assured that, in the event the Partial Offer becomes unconditional in all respects, a minimum of 75% of the Shares tendered for acceptance by such Shareholder under the Partial Offer will be taken up.

Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Optionholders may accept the Option Offer in respect of some or all of the Share Options held by them. Subject to the Option Offer becoming unconditional in all respects: (i) if valid acceptances are received for 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) or fewer Share Options, all Share Options validly accepted will be taken up and cancelled; and (ii) if valid acceptances are received for more than 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date), the total number of Share Options to be taken up by the Offeror from each Optionholder and cancelled will be determined in accordance with the following formula:

$$\frac{X}{Y} \times Z$$

X = 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) (being the maximum number of Share Options for which the Option Offer is made)

Y = the total number of Share Options tendered by all the Optionholders under the Option Offer

Z = the number of Share Options tendered by the relevant individual Optionholder under the Option Offer

8. Effect of accepting the Partial Offer and the Option Offer

By validly accepting the Partial Offer, Qualifying Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Other terms of the Partial Offer and the Option Offer” free from all encumbrances and together with all rights and benefits accruing and attaching thereto as at or after the Final Closing Date including all rights to any dividends or other distributions declared, made or paid on or after the Final Closing Date. The Offeror will not be entitled to any dividends or other distributions declared, made or paid before the Final Closing Date in respect of the Shares which are taken up by the Offeror under the Partial Offer. Any such dividends or other distributions will be paid to the Shareholders who are qualified for such dividends or distributions.

By validly accepting the Option Offer, Optionholders will tender Share Options which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Other terms of the Partial Offer and the Option Offer” to the Offeror and the tendered and finally taken up Share Options will be cancelled on the Final Closing Date.

9. Procedures for acceptance of the Partial Offer and the Option Offer

Partial Offer

In order to accept the Partial Offer, Qualifying Shareholders should complete and return the accompanying **WHITE** Form(s) of Acceptance to the Registrar in accordance with the instructions printed in this Composite Document and on the **WHITE** Form(s) of Acceptance. The instructions in this Composite Document should be read together with the instructions on the **WHITE** Form(s) of Acceptance (which instructions form part of the terms of the Partial Offer).

Qualifying Shareholders are required to submit the duly completed **WHITE** Form(s) of Acceptance, together with the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Partial Offer, by post or by hand to the Registrar, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in an envelope marked “**Baoxin Auto Group Limited — Partial Offer**” as soon as possible after receipt of the **WHITE** Form(s) of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve. Pursuant to Rule 15.3 of the Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

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No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (if applicable) will be given.

Only one **WHITE** Form(s) of Acceptance will be accepted from each Qualifying Shareholder by the Registrar. Tenders duly received will become irrevocable and cannot be withdrawn after the Partial Offer has been declared unconditional as to acceptances except in the circumstances as described in the section headed “Irrevocable acceptances” under Appendix I to this Composite Document.

Option Offer

In order to accept the Option Offer, Optionholders should complete and return the accompanying **BLUE** Form(s) of Acceptance together with all relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options to the Company in accordance with the instructions printed in this Composite Document and on the **BLUE** Form(s) of Acceptance. The instructions in this Composite Document should be read together with the instructions on the **BLUE** Form(s) of Acceptance (which instructions form part of the terms of the Option Offer).

Optionholders intending to accept the Option Offer are required to submit the duly completed **BLUE** Form(s) of Acceptance, together with all relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options they intend to tender for acceptance, stating the number of the Share Options in respect of which the Optionholder intends to accept the Option Offer, by post or by hand to the Company at Unit 2205, 22/F, Bank of America Tower, 12 Harcourt Road, Hong Kong, in an envelope marked “**Baoxin Auto Group Limited — Option Offer**”, as soon as possible after receipt of the **BLUE** Form(s) of Acceptance and in any event so as to reach the Company by no later than 4:00 p.m. on the First Closing Date or such other time and/or date as the Offeror may determine and announce and the Executive may approve.

No acknowledgement of receipt of any **BLUE** Form(s) of Acceptance and relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options will be given.

Only one **BLUE** Form of Acceptance will be accepted from each Optionholder by the Company. Tenders duly received will become irrevocable and cannot be withdrawn after the Option Offer has been declared unconditional as to acceptances except in the circumstances as described in the section headed “Irrevocable acceptances” under Appendix I to this Composite Document.

10. Nominee registration of Shares

To ensure equality of treatment of all Qualifying Shareholders, those Qualifying Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS) to accept the Partial Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Partial Offer.

11. Overseas Shareholders

The making of the Offers to Qualifying Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Qualifying Shareholders or Optionholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Qualifying Shareholder or Optionholder who wishes to accept the Partial Offer or the Option Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Qualifying Shareholder in such relevant jurisdictions.

Any acceptance by any Qualifying Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder or Optionholder to the Offeror and the Company that all local laws and requirements have been complied with and that the Partial Offer and Option Offer can be accepted by such Qualifying Shareholder or Optionholder lawfully under the laws of the relevant jurisdiction. Qualifying Shareholders and Optionholders should consult their professional advisers if in doubt.

12. Settlement

Partial Offer

Provided that the Partial Offer becomes or is declared unconditional in all respects and a duly completed **WHITE** Form(s) of Acceptance and the relevant documents required to tender the relevant acceptance under the Partial Offer are received by the Registrar by no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve, and are in good order in all respects and in accordance with the Code, the Registrar will send to the relevant accepting Shareholder by ordinary post, at his/her/its own risk, (a) a remittance for the amount due to him/her/it under the Partial Offer (taking into account any scaling down of his/her/its acceptance, seller's ad valorem stamp duty payable by the relevant accepting Shareholder and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates; and (b) (if applicable) any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) for Shares not taken up by the Offeror, in each case, as soon as possible but in any event within seven business days (as defined in the Code) following the Final Closing Date.

Settlement of the consideration to which any accepting Shareholder is entitled under the Partial Offer will be implemented in full in accordance with the terms of the Partial Offer (save with respect to payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

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If the Partial Offer does not become unconditional in all respects, the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities in respect thereof) (as the case may be) will be returned and/or sent to each accepting Shareholder (by ordinary post at his/her/its own risk) as soon as possible but in any event within ten days following the lapse of the Partial Offer. Where such accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) have been collected on that accepting Shareholder's behalf in respect thereof, that accepting Shareholder will be sent (by ordinary post at his/her/its own risk) such Share certificate(s) in lieu of the transfer receipt(s).

Option Offer

Subject to the Partial Offer becoming or being declared unconditional and provided that a valid **BLUE** Form of Acceptance and the relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options are complete and in good order in all respects and have been received by the Company no later than the latest time for acceptance (i.e. the Final Closing Date, or such other time and/or date as the Offeror may decide and announce and the Executive may approve), a remittance for the amount due to the relevant accepting Optionholder in respect of the Share Options surrendered by him/her/it under the Option Offer and the certificate(s) or letter(s) of grant, as the case may be, in relation to the Share Options which are not successfully tendered and/or accepted under the Option Offer will be despatched to the relevant accepting Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven business days (as defined in the Code) following the Final Closing Date. If the Partial Offer does not become unconditional in all respects, the certificate(s) in relation to the Share Option(s) tendered will be returned and/or sent to each accepting Optionholder as soon as possible but in any event within ten days following the lapse of the Partial Offer.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

No fractions of a cent will be payable and the amount of cash consideration payable to an accepting Shareholder or Optionholder will be rounded up to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the cheque will not be honoured and be of no further effect, and in such circumstances, cheque holder(s) should contact the Offeror for payment.

13. Odd lots

Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, Computershare Hong Kong Investor Services Limited whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (contact person: Ms. Siu Ying Yuet; telephone number: +852 2862 8555) has been appointed as the designated broker to match sales and purchases of odd lot holdings of Shares

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in the market for a period of six weeks following the closing of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 500 Shares. Qualifying Shareholders should note that the matching of odd lots is not guaranteed.

An accepting Optionholder may, as a result of accepting the Option Offer, hold Share Options entitling him/her/it to subscribe for odd lots of the Shares. Pursuant to the terms of the Share Option Scheme, Share Options are not transferable and no matching sales or purchases of the resultant odd lot holdings of the Share Options will be arranged.

14. Hong Kong stamp duty

Seller's ad valorem stamp duty at the rate of 0.1% of the value of the consideration arising on acceptance of the Partial Offer will be payable by the Qualifying Shareholders who accept the Partial Offer. The relevant amount of stamp duty payable by the Qualifying Shareholders will be deducted from the consideration payable to the Qualifying Shareholders under the Partial Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of the consideration payable in respect of acceptances of the Partial Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Partial Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer.

15. Consent from the Executive

Pursuant to Rule 28.1 of the Code, the Executive has consented to the Offeror making the Partial Offer.

16. Tax implications

Qualifying Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Partial Offer and the Option Offer. It is emphasized that none of CGA, the Offeror, the Company, and their ultimate beneficial owners and parties acting in concert with any of them, CMB International, the Registrar or any of their respective directors or professional advisers or any persons involved in the Partial Offer and the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Partial Offer and the Option Offer.

17. Information on CGA and the Offeror

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of CGA, a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297). The controlling shareholder of CGA is Guanghai Group, which is ultimately controlled by Mr. Sun Guangxin. As at the Latest Practicable Date, Guanghai Group has a registered capital of RMB3,555,700,360.

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CGA is a leading passenger vehicle dealership and automobile service group and a leading passenger vehicle finance leasing provider in the PRC primarily engaged in automobile sales and the whole life cycle after sales services such as sale of automobiles, passenger vehicle finance leasing, maintenance and service, commission agent services (including insurance and financing agent, agent for extension of automobile insurance, pre-owned automobile trading brokering services), etc. As of 31 December 2015, the CGA Group operated a network of 542 outlets, consisting of 498 4S (sales, spare parts, service and survey) stores including 65 high-end brand 4S stores and 407 mid-range brand 4S stores, covering 25 provinces, autonomous regions and centrally administered municipalities in the PRC.

As at the Latest Practicable Date, CGA has a market capitalization of approximately RMB56,709,130,990 (equivalent to approximately HK\$68,833,455,915). CGA recorded audited consolidated profits attributable to shareholders of approximately RMB1,988,341,217 (equivalent to approximately HK\$2,413,445,509) for the financial year ended 31 December 2015. Its audited consolidated net asset value as at 31 December 2015 was approximately RMB21,902,340,115 (equivalent to approximately HK\$26,585,026,722).

18. Reasons for the Partial Offer

CGA and the Offeror are of the view that the Company is a leading luxury and ultra-luxury automotive sales and services group in the PRC and that the investment in the Company through the Offers represents an important opportunity to diversify its brand portfolio and expand its geographical presence in an increasingly competitive PRC dealership market. The CGA Group's current brand portfolio consists of nearly 50 brands, including high-end brands such as FAW Audi, Mercedes-Benz, Shanghai General Motors Cadillac, imported Volkswagen and Volvo, and mid-range brands such as Beijing Hyundai, Changan Ford, Dongfeng Nissan, FAW Toyota, Guangqi Honda, Shanghai General Motors Buick, Shanghai General Motors Chevrolet and Shanghai Volkswagen. The Group currently owns and operates dealerships with brands that the CGA Group does not operate, including Ferrari, Maserati, BMW, Mini, Land Rover, Porsche and Jaguar, which will enhance the CGA Group's portfolio of luxury and ultra-luxury automobile brands. Also, the CGA Group's dealership network is mainly located in central and western regions (including Xinjiang, Gansu, Chongqing, Guangxi, Qinghai and Ningxia), whereas the Group's dealership network is mainly located in the Yangtze River Delta region, Northeastern China, Eastern China and Northern China, which will complement the geographical presence of the CGA Group's dealership network.

Closing of the Offers will enhance the CGA Group's scale and platform, broaden its revenue and customer base, and provide both the CGA Group and the Group with an attractive platform for strong future growth and development. Closing of the Offers and potential synergies with integrating the Group within the CGA Group will also allow the CGA Group to further consolidate its market position as a leading automobile dealership and service group in the PRC expanding the number of vehicle brands in its dealerships.

LETTER FROM CMB INTERNATIONAL

The Offeror has decided to proceed with the Partial Offer instead of a general offer because it intends to maintain the listing status of the Company, for which 25% or more of the Shares in issue will need to be held by the public in accordance with the Listing Rules. Accordingly, the maximum percentage of the Shares in issue that the Offeror would acquire under the Partial Offer would be 75%.

19. Intentions of the Offeror with regard to the Company

If the Offers become unconditional and are closed, the Offeror intends that the Company will continue to carry on its existing businesses. There is a strong commitment to build on the Company's current brand and business model. The Offeror has no plans, if the Offers are closed, to: (i) make any major disposal or redeployment of assets of the Group; or (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business).

After closing of the Offers, CGA and the Offeror will further review the businesses of the Company, and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organise the businesses and operations of the Company and to integrate the same within the CGA Group. CGA and the Offeror intend to introduce CGA's existing finance leasing business to the existing outlets of the Group after closing of the Offers. As at the Latest Practicable Date, there is no specific business plan to implement such proposal. As CGA and the Offeror will become connected persons of the Company after closing of the Offers, CGA and the Offeror will comply with the requirements of the Listing Rules in respect of all the transactions between members of the CGA Group and members of the Group, including that such transactions will be on normal commercial terms or better.

Lock-up undertaking

Subject to compliance with the Listing Rules, each of CGA and the Offeror undertakes to the Company that it will not transfer any Shares acquired from the Offers as at the First Closing Date till the expiration of 12 months from the First Closing Date.

20. Proposed changes to the board composition of the Company

The Board currently comprises nine Directors, of whom five are executive Directors, one is a non-executive Director and three are independent non-executive Directors.

Pursuant to the Irrevocable Undertaking, Mr. Yang Aihua will resign from his office as the Chairman and a Director of the Company with effect from the First Closing Date in accordance with Rule 7 of the Code. Mr. Yang Zehua, Mr. Yang Hansong and Ms. Hua Xiuzhen will also resign as a Director with effect from the First Closing Date in accordance with Rule 7 of the Code.

The Offeror intends to nominate Mr. Li Jianping, Mr. Tang Yongqi, Mr. Lu Ao and Mr. Zhou Yu as Directors of the Company. Such appointments will be made in accordance with the Code and the Listing Rules.

21. The Offeror's undertaking with regard to the Employees

The Offeror has committed that for a period of 12 months from the Final Closing Date, the Company will: (i) not terminate the employment of any Employees save where (a) the Company has grounds to dismiss an Employee without notice pursuant to Section 9 of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) or the equivalent applicable law; (b) an Employee is in material breach of any term of his or her employment contract with the Company; or (c) an Employee is terminated by reason of retirement; (ii) ensure that employee benefits for all Employees (whether or not they form part of the terms of the Employees' employment) will, in material respects, continue to be no less favourable to the Employees than they were immediately prior to the Final Closing Date in general; and (iii) honour the terms of each Employee's employment contract, including any extensions of employment contracts which have been entered into between the Company and any Employee before the date of the Irrevocable Undertaking, even where that Employee has passed normal retirement age.

Subject to the statements relating to employees as set out above, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Company's businesses and operations to generate maximum synergy and optimize the businesses and operations of the Company and to best integrate the same within the CGA Group.

22. Public float

The Offeror intends to maintain the listing status of the Company following closing of the Offers.

Upon closing of the Offers, the Company may continue to have one or more substantial shareholders (in addition to the Offeror), depending on the extent to which the Partial Offer is accepted by the substantial Shareholders. Since substantial Shareholders are core connected persons of the Company under the Listing Rules, their Shares will not be regarded as part of the public float for the purposes of the Company's compliance with the public float requirement under Rule 8.08 of the Listing Rules. In other words, if, after Mr. Yang Aihua ceases to be a substantial Shareholder and a core connected person of the Company after closing of the Partial Offer pursuant to the Irrevocable Undertaking (as disclosed in the paragraph headed "Other undertakings" under the section headed "Irrevocable Undertaking" below), the number of Shares held by the public after closing of the Offers still represents less than 25% of the Shares, the Offeror will, after closing of the Offers, take appropriate steps to ensure that not less than 25% of the Shares will be held by the public in compliance with the Listing Rules, which may include the Offeror or another core connected person of the Company selling some of its Shares. Based on such understanding, the director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror does not intend to avail itself of any powers of compulsory acquisition.

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The Stock Exchange has stated that if, at the close of the Offers less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

23. Responsibility for documents

All communications, notices, Form(s) of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any indemnity or indemnities in respect thereof) and remittances to be delivered or sent by, to or from any Shareholders and Optionholders will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of CGA, the Offeror, the Company, and their ultimate beneficial owners and parties acting in concert with any of them, CMB International, the Registrar or any of their respective directors or professional advisers or any other persons involved in the Partial Offer and the Option Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

IRREVOCABLE UNDERTAKING

Date: 4 December 2015

Parties: (1) CGA; (2) Offeror; (3) Mr. Yang Aihua; (4) Baoxin Investment; and (5) Auspicious Splendid.

Irrevocable undertaking to accept the Partial Offer:

On 4 December 2015, Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid entered into the Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid will each not withdraw such acceptance.

Consideration:

Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid have each irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid, in respect of their respective IU Shares at the Offer Price of HK\$5.99 per IU Share. Such acceptance shall not be withdrawn.

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If the Partial Offer becomes unconditional in all respects, Baoxin Investment and Auspicious Splendid will, pursuant to the Irrevocable Undertaking, sell at least 1,027,608,000 Shares (being 75% of the IU Shares) and up to 1,370,144,000 Shares (being all of the IU Shares) to the Offeror, depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The total consideration for such sale will accordingly be not less than approximately HK\$6,155,371,920 and up to approximately HK\$8,207,162,560.

Each of Baoxin Investment and Auspicious Splendid will receive payment under the Offers on the same date as all other Shareholders accepting the Offers.

No withdrawal:

Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid have each irrevocably undertaken that it will not withdraw any acceptance of the Partial Offer in respect of its IU Shares.

Withholding pursuant to Announcement 7:

Each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has agreed that the Offeror shall have the right to withhold from: (i) Baoxin Investment an aggregate amount of HK\$362,673,000 and (ii) Auspicious Splendid an aggregate amount of HK\$37,327,000, each such amount representing the estimated amount of PRC taxes payable by Baoxin Investment and Auspicious Splendid, respectively, arising from a sale of its IU Shares contemplated under the Irrevocable Undertaking pursuant to Announcement 7. Such aggregate amounts of HK\$400,000,000 shall be remitted to a normal interest-bearing escrow account on the Final Closing Date (or such later date as all other Shareholders accepting the Offers will receive payment).

Other withholdings:

Each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has further agreed that the Offeror shall have the right to withhold from: (i) Baoxin Investment an aggregate amount of HK\$219,671,000 and (ii) Auspicious Splendid an aggregate amount of HK\$22,609,000, which amounts may be used to satisfy any losses arising from a breach of any warranty claim that CGA or the Offeror may have in accordance with the terms of the Irrevocable Undertaking. Such aggregate amounts of HK\$242,280,000 shall be remitted to a normal interest-bearing escrow account on the Final Closing Date (or such later date as all other Shareholders accepting the Offers will receive payment), and the remaining balance of such amounts shall be released and returned to Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid if there are no further claims under the Irrevocable Undertaking after 24 months of the Final Closing Date.

Pursuant to the Supplemental Agreement, each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has further agreed that the Offeror shall have the right to withhold from: (i) Baoxin Investment an aggregate amount of HK\$1,318,024,800 and (ii) Auspicious Splendid an aggregate amount of HK\$135,655,200. Such aggregate amounts of HK\$1,453,680,000 shall be remitted to a normal interest-bearing escrow account on the Final

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Closing Date (or such later date as all other Shareholders accepting the Offers will receive payment), and such amounts shall be released and returned to Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid upon the Company having provided evidence reasonably satisfactory to CGA and the Offeror of the collection and payment of at least 30% of the outstanding receivables as shown in the Company's unaudited financial statements for the nine months ended 30 September 2015.

Bonds:

In the event that a holder of the Bonds exercises the right of redemption attached to the Bonds (or any part thereof) and that the Company is required to pay 103% of the principal amount of the Bonds (or any part thereof) plus accrued interests in accordance with the terms and conditions of the Bonds, each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has agreed to jointly and severally pay on demand within ten business days (as defined in the Code) to the Company of the Offeror giving notice in writing to Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid requiring such payment to be made, an aggregate amount in cash equal to 3% of the principal amount of the Bonds.

Restrictive covenants:

Each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has undertaken to procure, among others, that until the Final Closing Date:

- (i) the Group will carry on business in the ordinary course of business; and
- (ii) no member of the Group shall do, undertake or engage in certain restricted activities, other than (a) in connection with the Offers; (b) as required under laws, the Listing Rules or regulations or by any regulatory body; or (c) as have been notified to the Offeror in writing on or prior to the date of the Irrevocable Undertaking. As at the date of the Irrevocable Undertaking, no such restricted activity has been notified to CGA and the Offeror pursuant to paragraph (c) above.

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Other undertakings:

Pursuant to the Irrevocable Undertaking, if Mr. Yang Aihua continues to be a substantial Shareholder by virtue of the remaining Shares held by Mr. Yang Aihua or his close associates (as defined in Chapter 1 of the Listing Rules), or is otherwise deemed to be a core connected person (as defined in Chapter 1 of the Listing Rules) of the Company, within three months after the Final Closing Date, Mr. Yang Aihua has undertaken to procure Baoxin Investment and Auspicious Splendid to reduce, and Baoxin Investment and Auspicious Splendid have agreed to reduce, the residual shareholding of Baoxin Investment and Auspicious Splendid in the Company by a placing of its Shares or by the taking of such other steps as may be satisfactory to the Stock Exchange so that Mr. Yang Aihua will cease to be a core connected person (as defined in Chapter 1 of the Listing Rules) of the Company for the purpose of the Company's compliance with the public float requirement under Rule 8.08 of the Listing Rules.

Termination:

The Irrevocable Undertaking will terminate and the parties' obligations thereunder will cease on the earlier of any of the following occurring:

- (i) if the Partial Offer lapses or is withdrawn in circumstances permitted under the Code; and
- (ii) if the Pre-Conditions have not been fulfilled by the Long Stop Date.

DEED OF NON-COMPETITION

Date: 4 December 2015

Parties: (1) CGA; (2) Offeror; (3) Mr. Yang Aihua; (4) Baoxin Investment; and (5) Auspicious Splendid.

Non-compete and other undertakings:

Each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has undertaken to CGA and the Offeror (in respect of itself and its affiliates (excluding the Group)), among other things, not to be engaged or directly or indirectly interested in carrying on a business of operation of any 4S (sales, spare parts, service and survey) physical dealership stores (excluding on-line stores) in the PRC and not to solicit any customers, officers, managers or employees of the Group, for a period of 12 months after the Final Closing Date, subject to certain limited exceptions.

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PRINCIPAL TERMS OF THE ADDITIONAL IRREVOCABLE UNDERTAKINGS

Date: 2 March 2016

Parties: (1) CGA; (2) Offeror; and (3) each of the Accepting Shareholders (see details below)

Each of the Accepting Shareholders (other than SIMHKL and SIMSL) confirms that it is not acting in concert with the Offeror and parties acting in concert with it.

Accepting Shareholders	As at the Latest Practicable Date	
	<i>Number of approx. Shares held by the Accepting Shareholders</i>	<i>Approx. percentage of the issued share capital of the Company %</i>
1. Mr. Yang Zehua and Jumbo Create Investment Development Limited (<i>Note 1</i>)	155,278,000	6.07
2. Mr. Yang Hansong and Wilfred Speedy Investment Development Limited (<i>Note 2</i>)	155,278,000	6.07
3. SIMHKL and SIMSL	111,448,053	4.36
4. Pinpoint	29,531,500	1.15
5. Hua Xiuzhen (<i>Note 3</i>)	18,000,000	0.70
6. Chen Changdong (<i>Note 4</i>)	17,935,000	0.70
7. Zhao Hongliang (<i>Note 3</i>)	17,000,000	0.66
8. Sun Meili (<i>Note 5</i>)	15,000,000	0.59
9. Sun Zhiyuan (<i>Note 5</i>)	10,500,000	0.41
10. Fu Xinmin (<i>Note 5</i>)	9,000,000	0.35
11. Zhou Qizhu (<i>Note 5</i>)	5,029,500	0.20
12. Liu Tao (<i>Note 5</i>)	<u>5,000,000</u>	<u>0.20</u>
Total	<u><u>549,000,053</u></u>	<u><u>21.46</u></u>

Notes:

- (1) Jumbo Create Investment Development Limited is controlled by Mr. Yang Zehua, a brother of Mr. Yang Aihua and Mr. Yang Hansong and an executive Director as at the Latest Practicable Date. Upon closing of the Partial Offer, Mr. Yang Zehua (through his interests in Jumbo Create Investment Development Limited) may maintain a shareholding in the Company of not more than approximately 1.52% (depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date). Mr. Yang Zehua's shareholding in the Company is held through Jumbo Create Investment Development Limited and he does not hold any Share in his personal name as at the Latest Practicable Date. Mr. Yang Zehua will resign as a Director with effect from the First Closing Date in accordance with Rule 7 of the Code and any remaining shareholding of Jumbo Create Investment Development Limited will be counted towards public float of the Company.
- (2) Wilfred Speedy Investment Development Limited is controlled by Mr. Yang Hansong, a brother of Mr. Yang Aihua and Mr. Yang Zehua and an executive Director as at the Latest Practicable Date. Upon closing of the Partial Offer, Mr. Yang Hansong (through his interests in Wilfred Speedy Investment

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Development Limited) may maintain a shareholding in the Company of not more than approximately 1.52% (depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date). Mr. Yang Hansong's shareholding in the Company is held through Wilfred Speedy Investment Development Limited and he does not hold any Share in his personal name as at the Latest Practicable Date. Mr. Yang Hansong will resign as a Director with effect from the First Closing Date in accordance with Rule 7 of the Code and any remaining shareholding of Wilfred Speedy Investment Development Limited will be counted towards public float of the Company.

- (3) Mr. Zhao Hongliang and Ms. Hua Xiuzhen are executive Directors as at the Latest Practicable Date. Ms. Hua Xiuzhen will resign as a Director with effect from the First Closing Date in accordance with Rule 7 of the Code.
- (4) Mr. Chen Changdong is the company secretary of the Company as at the Latest Practicable Date.
- (5) Sun Meili, Sun Zhiyuan, Fu Xinmin, Zhou Qizhu and Liu Tao are employees of the Company as at the Latest Practicable Date.

Irrevocable undertaking to accept the Partial Offer:

On 2 March 2016 (after trading hours), CGA and the Offeror entered into the Additional Irrevocable Undertakings with each of the Accepting Shareholders, pursuant to which each Accepting Shareholder has respectively agreed to accept the Partial Offer in respect of all the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Accepting Shareholders will not withdraw such acceptance. Pursuant to the terms of the Schrodgers IU, such Additional Irrevocable Undertaking was terminated as at the Latest Practicable Date. Please refer to the paragraph headed "Termination" below for further details.

Consideration:

Each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them, in respect of their respective Shares at the Offer Price of HK\$5.99 per Share. Such acceptance shall not be withdrawn.

If the Partial Offer becomes unconditional in all respects, the Accepting Shareholders (other than SIMHKL and SIMSL) will, pursuant to the relevant Additional Irrevocable Undertakings, sell an aggregate of at least 328,164,000 Shares (being 75% of the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)) and up to 437,552,000 Shares (being the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The total consideration for such sale will accordingly be not less than approximately HK\$1,965,702,360 and up to approximately HK\$2,620,936,480.

Each of the Accepting Shareholders (other than SIMHKL and SIMSL) will receive payment under the Offers on the same date as all other Shareholders accepting the Offers.

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No withdrawal:

Each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken that it will not withdraw any acceptance of the Partial Offer in respect of its Shares.

Termination:

Except for the Schroders IU, each of the Additional Irrevocable Undertakings will terminate and the parties' obligations thereunder will cease on the earlier of any of the following occurring:

- (i) if the Partial Offer lapses or is withdrawn in circumstances permitted under the Code; or
- (ii) if the Pre-Conditions have not been fulfilled by the Long Stop Date.

Pursuant to the Schroders IU, such Additional Irrevocable Undertaking will terminate and the parties' obligations thereunder will cease on the earlier of any of the following occurring:

- (i) if the Partial Offer lapses or is withdrawn in circumstances permitted under the Code;
- (ii) if the Pre-Conditions have not been fulfilled by the Long Stop Date; or
- (iii) automatically, sixty (60) days from the date of such Additional Irrevocable Undertaking.

Accordingly, the Schroders IU was terminated on 1 May 2016 (being sixty (60) days from the date of such Additional Irrevocable Undertaking).

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PRINCIPAL TERMS OF THE SECOND ROUND ADDITIONAL IRREVOCABLE UNDERTAKINGS

Date: 18 March 2016

Parties: (1) CGA; (2) Offeror; and (3) each of the Second Round Accepting Shareholders

Each of the Second Round Accepting Shareholders confirms that it is not acting in concert with the Offeror and parties acting in concert with it.

Second Round Accepting Shareholders	As at the date of the Latest Practicable Date	
	<i>Number of approx. Shares held by the Second Round Accepting Shareholders</i>	<i>Approx. percentage of the issued share capital of the Company (%)</i>
1. Full Establish Global Trading Limited	57,750,000	2.26
2. Moral Grand Limited	19,570,000	0.77
3. Goffee Limited	14,700,000	0.57
4. Pzena	<u>6,447,500</u>	<u>0.25</u>
Total	<u><u>98,467,500</u></u>	<u><u>3.85</u></u>

Irrevocable undertaking to accept the Partial Offer:

On 18 March 2016 (after trading hours), CGA and the Offeror entered into the Second Round Additional Irrevocable Undertakings with each of the Second Round Accepting Shareholders, pursuant to which each Second Round Accepting Shareholder has respectively agreed to accept the Partial Offer in respect of all the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Second Round Accepting Shareholders will not withdraw such acceptance.

Consideration:

Each of the Second Round Accepting Shareholders has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them, in respect of their respective Shares at the Offer Price of HK\$5.99 per Share. Such acceptance shall not be withdrawn.

If the Partial Offer becomes unconditional in all respects, the Second Round Accepting Shareholders will, pursuant to the relevant Second Round Additional Irrevocable Undertakings, sell an aggregate of at least 73,850,625 Shares (being 75% of the aggregate number of Shares held by the Second Round Accepting Shareholders) and up to 98,467,500 Shares (being the aggregate number of Shares held by the Second Round Accepting Shareholders), depending on

LETTER FROM CMB INTERNATIONAL

the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The total consideration for such sale will accordingly be not less than approximately HK\$442,365,243.75 and up to approximately HK\$589,820,325.

Each of the Second Round Accepting Shareholders will receive payment under the Offers on the same date as all other Shareholders accepting the Offers.

No withdrawal:

Each of the Second Round Accepting Shareholders has irrevocably undertaken that it will not withdraw any acceptance of the Partial Offer in respect of its Shares.

Termination:

Each of the Second Round Additional Irrevocable Undertakings will terminate and the parties' obligations thereunder will cease on the earlier of any of the following occurring:

- (i) if the Partial Offer lapses or is withdrawn in circumstances permitted under the Code; or
- (ii) if the Pre-Conditions have not been fulfilled by the Long Stop Date.

BONDS

The Company issued the Bonds on 31 December 2012. The Bonds are redeemable in cash at the option of the bondholders at any time by notice in writing to the Company, following the occurrence of a change of control of the Company at 103% of the principal amount plus accrued interests. "Change of Control" is defined in the terms of the Bonds as meaning: (a) any person who does not own or control more than 30% of the voting rights in the capital of the Company at the first issue date coming to own or control more than 30% of the voting rights in the capital of the Company; or (b) any person who owns or controls more than 30% of the voting rights in the capital of the Company at the first issue date ceasing to own or control more than 30% of the voting rights in the capital of the Company. Therefore, the Bonds will be redeemable at the option of the bondholders upon the First Closing Date in accordance with the terms and conditions of the Bonds. As at the Latest Practicable Date, the principal outstanding amount of the Bonds is US\$58,160,000.

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ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Board on pages 34 to 43, the letter from the Independent Board Committee on pages 44 to 45 and the letter from Somerley on pages 46 to 62 of this Composite Document in relation to their respective recommendations and advice with respect to the Partial Offer and the Option Offer.

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully
For and on behalf of
CMB International Capital Limited
Elaine Cheung
Managing Director
Investment Banking Division

LETTER FROM THE BOARD



BAOXIN AUTO GROUP LIMITED

寶信汽車集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1293)

Executive Directors:

Mr. Yang Aihua (*Chairman*)
Mr. Yang Hansong
(Vice Chairman & Chief Executive Officer)
Mr. Yang Zehua (*Vice President*)
Ms. Hua Xiuzhen
Mr. Zhao Hongliang (*Vice President*)

Non-executive Directors:

Mr. Lu Linkui

Independent Non-executive Directors:

Mr. Diao Jianshen
Mr. Wang Keyi
Mr. Chan Wan Tsun Adrian Alan

Registered Office:

P.O. Box 309, Uglund House,
Grand Cayman KY1-1104,
Cayman Islands.

Principal place of business in Hong Kong:

Units 2205, 22/F,
Bank of America Tower,
12 Harcourt Road,
Hong Kong

31 May 2016

To the Qualifying Shareholders and Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER AND OPTION OFFER BY
CMB INTERNATIONAL ON BEHALF OF THE OFFEROR TO ACQUIRE A
MAXIMUM OF 75 PER CENT. OF THE ISSUED SHARE CAPITAL OF BAOXIN
AUTO GROUP LIMITED FROM QUALIFYING SHAREHOLDERS AND TO CANCEL
A MAXIMUM OF 75 PER CENT. OF THE OUTSTANDING SHARE OPTIONS**

On 11 December 2015, CGA, the Offeror and the Company jointly announced that CMB International, on behalf of the Offeror, would, subject to the satisfaction or, where applicable, waiver of the Pre-Conditions, make a voluntary conditional cash partial offer to acquire a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from Qualifying Shareholders at the Offer Price of

LETTER FROM THE BOARD

HK\$5.99 per Share. The Offeror would extend an appropriate offer to Optionholders to cancel up to 11,662,500 outstanding Share Options (representing 75% of all the outstanding Share Options as at the date of the Announcement) or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) pursuant to Rule 13 of the Code. On 26 May 2016, CGA, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied (except for Pre-Condition (b), which will not be invoked by the Offeror).

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to each of the Group, CGA, the Offeror, the Partial Offer and the Option Offer, (ii) the letter from CMB International containing details of the Partial Offer and the Option Offer; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Qualifying Shareholders and Optionholders in respect of the Partial Offer and the Option Offer; and (iv) the letter from Somerley, the Independent Financial Adviser, containing its advice to the Independent Board Committee on whether the terms of the Partial Offer and the Option Offer are fair and reasonable so far as the Qualifying Shareholders and Optionholders are concerned and on acceptance in respect of the Partial Offer and the Option Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

1. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rules 2.1 of the Code, the Independent Board Committee comprising all the independent non-executive Directors and the non-executive Director was established to advise the Qualifying Shareholders and the Optionholders as to whether the terms of the Partial Offer and the Option Offer are fair and reasonable and as to acceptance.

Somerley has, with the approval of the Independent Board Committee, been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and in particular as to whether the terms of the Offers are respectively fair and reasonable and as to acceptance pursuant to Rule 2.1 of the Code.

Somerley has advised the Independent Board Committee that it considers the terms of the Partial Offer and the Option Offer to be fair and reasonable so far as the Qualifying Shareholders and the Optionholders are concerned, and accordingly, it recommends the Independent Board Committee to advise the Qualifying Shareholders and the Optionholders to accept the Partial Offer and the Option Offer. The Independent Board Committee, having been so advised, considers the terms of the Partial Offer and the Option Offer to be fair and reasonable so far as the Qualifying Shareholders and the Optionholders are concerned, and accordingly, recommends the Qualifying Shareholders and the Optionholders to accept the Partial Offer and the Option Offer.

LETTER FROM THE BOARD

The full texts of the letter from the Independent Board Committee addressed to the Qualifying Shareholders and the Optionholders and the letter from Somerley addressed to the Independent Board Committee are set out in the Composite Document. You are advised to read both letters and the additional information contained in the appendices to the Composite Document carefully before taking any action in respect of the Partial Offer and the Option Offer.

2. THE PARTIAL OFFER AND THE OPTION OFFER

Partial Offer

CMB International is, on behalf of the Offeror, making the Partial Offer on the following basis:

For each Share HK\$5.99 in cash

Option Offer

CMB International is, on behalf of the Offeror, making the Option Offer on the following basis:

For cancellation of each Share Option HK\$0.266 in cash

As all the Share Options are in-the-money, the Option Offer Price represents the difference between the Offer Price and the exercise price of HK\$5.724 of the Share Options.

2.1 Condition of the Offers

The Partial Offer is conditional upon valid acceptances of the Partial Offer being received in respect of a minimum of 1,286,430,716 Shares (representing 50% of the issued share capital of the Company on an as converted basis as at the date of the Announcement (assuming that all Share Options of the Company are exercised) plus one Share) by 4:00 p.m. on or prior to the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase as many Shares as are tendered by the Qualifying Shareholders up to a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from the Qualifying Shareholders.

The Option Offer will only become unconditional if the Partial Offer becomes or is being declared unconditional in all respects. The condition to the Partial Offer and the Option Offer cannot be waived by the Offeror.

LETTER FROM THE BOARD

In the event that valid acceptances are received:

- for less than 1,286,430,716 Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Code, the Offers will not proceed and will lapse immediately;
- for not less than 1,286,430,716 Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

The Option Offer will only be declared unconditional when the Partial Offer is declared unconditional in all respects.

Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid have irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date. If the Partial Offer becomes unconditional in all respects, Baoxin Investment and Auspicious Splendid will, pursuant to the Irrevocable Undertaking, sell at least 1,027,608,000 Shares (being 75% of the IU Shares) and up to 1,370,144,000 Shares (being all of the IU Shares) to the Offeror, depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them, in respect of their respective Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Accepting Shareholders (other than SIMHKL and SIMSL) will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Accepting Shareholders (other than SIMHKL and SIMSL) will, pursuant to the relevant Additional Irrevocable Undertakings, sell an aggregate of at least 328,164,000 Shares (being 75% of the aggregate number of Shares held by the Accepting Shareholders) and up to 437,552,000 Shares (being the aggregate number of Shares held by the Accepting Shareholders (other than SIMHKL and SIMSL)), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. Each Second Round Accepting Shareholder has respectively agreed to accept the Partial Offer in respect of all the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of the Second Round Accepting Shareholders will not withdraw such acceptance. If the Partial Offer becomes unconditional in all respects, the Second Round Accepting Shareholders will, pursuant to the relevant Second Round Additional Irrevocable Undertakings, sell an aggregate of at least 73,850,625 Shares (being 75% of the aggregate number of Shares held by the Second Round Accepting Shareholders) and up to 98,467,500 Shares (being the aggregate number of Shares held by the Second Round Accepting Shareholders), depending on the overall acceptances of the Partial Offer and the extent to which the Share Options are exercised before the Final Closing Date. The percentage of the share capital of the Company made up by all of the IU Shares, the Shares owned by the Accepting

LETTER FROM THE BOARD

Shareholders (other than SIMHKL and SIMSL) and the Shares owned by the Second Round Accepting Shareholders is 74.54%. Therefore, once Baoxin Investment and Auspicious Splendid tender their respective acceptance of the Partial Offer in respect of all of the IU Shares under the Irrevocable Undertaking, the Accepting Shareholders (other than SIMHKL and SIMSL) tender the acceptances of the Partial Offer in respect of all the Shares owned by them under the Additional Irrevocable Undertakings and the Second Round Accepting Shareholders tender the acceptances of the Partial Offer in respect of all of the Shares owned by them under the Second Round Additional Irrevocable Undertakings, the acceptance condition set out at paragraph 2.1 above will have been met. The Partial Offer and the Option Offer are therefore expected to become unconditional prior to the 7th day after the Despatch Date.

Pursuant to Rule 15.3 of the Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 7th day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration.

Pursuant to Rule 28.4 of the Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Under Rule 28.5 of the Code, a partial offer which could result in the offeror holding 30% or more of the voting rights of a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

The Offeror has applied for, and the Executive has granted, a waiver from this requirement on the basis that (i) Baoxin Investment and Auspicious Splendid (being both ultimately controlled by Mr. Yang Aihua), holding in aggregate greater than 50% of the voting rights of the Company, indicates their approval under Rule 28.5 in writing to the Executive (which had been done as at the date of the Announcement); and (ii) each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has confirmed that it is not acting in concert with the Offeror and parties acting in concert with it in writing to the Executive (which had been done as at the date of the Announcement). Accordingly, the Partial Offer is not conditional upon satisfaction of the requirement under Rule 28.5 of the Code.

WARNING: The Partial Offer and the Option Offer may or may not become unconditional and will lapse if it does not become unconditional. Closing of the Partial Offer and the Option Offer is therefore a possibility only. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

2.3 Comparisons of value

	Share price of the Company <i>HK\$</i>	Premium/ (Discount) of the Offer Price to the share price <i>%</i>
Closing price as quoted on the Stock Exchange on 11 September 2015, being the last trading day prior to the suspension of trading in Shares immediately prior to the publication of the Rule 3.7 Announcement	2.58	132.17
Average closing price as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Date	3.66	63.66
Average closing price as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date	3.31	80.97
Average closing price as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date	3.31	80.97
Average closing price as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date	3.40	76.18
Average closing price as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date	3.51	70.66
Average closing price as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date	3.68	62.77
Closing price as quoted on the Stock Exchange on the Last Trading Date	4.15	44.34
Closing price as quoted on the Stock Exchange on the Latest Practicable Date	4.94	21.26

2.4 Highest and lowest closing prices of Shares

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$6.97 per Share on 22 May 2015, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$2.14 per Share on 1 September 2015.

LETTER FROM THE BOARD

2.5 Total consideration under the Offers

As at the Latest Practicable Date, the Company has 2,557,311,429 issued Shares and 15,550,000 outstanding Share Options to subscribe up to 15,550,000 Shares. The Partial Offer, based on the Offer Price of HK\$5.99 per Share, is valued at: (i) approximately HK\$7,705,719,988.84 assuming valid acceptances of the Partial Offer are received in respect of 1,286,430,716 Shares (representing 50% of the issued share capital of the Company on an as converted basis as at the date of the Announcement (assuming that all Share Options of the Company are exercised) plus one Share); (ii) approximately HK\$11,488,721,590.29 assuming valid acceptances of the Partial Offer are received in respect of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement and assuming that no Share Options are exercised); and (iii) approximately HK\$11,558,579,965.29 assuming valid acceptances of the Partial Offer are received in respect of 1,929,646,071 Shares (representing 75% of the Shares in issue and assuming that all the Share Options are exercised) respectively.

On the basis of the Offer Price of HK\$5.99 per Share and 2,557,311,429 issued Shares as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$15,318,295,459.71 (assuming that no Share Options are exercised) and HK\$15,411,439,959.71 (assuming that all the Share Options are exercised) respectively.

The Option Offer, based on the Option Offer Price of HK\$0.266 for cancellation of each Share Option and 15,550,000 outstanding Share Options as at the date of the Announcement, is valued at approximately HK\$3,102,225 assuming valid acceptances of the Option Offer are received in respect of 11,662,500 Share Options.

Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Offers (assuming no Share Options are exercised and full acceptances under the Offers) will be approximately HK\$11,491,823,815.29.

LETTER FROM THE BOARD

3. ENTITLEMENTS OF QUALIFYING SHAREHOLDERS AND OPTIONHOLDERS

Upon the Partial Offer becoming unconditional, each Qualifying Shareholder:

- (a) will receive a payment of HK\$5.99 in cash for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (after deducting the seller's ad valorem stamp duty arising therefrom); and
- (b) will have the opportunity of retaining an equity interest in the Company which will maintain its listing on the Stock Exchange following closing of the Partial Offer.

Upon the Option Offer becoming unconditional, each Optionholder:

- (a) will receive a payment of HK\$0.266 in cash for every Share Option in respect of which that Optionholder validly accepts the Option Offer and which is taken up by the Offeror under the Option Offer; and
- (b) will have the opportunity of retaining the option interest which will not be deemed to have lapsed after the Final Closing Date.

4. INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which have been listed on the Main Board of the Stock Exchange since 14 December 2011.

The Group is a leading luxury 4S (sales, spare parts, service and survey) dealership group in the PRC and is principally engaged in the sale and service of automobiles.

The Company has published its audited consolidated financial statements of the Group for the financial year ended 31 December 2015 on 28 April 2016. Your attention is drawn to the financial information of the Group and the general information of the Group set out in Appendices II and IV, respectively.

5. INFORMATION ON CGA AND THE OFFEROR

Please refer to the letter from CMB International contained in the Composite Document for information relating to CGA and the Offeror.

6. INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

Your attention is drawn to the letter from CMB International contained in the Composite Document which sets out the intentions of the Offeror regarding the business of the Company. The Board notes and welcomes in particular (i) the Offeror's intention to continue the Company's existing business after closing of the Offers; (ii) the commitment made by the Offeror in respect of the employees of the Group for a period of 12 months from the Final Closing Date; and (iii) the Offeror's intention relating to the maintenance of the listing status of the Company following closing of the Offers, all as disclosed in the letter from CMB International in the Composite Document.

LETTER FROM THE BOARD

7. MAINTAINING THE LISTING STATUS OF THE COMPANY

According to the letter from CMB International contained in the Composite Document, the Offeror intends to maintain the listing status of the Company following closing of the Offers. Upon closing of the Offers, the Company may continue to have one or more substantial shareholders (in addition to the Offeror), depending on the extent to which the Partial Offer is accepted by the substantial shareholders of the Company. Since substantial shareholders of the Company are core connected persons of the Company under the Listing Rules, their Shares will not be regarded as part of the public float for the purposes of the Company's compliance with the public float requirement under Rule 8.08 of the Listing Rules. In other words, if, after Mr. Yang Aihua ceases to be a substantial shareholder and a core connected person of the Company after closing of the Partial Offer pursuant to the Irrevocable Undertaking (as disclosed in the paragraph headed "Other undertakings" under the section headed "Irrevocable Undertaking" in the letter from CMB International contained in the Composite Document), the number of Shares held by the public after closing of the Offers still represents less than 25% of the Shares, the Offeror will, after closing of the Offers, take appropriate steps to ensure that not less than 25% of the Shares will be held by the public in compliance with the Listing Rules, which may include the Offeror or another core connected person of the Company selling some of its Shares. According to the letter from CMB International contained in the Composite Document, based on such understanding, the director of the Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. We understand the Offeror does not intend to avail itself of any powers of compulsory acquisition.

The Stock Exchange has stated that if, at the close of the Offers less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

8. FURTHER INFORMATION ON THE OFFERS

Please refer to the letter from CMB International contained in the Composite Document, Appendix I to the Composite Document and the Form(s) of Acceptance for further information in relation to the Offers, including its extension to overseas Shareholders and information on taxation, acceptance and settlement procedures.

LETTER FROM THE BOARD

9. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in the Composite Document, which contains its advice and recommendations to the Independent Shareholders in relation to the Partial Offer and the Option Offer; and (ii) the letter from Somerley set out in the Composite Document, which contains its advice to the Independent Board Committee in relation to the Partial Offer and the Option Offer and the principal factors considered by it before arriving at its recommendation. You are also advised to read the remainder of the Composite Document and the Form(s) of Acceptance in respect of the acceptance and settlement procedures of the Partial Offer and the Option Offer.

Yours faithfully,
By Order of the Board
Mr. Yang Aihua
Chairman



BAOXIN AUTO GROUP LIMITED

寶信汽車集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1293)

31 May 2016

To the Qualifying Shareholders and Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER AND OPTION OFFER BY
CMB INTERNATIONAL ON BEHALF OF THE OFFEROR TO ACQUIRE A
MAXIMUM OF 75 PER CENT. OF THE ISSUED SHARE CAPITAL OF BAOXIN
AUTO GROUP LIMITED FROM QUALIFYING SHAREHOLDERS AND TO CANCEL
A MAXIMUM OF 75 PER CENT. OF THE OUTSTANDING SHARE OPTIONS**

We refer to the Composite Document dated 31 May 2016 in respect of the Partial Offer and the Option Offer jointly issued by CGA, the Offeror and the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We have been appointed by the Board as members of the Independent Board Committee to consider, among other things, the terms of the Partial Offer and the Option Offer and to advise you (i.e. the Qualifying Shareholders and Optionholders), among other things, as to whether or not the terms of the Partial Offer and Option Offer are fair and reasonable and as to the acceptance of the Partial Offer and the Option Offer. Somerley has been appointed as the Independent Financial Adviser to make recommendation to us in respect of, among other things, whether the terms of the Partial Offer and Option Offer are fair and reasonable and as to acceptance of the Partial Offer and the Option Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from Somerley” in the Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from CMB International” and the additional information set out in the appendices to the Composite Document.

Having taken into account the principal factors set out in the “Letter from Somerley” in the Composite Document and summarised in the section headed “Discussion and Analysis” therein, we consider that the terms of the Partial Offer and Option Offer are fair and reasonable

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

so far as the Qualifying Shareholders and Optionholders are concerned and accordingly we recommend (i) the Qualifying Shareholders accept the Partial Offer; and (ii) the Optionholders accept the Option Offer.

Those Qualifying Shareholders and Optionholders who, after considering the information on CGA and the Offeror and the future intentions of the Offeror regarding the Group, are attracted by the future prospects of the Group following the Partial Offer and the Option Offer, may consider retaining their Shares or Share Options or tendering less than all their Shares or Share Options under the Partial Offer or the Option Offer respectively. If acceptances are received in respect of more than 1,917,983,571 Shares, not all Shares tendered will be taken up under the Partial Offer, so Qualifying Shareholders will continue to hold some Shares in any event, unless they sell in the market.

Some Shareholders, particularly those holding a small number of board lots, who are concerned about the drawbacks of being left with an odd lot, may consider selling their Shares in the market before the close of the Partial Offer to achieve a complete sale.

The procedures for acceptance of the Partial Offer and the Option Offer are set out in Appendix I to the Composite Document and the accompanying Form(s) of Acceptance. Qualifying Shareholders and Optionholders are urged to read the timetable set out in the Composite Document and any revised timetable (if any) to be announced by the Offeror and the Company carefully and act accordingly if they wish to accept the Partial Offer and the Option Offer.

The Qualifying Shareholders and Optionholders are also strongly recommended to read the full text of the “Letter from Somerley” set out in the Composite Document.

Yours faithfully,

the Independent Board Committee

Mr. Lu Linkui
Mr. Diao Jianshen
Mr. Wang Keyi
Mr. Chan Wan Tsun Adrian Alan

LETTER FROM SOMERLEY

The following is the full text of a letter of advice from Somerley to the Independent Board Committee in relation to the Offers, which has been prepared for the purpose of inclusion in the Composite Document.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

31 May 2016

*To: The Independent Board Committee of
Baoxin Auto Group Limited*

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER AND OPTION OFFER
BY CMB INTERNATIONAL ON BEHALF OF THE OFFEROR
TO ACQUIRE A MAXIMUM OF 75 PER CENT.
OF THE ISSUED SHARE CAPITAL OF BAOXIN AUTO GROUP LIMITED
FROM QUALIFYING SHAREHOLDERS AND
TO CANCEL A MAXIMUM OF 75 PER CENT.
OF THE OUTSTANDING SHARE OPTIONS**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with (i) the voluntary conditional cash partial offer by CMB International on behalf of the Offeror to acquire a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from Qualifying Shareholders at an offer price of HK\$5.99 per Share; and (ii) the appropriate offer to Optionholders to cancel up to 11,662,500 outstanding Share Options (representing 75% of all the outstanding Share Options as at the date of the Announcement) or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) pursuant to Rule 13 of the Code. On 26 May 2016, CGA, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied (except for Pre-Condition (b), which will not be invoked by the Offeror). Details of the Offers are set out in the Composite Document to the Qualifying Shareholders and the Optionholders dated 31 May 2016, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

LETTER FROM SOMERLEY

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Diao Jianshen, Mr. Wang Keyi and Mr. Chan Wan Tsun Adrian Alan, and the non-executive Director, namely Mr. Lu Linkui, has been established for the purpose of making a recommendation to the Qualifying Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to acceptance. The Independent Board Committee has approved the appointment of Somerley as the independent financial adviser to the Independent Board Committee in the same regard.

We are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the “**Management**”), which we have assumed to be true, accurate and complete. We have reviewed the published information on the Company, including but not limited to, annual report of the Company for the year ended 31 December 2014 (the “**2014 Annual Report**”), annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”) and other information contained in the Composite Document. We have reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document are true at the time they were made and at the date of the Composite Document and Shareholders and Optionholders will be notified of any material changes as soon as possible, if any.

We have not considered the tax and regulatory implications on the Qualifying Shareholders and the Optionholders of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Qualifying Shareholders and the Optionholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

LETTER FROM SOMERLEY

PRINCIPAL TERMS OF THE OFFERS

Partial Offer

The Partial Offer is being made on the following basis:

For each Share HK\$5.99 in cash

The Partial Offer is conditional upon valid acceptances of the Partial Offer being received in respect of a minimum of 1,286,430,716 Shares (representing 50% of the issued share capital of the Company on an as converted basis as at the date of the Announcement (assuming that all Share Options of the Company are exercised) plus one Share) by 4:00 p.m. on or prior to the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase as many Shares as are tendered by the Qualifying Shareholders up to a maximum of 1,917,983,571 Shares (representing 75% of the Shares in issue as at the date of the Announcement) or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) from the Qualifying Shareholders.

Option Offer

The Option Offer is being made on the following basis:

For cancellation of each Share Option HK\$0.266 in cash

The Option Offer will only become unconditional if the Partial Offer becomes or is being declared unconditional in all respects.

The condition to the Partial Offer and the Option Offer cannot be waived by the Offeror.

Details of the other terms of the Offers are contained in the letter from CMB International and Appendix I to the Composite Document. The Qualifying Shareholders and the Optionholders are urged to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which have been listed on the Main Board of the Stock Exchange since 14 December 2011. The Group is a leading luxury 4S (sales, spare parts, service and survey) dealership group in the PRC and is principally engaged in the sale and service of automobiles.

LETTER FROM SOMERLEY

(a) *Historical financial performance of the Group*

Set out below are the consolidated statements of profit or loss for the three years ended 31 December 2015 extracted from the 2014 Annual Report and the 2015 Annual Report respectively:

	For the financial year ended 31 December		
	2015	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue			
— <i>Sale of motor vehicles</i>	20,758,358	27,662,990	27,378,214
— <i>Finance leasing services</i>	6,181	908	—
— <i>After-sales business</i>	<u>3,011,922</u>	<u>3,059,534</u>	<u>2,703,473</u>
	<u>23,776,461</u>	<u>30,723,432</u>	<u>30,081,687</u>
Cost of sales and services provided	<u>(21,587,955)</u>	<u>(27,935,772)</u>	<u>(27,161,294)</u>
Gross profit	2,188,506	2,787,660	2,920,393
Other income and gains, net	357,311	454,574	468,872
Selling and distribution expenses	(977,024)	(983,221)	(946,815)
Administrative expenses	<u>(643,434)</u>	<u>(608,813)</u>	<u>(538,713)</u>
Profit from operations	925,359	1,650,200	1,903,737
Finance costs	(540,111)	(617,234)	(544,601)
Share of profit of a joint venture	5,830	6,783	10,544
Share of (loss)/profit of an associate	<u>(16,151)</u>	<u>—</u>	<u>—</u>
Profit before tax	374,927	1,039,749	1,369,680
Income tax expense	<u>(150,656)</u>	<u>(326,115)</u>	<u>(355,345)</u>
Profit for the year	<u><u>224,271</u></u>	<u><u>713,634</u></u>	<u><u>1,014,335</u></u>
Attributable to:			
— <i>owners of the Company</i>	220,094	706,644	1,006,805
— <i>non-controlling interests</i>	4,177	6,990	7,530

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During the three years ended 31 December 2015, automobile sales accounted for a substantial portion of the Group's revenue. As mentioned in the 2014 Annual Report, the Group had carried out strategic reform since 2013 to extend its operation and development from new car sales to the after-sales services sector such as auto repair and maintenance, auto financing, pre-owned vehicle, auto insurance and decoration.

The Group recorded a slight growth of approximately 2.1% in total revenue from approximately RMB30,081.7 million for the year ended 31 December 2013 (“FY2013”) to approximately RMB30,723.4 million for the year ended 31 December 2014 (“FY2014”), among which, revenue from automobile sales and after-sales businesses increased by around 1.0% and 13.2% respectively. The strong after-sales revenue growth was attributable to the Group's pro-active resources to increase stores' after-sales capacity. In addition, the Group's newly developed finance leasing services segment started to contribute revenue during FY2014. Although there was an increase in total revenue of the Group, gross profit dropped by approximately 4.5% for FY2014 which was mainly attributable to the decrease in gross profit from automobile sales. Net profit of the Group decreased by around 29.6% from approximately RMB1,014.3 million for FY2013 to approximately RMB713.6 million for FY2014, which was mainly attributable to the drop of gross profit margin of automobile sales over the year.

As mentioned in the 2015 Annual Report, in view of the slowing trends in China's macro economy and automobile industry, the Group adopted a more prudent and practical strategy in operation and development in 2015 by adjusting the Group's orders from manufacturers based on the market demand and specific business strategy in respect of each brand in a timely manner, so as to strictly control the inventory level and actively improve the Group's cash flow position to achieve lower indebtedness level. Under such backdrop, the Group's total revenue declined by around 22.6% from approximately RMB30,723.4 million for FY2014 to approximately RMB23,776.5 million for the year ended 31 December 2015 (“FY2015”). Revenue generated from automobile sales decreased by around 25.0% as a result of significant drop in sales volume of certain brands of luxury cars and gradual decrease in average selling price of automobile during FY2015, while revenue from after-sales business recorded a slight decrease of around 1.6%. Gross profit for FY2015 was approximately RMB2,188.5 million, representing a decrease of around RMB599.2 million, or around 21.5%, from FY2014 due to drop in sales price of new cars during FY2015. Net profit of the Group decreased by around 68.6% from approximately RMB713.6 million for FY2014 to approximately RMB224.3 million for FY2015, which was mainly attributable to the decrease in revenue generated from automobile sales and the drop of gross profit margin of automobile sales and after-sales services during FY2015.

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(b) Financial position

Set out below is the consolidated statement of financial position of the Group as at 31 December 2014 and 31 December 2015, as extracted from the 2015 Annual Report:

	As at 31 December 2015 RMB'000 (audited)	As at 31 December 2014 RMB'000 (audited)
Non-current assets		
Property, plant and equipment	3,697,075	3,788,537
Prepaid land lease payment	646,610	537,139
Intangible assets	882,855	922,189
Other non-current assets	530,472	746,834
	<u>5,757,012</u>	<u>5,994,699</u>
Current assets		
Inventories	2,454,946	3,056,777
Trade receivables	358,159	393,155
Prepayments, deposits and other receivables	5,449,306	5,503,515
Pledged bank deposits	2,332,021	2,436,468
Cash and cash equivalents	2,160,980	2,202,892
Other current assets	299,002	188,781
	<u>13,054,414</u>	<u>13,781,588</u>
Current liabilities		
Bank loans and other borrowings	8,280,936	5,107,438
Trade and bills payables	3,945,184	4,877,913
Other payables and accruals	646,283	779,516
Income tax payable	168,795	522,339
	<u>13,041,198</u>	<u>11,287,206</u>
Net current assets	<u>13,216</u>	<u>2,494,382</u>
Total assets less current liabilities	<u>5,770,228</u>	<u>8,489,081</u>
Non-current liabilities		
Interest-bearing bank loans	—	2,621,136
Bonds	441,683	396,095
Other payable	30,472	—
Deferred tax liabilities	325,617	323,050
	<u>797,772</u>	<u>3,340,281</u>
Equity		
Share capital	20,836	20,836
Reserves	4,914,094	5,067,825
Equity attributable to owners of the parent	4,934,930	5,088,661
Non-controlling interests	37,526	60,139
Total Equity	<u>4,972,456</u>	<u>5,148,800</u>

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As at 31 December 2015, total assets amounted to approximately RMB18,811.4 million which represented a decrease of around 4.9% when compared to the corresponding balance as at 31 December 2014.

Non-current assets of the Group as at 31 December 2015 amounted to approximately RMB5,757.0 million and was comparable to that of approximately RMB5,994.7 million as at 31 December 2014. Due to, among other things, the decrease in inventories, the Group's current assets dropped from approximately RMB13,781.6 million as at 31 December 2014 to approximately RMB13,054.4 million as at 31 December 2015.

Total liabilities of the Group decreased from approximately RMB14,627.5 million as at 31 December 2014 to approximately RMB13,839.0 million as at 31 December 2015, mainly due to the decrease in current liabilities.

Among the current liabilities, there was a significant decrease in trade and bill payable of the Group from RMB4,877.9 million as at 31 December 2014 to approximately RMB3,945.2 million as at 31 December 2015, which was in line with the strict control over the inventory level imposed by the Group during FY2015.

As at 31 December 2015, total equity attributable to owners of the Company amounted to approximately RMB4,934.9 million or approximately RMB1.93 per Share (equivalent to approximately HK\$2.34 per Share based on 2,557,311,429 Shares in issue as at the Latest Practicable Date). The total equity attributable to owners of the Company of approximately RMB4,934.9 million as at 31 December 2015 represented a slight decrease from that of approximately RMB5,088.7 million as at 31 December 2014 mainly due to payment of final dividend during FY2015 for FY2014, despite that the Group was profit making during FY2015.

The Offer Price of HK\$5.99 represents a premium of approximately 156.0% over the total equity attributable to owners of the Company per Share of approximately HK\$2.34 as at 31 December 2015.

2. Prospects of the Group

As discussed in the 2015 Annual Report, 2015 was a difficult year for both dealers and manufacturers in the PRC automobile market, as various brands announced lower official guided prices for automobile sales. It is also disclosed in the 2015 Annual Report that, automobile companies, however, have not achieved their expectations from the official price reduction and there was no fundamental improvement in the inventory pressure of dealers. More importantly, the decrease in new vehicle sales not only affected the income from after-sales services, but also imposed pressure on the growth of automobile value-added services, particularly automobile financing and automobile insurance.

In the face of such difficult market conditions, the Group has taken a more defensive strategy to optimise its distribution network layout, strictly controlled the costs and pace of constructing and opening new outlets, and selectively focused on markets and brands

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with large consumption potential. In addition, the Group keeps active communication with the manufacturers, promptly manage its sales target, slow down stock replenishment and strengthen sales effort according to market conditions in order to keep the inventory level within a reasonable range throughout the year and so to lower the indebtedness and to improve the cash flow position of the Group.

Given the challenges in the automobile market in the PRC, the future prospects of the Group, to a large extent, depends on the Group's ability to maintain or enhance its competitiveness by, among other things, controlling and managing its inventory level in a timely manner, and further strengthening its cost control measures.

3. Information on CGA and the Offeror

As set out in the letter from CMB International of the Composite Document, the Offeror is an investment holding company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of CGA, a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297). The controlling shareholder of CGA is Guanghui Group, which is ultimately controlled by Mr. Sun Guangxin. As at the Latest Practicable Date, Guanghui Group has a registered capital of RMB3,555,700,360.

As also set out in the letter from CMB International of the Composite Document, CGA is a leading passenger vehicle dealership and automobile service group and a leading passenger vehicle finance leasing provider in the PRC primarily engaged in automobile sales and the whole life cycle after sales services such as sale of automobiles, passenger vehicle finance leasing, maintenance and service, commission agent services (including insurance and financing agent, agent for extension of automobile insurance, pre-owned automobile trading brokering services), etc. As of 31 December 2015, the CGA Group operated a network of 542 outlets, consisting of 498 4S (sales, spare parts, service and survey) stores including 65 high-end brand 4S stores and 407 mid-range brand 4S stores, covering 25 provinces, municipalities and autonomous regions and centrally administered municipalities in the PRC.

Please refer to the section headed "17. Information on CGA and the Offeror" in the letter from CMB International in the Composite Document for further details of CGA and the Offeror.

4. Intention of the Offeror with regard to the Company

As set out in the letter from CMB International in the Composite Document, if the Offers become unconditional and are closed, the Offeror intends that the Company will continue to carry on its existing businesses. There is a strong commitment to build on the Company's current brand and business model. The Offeror has no plans, if the Offers are closed, to: (i) make any major disposal or redeployment of assets of the Group; or (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business).

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As also set out in the letter from CMB International in the Composite Document, after closing of the Offers, CGA and the Offeror will further review the businesses of the Company, and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organise the businesses and operations of the Company and to integrate the same within the CGA Group. CGA and the Offeror intend to introduce CGA's existing finance leasing business to the existing outlets of the Group after closing of the Offers. As at the Latest Practicable Date, there is no specific business plan to implement such proposal. As CGA and the Offeror will become connected persons of the Company after closing of the Offers, CGA and the Offeror will comply with the requirements of the Listing Rules in respect of all the transactions between members of the CGA Group and members of the Group, including that such transactions will be on normal commercial terms or better.

As further set out in the letter from CMB International in the Composite Document, subject to compliance with the Listing Rules, each of CGA and the Offeror undertakes to the Company that it will not transfer any Shares acquired from the Offers as at the First Closing Date till the expiration of 12 months from the First Closing Date.

In addition, as further set out in the letter from CMB International in the Composite Document, the Offeror intends to maintain the listing status of the Company following closing of the Offers and will, after closing of the Offers, take appropriate steps to ensure that not less than 25% of the Shares will be held by the public in compliance with the Listing Rules which may include the Offeror or another core connected person of the Company selling some of its Shares. The Offeror does not intend to avail itself of any powers of compulsory acquisition. Please refer to further detail in relation to public float in the section headed "22. Public float" in the letter from CMB International in the Composite Document.

5. Proposed change to the Board composition of the Company

As at the Latest Practicable Date, the Board comprises 5 executive Directors, namely Mr. Yang Aihua, Mr. Yang Hansong, Mr. Yang Zehua, Ms. Hua Xiuzhen and Mr. Zhao Hongliang, one non-executive Director, namely Mr. Lu Linkui, and 3 independent non-executive Directors namely Mr. Diao Jianshen, Mr. Wang Keyi and Mr. Chan Wan Tsun Adrian Alan.

Pursuant to the Irrevocable Undertaking, Mr. Yang Aihua will resign from his office as the Chairman and a Director of the Company with effect from the First Closing Date in accordance with Rule 7 of the Code. Mr. Yang Zehua, Mr. Yan Hansong and Ms. Hua Xiuzhen will also resign as a Director with effect from the First Closing Date in accordance with Rule 7 of the Code.

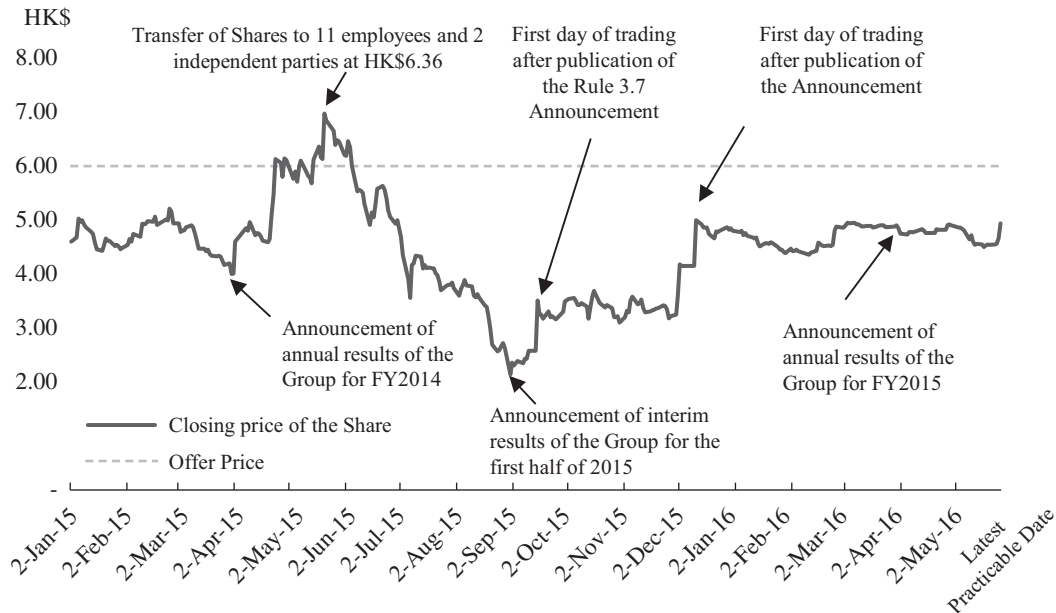
As disclosed in the section headed "20. Proposed changes to the board composition of the Company" in the letter from CMB International in the Composite Document, the Offeror intends to nominate Mr. Li Jianping, Mr. Tang Yongqi, Mr. Lu Ao and Mr. Zhou Yu as Directors of the Company. Such appointments will be made in accordance with the Code and the Listing Rules.

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6. Offer Price comparison

(a) Historical price performance and liquidity of the Shares

Set out below is the movement of the closing prices of the Shares from 2 January 2015 up to and including the Latest Practicable Date (the “**Review Period**”):



Source: Bloomberg and Stock Exchange

During the period from 2 January 2015 to 18 May 2015, the performance of the closing price of the Shares ranged from HK\$4.00 to HK\$6.14, with an average of approximately HK\$4.895. Since the publication of the annual results for FY2014 on 31 March 2015, closing price of the Shares started to pick up gradually and reached HK\$6.36 on 19 May 2015, on which the Company, after trading hours, announced the transfer of certain Shares from the controlling Shareholders to 11 employees of the Group and 2 independent third parties. The closing price of the Shares continued to go up and reached the peak of HK\$6.97 on 22 May 2015. Since then, coupled with the A share crisis in May 2015, the closing price of the Share gradually went downwards to the trough of HK\$2.14 on 1 September 2015, being the first trading day immediately after the publication of interim financial results of the Group for 1H2015 on 31 August 2015. The closing price per Share gradually rebounded to reach HK\$2.58 on 11 September 2015 (being the last trading day immediately before the publication of the Rule 3.7 Announcement).

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Trading in the Shares was suspended on 14 and 15 September 2015 pending for the publication of the Rule 3.7 Announcement. After the publication of the Rule 3.7 Announcement, the closing price of the Shares experienced a gradual upward trend. Closing price per Share increased from HK\$3.51 on 16 September 2015, being the trading day immediately following the publication of the Rule 3.7 Announcement, to HK\$4.15 on 4 December 2015, being the Last Trading Day. Following the publication of the Announcement on 11 December 2015 and the resumption of trading in the Shares in the morning of 14 December 2015, the closing price of the Shares reached HK\$5.00 on 14 December 2015. Since then and up to the Latest Practicable Date, the Share price closed below the Offer Price in the range between HK\$4.36 and HK\$4.95 per Share and closed at HK\$4.94 on the Latest Practicable Date.

In summary, the Offer Price represents:

- (1) a premium of approximately 44.34% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Date;
- (2) a premium of approximately 62.77% over the average closing price of the Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date;
- (3) a premium of approximately 70.66% over the average closing price of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date;
- (4) a premium of approximately 76.18% over the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date; and
- (5) a premium of approximately 21.26% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date.

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Set out in the table below are the total monthly trading volumes of the Shares and the percentages of average daily trading volume to the total number of issued Shares and public float of the Company during the Review Period:

	Total monthly trading volume of the Shares	Approximate % of average daily trading volume to the total issued Shares <i>(note 1)</i>	Approximate % of average daily trading volume to the Shares constituting the public float <i>(note 2)</i>
2015			
January	47,730,704	0.09%	0.32%
February	52,503,730	0.11%	0.41%
March	26,591,954	0.05%	0.17%
April	249,458,295	0.51%	1.86%
May	178,400,686	0.37%	1.33%
June	137,511,891	0.24%	0.88%
July	112,627,882	0.20%	0.72%
August	85,107,110	0.16%	0.57%
1 September to 11 September <i>(note 3)</i>	103,841,400	0.51%	1.84%
Average during the Undisturbed Period	110,419,295	0.25%	0.90%
16 September 2015 to the Latest Practicable Date <i>(note 3)</i>	1,370,261,742	0.32%	1.17%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The calculation is based on the number of the Shares in issue as at the end of each month.
2. The calculation is based on the number of Shares in issue as set out in note 1 above excluding the Shares held by the substantial shareholders and directors of the Company in the corresponding month.
3. The trading in Shares was suspended from 14 September 2015 to 15 September 2015 pending release of the Rule 3.7 Announcement. Trading of Shares was resumed on 16 September 2015 following the release of the Rule 3.7 Announcement on 15 September 2015.

We note from the above table that the average daily trading volume of the Shares has been thin in general during the Review Period. The average daily trading volume of the Shares during the period from 2 January 2015 to 11 September 2015,

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being the last trading day prior to the publication of the Rule 3.7 Announcement, (the “**Undisturbed Period**”) was within the range between approximately 0.05% and 0.51% of the total Shares in issue with an average of approximately 0.25%, and between approximately 0.17% and 1.86% of the issued Shares constituting the public float of the Company, with an average of approximately 0.90%. The number of Shares traded daily from 16 September 2015, being the first trading day immediately following the publication of the Rule 3.7 Announcement, up to and including the Latest Practicable Date represented approximately 0.32% and 1.17% of the total Shares in issue and the issued Shares constituting the public float of the Company respectively. A relatively higher trading volume was recorded during the period from 16 September 2015 up to the Latest Practicable Date which we believe was primarily due to the market reaction to the publication of the Rule 3.7 Announcement and the Announcement, however, the sustainability of the recent growth in the trading volume could be uncertain.

Given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Qualifying Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Qualifying Shareholders can receive by the disposal of their Shares in the open market. The Partial Offer, therefore, represents an opportunity for the Qualifying Shareholders, particularly for those who hold a large volume of Shares, to dispose of at least part of their holdings at the Offer Price if they so wish.

(b) Comparison with comparable companies

As discussed above, revenue generated from sale of automobiles and the provision of related services in the PRC has been the main source of income which represented the entirety of the total revenue of the Group during FY2015. Therefore, we have identified 7 companies (excluding China Yongda (as defined below), the “**Comparable Companies**”) which (i) are listed on the Mainboard of the Stock Exchange; (ii) are principally engaged in the sale and service of motor vehicles in the PRC, with not less than 80% of revenue derived from such business activities in the latest full financial year as set out in their respective published annual results announcement/annual reports; and (iii) are profit-making for the latest financial year as set out in their respective published annual results announcement/annual reports. The list of the aforesaid 7 companies identified is an exhaustive list of relevant comparable companies based on the said criteria above. However, one of the companies we identified, namely China Yongda Automobiles Services Holdings Limited (stock code: 3669) (“**China Yongda**”, together with its subsidiaries, “**China Yongda Group**”) announced on 15 April 2016 a proposal to spin off all of the China Yongda Group’s businesses other than the automobile rental business, which consist of, among others, China Yongda Group’s new passenger vehicle sales business (the “**Spin-off Announcement**”). Since then and up to the Latest Practicable Date, the share price of China Yongda has experienced a downward trend and dropped by around 16.1% from HK\$4.36 per share immediately before the

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publication of the Spin-off Announcement to HK\$3.66 each as at the Latest Practicable Date. In view of its recent share price fluctuation following the Spin-off Announcement, we have excluded China Yongda from our comparison to avoid any possible distortion to our analysis.

The table below illustrates the level of price-to-earnings ratio (“**P/E Ratio(s)**”) and price-to-book ratio (“**P/B Ratio(s)**”) of each of the Comparable Companies and the Company.

Company name	Stock code	Share price <i>(Note 1)</i> HK\$	Market capitalisation <i>(Note 1)</i> HK\$'million	Net assets attributable to owners HK\$'million	Profit attributable to owners HK\$'million	P/B Ratio <i>(Note 2)</i> times	P/E Ratio <i>(Note 3)</i> times
Zhongsheng Group Holdings Limited	881	4.04	8,672	13,678	560	0.6	15.5
China MeiDong Auto Holdings Limited	1268	0.96	1,048	928	124	1.1	8.5
China Greenland Rundong Auto Group Limited	1365	3.08	2,915	3,778	247	0.8	11.8
China ZhengTong Auto Services Holdings Limited	1728	2.80	6,189	10,388	751	0.6	8.2
Sunfonda Group Holdings Limited	1771	2.46	1,476	1,935	31	0.8	47.6
China Harmony New Energy Auto Holding Limited	3836	4.24	6,681	7,108	684	0.9	9.8
					Maximum	1.1	47.6
					Minimum	0.6	8.2
					Average	0.8	16.9
The Company		5.99 <i>(Note 4)</i>	15,318 <i>(Note 5)</i>	5,990	272	2.6 <i>(Note 6)</i>	56.3 <i>(Note 7)</i>

Notes:

- (1) The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as at the Latest Practicable Date. The latest published consolidated net asset value attributable to equity holders are extracted from the respective latest annual/interim reports/announcements of the Comparable Companies.
- (2) The P/B Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest published consolidated net asset value attributable to owners.
- (3) The P/E Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest published profit attributable to owners.
- (4) The Offer Price of HK\$5.99.
- (5) We have taken the Offer Price and the issued share capital of the Company of 2,557,311,429 Shares as at the Latest Practicable Date for the purpose of determining the theoretical market capitalisation of the Company.

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- (6) The P/B Ratio of the Company is calculated based on the theoretical market capitalisation of the Company pursuant to the Offer Price of HK\$5.99 and its latest published consolidated net asset value attributable to owners of the Company as at 31 December 2015.
- (7) The P/E Ratio of the Company is calculated based on the theoretical market capitalisation of the Company pursuant to the Offer Price of HK\$5.99 and its latest published consolidated profit attributable to the owners of the Company for FY2015.

As shown in the table above, the P/B Ratios of the Comparable Companies ranged from approximately 0.6 times to approximately 1.1 times with an average of approximately 0.8 times. The P/B Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price of approximately 2.6 times is higher than all of the P/B Ratios of the Comparable Companies, which is considered favorable.

As also shown in the table above, the P/E Ratios of the Comparable Companies ranged from approximately 8.2 times to approximately 47.6 times with an average of approximately 16.9 times. The P/E Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price of approximately 56.3 times is higher than all of the P/E Ratios of the Comparable Companies, which is considered favorable.

We have not performed any analysis on the implied dividend yield of the Company as the Board did not recommend the payment of interim/final dividend for FY2015.

7. Option Offer

As at the Latest Practicable Date, the Company has 15,550,000 outstanding Share Options to subscribe up to 15,550,000 Shares granted under the Share Option Scheme. An appropriate offer is being made by the Offeror to the Optionholders to cancel up to 11,662,500 outstanding Share Options (representing 75% of all the outstanding Share Options as at the date of the Announcement) or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) pursuant to Rule 13 of the Code.

We note that it is a common market practice to adopt a “see-through” price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the minimum offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares. As the exercise price of all outstanding Share Options is HK\$5.724 each, the Option Offer Price of HK\$0.266 each represents the difference between the Offer Price and the exercise price of the Share Options. Therefore, we consider such basis of determining the Option Offer Price acceptable and in line with market practice.

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DISCUSSION AND ANALYSIS

We consider that the terms of the Offers, including the Offer Price and the Option Offer Price are fair and reasonable so far as the Qualifying Shareholders and the Optionholders respectively are concerned after taking into account the above principal factors and reasons, in particular:

1. the uncertainty on whether the Group could maintain or enhance its competitiveness in the future given the challenging environment of the automobile market in the PRC. In addition, although CGA and the Offeror intend to introduce CGA's existing finance leasing business to the existing outlets of the Group after closing of the Offers, as at the Latest Practicable Date, there is no specific business plan to implement such proposal;
2. the average daily trading volume of the Shares has been thin in general during the Review Period and the Qualifying Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. The Partial Offer, therefore, represents an opportunity for the Qualifying Shareholders to dispose of at least part of their holdings at the Offer Price of HK\$5.99, which represents a premium over the total equity attributable to owners of the Company per Share as at 31 December 2015 as well as the prevailing market prices of the Shares respectively;
3. the P/E Ratio and P/B Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price compare favourably against those of the Comparable Companies which are engaged in businesses similar to that of the Group; and
4. the basis of determining the Option Offer Price is acceptable and in line with market practice as discussed in the section headed "7. Option Offer" above.

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OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the Partial Offer and the Option Offer to be fair and reasonable. We advise the Independent Board Committee to recommend, and we ourselves recommend, the Qualifying Shareholders and the Optionholders to accept the Partial Offer and the Option Offer respectively.

However, though it is noted that the Shares have been traded below the Offer Price since the publication of the Announcement up to the Latest Practicable Date, there is still possibility that the Share price may nevertheless exceed the Offer Price during the Offer Period. Accordingly, the Qualifying Shareholders and the Optionholders are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares or converting their Share Options and selling the conversion Shares, respectively, in the open market instead of accepting the Partial Offer or the Option Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Partial Offer or the Option Offer respectively. However, the Optionholders are reminded that there will be a time lag between the exercise of the Share Options and the receipt of the conversion Shares due to the time required for the administrative procedures for exercising the Share Options. Accordingly, the Optionholders who wish to exercise their Share Options should be mindful of the possible price fluctuations of the Shares during the aforesaid time lag. Qualifying Shareholders and the Optionholders who are confident in the future prospects of the Group and accordingly may wish to retain some or all of their investments in the securities of the Company, are reminded to closely monitor the development of the Group and any announcements of the Company during the Offer Period.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT**1. General procedures for acceptance of the Offers***The Partial Offer:*

- 1.1. If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) in respect of the Shares is/are in the name of the Qualifying Shareholder(s), and he/she/it wishes to accept the Partial Offer whether in full or in respect of part of his/her/its holding of the Shares, he/she/it should complete and return the accompanying **WHITE** Form(s) of Acceptance in accordance with the instructions printed in this Composite Document and on the **WHITE** Form(s) of Acceptance. The instructions in this Composite Document should be read together with the instructions on the **WHITE** Form(s) of Acceptance (which instructions form part of the terms of the Partial Offer).
- 1.2. In order to be valid, the completed **WHITE** Form(s) of Acceptance should be forwarded, together with the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Partial Offer, by post or by hand to the Registrar, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in an envelope marked “**Baoxin Auto Group Limited — Partial Offer**” as soon as possible after receipt of the **WHITE** Form(s) of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.
- 1.3. Unless the Partial Offer is extended or revised in accordance with the Code, no **WHITE** Form(s) of Acceptance received after the Final Closing Date will be accepted.
- 1.4. If the **WHITE** Form(s) of Acceptance is executed by a person other than the registered holder, appropriate documentary evidence of authority (eg, a grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be delivered to the Registrar with the completed **WHITE** Form(s) of Acceptance.
- 1.5. Only one **WHITE** Form(s) of Acceptance will be accepted from each Qualifying Shareholder by the Registrar.
- 1.6. No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (if applicable) will be given.

- 1.7. In relation to any acceptance(s) of the Partial Offer in respect of Shares held in CCASS, the Company reserves the right to make such alterations, additions or modifications to the terms of the Partial Offer as may be necessary or desirable to give effect to any purported acceptance of the Partial Offer, whether to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code and any applicable laws and regulations or are otherwise made with the Executive's consent.

The Option Offer:

- 1.8 To accept the Option Offer, Optionholders should complete and sign the accompanying **BLUE** Form(s) of Acceptance in accordance with the instructions printed thereon (which instructions form part of the terms of the Option Offer).
- 1.9 The completed and signed **BLUE** Form(s) of Acceptance should then be forwarded, together with all the relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options the Optionholder intends to tender, stating the number of the Share Options in respect of which the Optionholder intends to accept the Option Offer, by post or by hand to the Company at Unit 2205, 22/F, Bank of America Tower, 12 Harcourt Road, Hong Kong in an envelope marked "**Baoxin Auto Group Limited — Option Offer**", as soon as possible after receipt of this Composite Document and in any event no later than 4:00 p.m. on the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve. If the number of the Share Options as evidenced in the relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options tendered is less than the number of the Share Options stated in the **BLUE** Form(s) of Acceptance, or the Optionholder fails to submit all the certificate(s) or letter(s) of grant, as the case may be, of the Share Options tendered for acceptance, his/her/its acceptance would be invalid. Acceptance will only be valid if the Share Options tendered by the Optionholder have not lapsed as at the Final Closing Date.
- 1.10 Only one **BLUE** Form(s) of Option Offer Acceptance will be accepted from each Optionholder by the Company.
- 1.11 No acknowledgement of receipt of any **BLUE** Form(s) of Acceptance and relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options will be given.

2. Take-up of Shares under the Partial Offer and Share Options under the Option Offer

The Partial Offer:

- 2.1 **Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them.** Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 1,917,983,571 Shares or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing

Date) as at the Final Closing Date) or fewer Shares, all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 1,917,983,571 Shares or more than such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date), the total number of Shares to be taken up by the Offeror from each Qualifying Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 1,917,983,571 Shares or such higher number of Shares (representing 75% of the Shares in issue (including any Shares for which a valid notice of exercise has been delivered in respect of a Share Option on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) (being the maximum number of Shares for which the Partial Offer is made)

B = the total number of Shares tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

- 2.2 As a result, it is possible that if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up. Qualifying Shareholders can, however, be assured that, in the event the Partial Offer becomes unconditional in all respects, a minimum of 75% of the Shares tendered for acceptance under the Partial Offer will be taken up.
- 2.3 Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

The Option Offer:

- 2.4 **Optionholders may accept the Option Offer in respect of some or all of the Share Options held by them.** Subject to the Option Offer becoming unconditional in all respects: (i) if valid acceptances are received for 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) or fewer Share Options, all Share Options validly accepted will be taken up and cancelled; and (ii) if valid acceptances are received for more than 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date), the total number of Share Options to be taken up by the Offeror from each Optionholder and cancelled will be determined in accordance with the following formula:

$$\frac{X}{Y} \times Z$$

X = 11,662,500 Share Options or such number of outstanding Share Options (representing 75% of all the outstanding Share Options (after deducting such number of Share Options in respect of which a valid notice of exercise has been delivered on or after the date of the Announcement and on or before the Final Closing Date) as at the Final Closing Date) (being the maximum number of Share Options for which the Option Offer is made)

Y = the total number of Share Options tendered by all the Optionholders under the Option Offer

Z = the number of Share Options tendered by the relevant individual Optionholder under the Option Offer

3. Nominee holdings

- 3.1. If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of a Qualifying Shareholder's Share(s) is/are in the name of a nominee company or some name other than his/her/its own, and such Qualifying Shareholder wishes to accept the Partial Offer (either in full or in respect of part of his/her/its holding(s) of Shares), he/she/it must either:

- (a) lodge the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) with the nominee company, or other nominee, with instructions authorising it to accept the Partial Offer on his/her/its behalf and requesting it to deliver the **WHITE** Form(s) of Acceptance duly completed and

signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Registrar, within such deadline (which may be earlier than the deadline specified under the Partial Offer) as may be stipulated by the nominee; or

- (b) arrange for the Shares to be registered in his/her/its name by the Company through the Registrar, and send the **WHITE** Form(s) of Acceptance duly completed and signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Registrar before 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve; or
- (c) where his/her/its Shares have been deposited in CCASS via his/her/its licensed securities dealer/broker/custodian bank, instruct his/her/its licensed securities dealer/broker/custodian bank to authorise HKSCC Nominees Limited to accept the Partial Offer on his/her/its behalf on or before the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Qualifying Shareholder should check with his/her/its licensed securities dealer/broker/custodian bank for the timing on processing his/her/its instruction, and submit such instruction to his/her/its licensed securities dealer/broker/custodian bank as required by them; or
- (d) if the Shares have been lodged with his/her/its investor participant account with CCASS, authorise his/her/its instruction via the CCASS phone system or CCASS internet system no later than one business day before the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited.

3.2. Qualifying Shareholders with a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly to allow their nominee(s) sufficient time to complete the acceptance procedure on his/her/its behalf before the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

4. Timing of acceptances under the Offers

Pursuant to Rule 15.3 of the Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date (which is expected to be the case provided Baoxin Investment and Auspicious Splendid tender their acceptances of the Partial Offer in respect of all of the IU Shares under the Irrevocable Undertaking, the Accepting Shareholders (other than SIMHKL and SIMSL) tender the acceptances of the Partial Offer in respect of all the Shares owned by them under the

Additional Irrevocable Undertakings and the Second Round Accepting Shareholders tender the acceptances of the Partial Offer in respect of all the Shares owned by them under the Second Round Additional Irrevocable Undertakings), then the Final Closing Date would be on (but no earlier than) the First Closing Date, being 21 days after the Despatch Date.

5. Recent transfers

5.1. If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in his/her/its name and has not yet received the Share certificate(s) and wishes to accept the Partial Offer, he/she/it should nevertheless complete and sign the **WHITE** Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her/it. Such action will be deemed to be an irrevocable authority to CGA, the Offeror and/or CMB International and/or any of their respective agent(s) or such other person(s) as any of them may direct for the purpose of collecting from the Company or the Registrar on his/her/its behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Partial Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form(s) of Acceptance.

6. Lost or unavailable share certificates

6.1. If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to accept the Partial Offer, the **WHITE** Form(s) of Acceptance should nevertheless be completed, signed and delivered, together with a letter stating that he/she/it has lost one or more of his/her/its Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available, to the Registrar so as to reach the Registrar no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve. If the Qualifying Shareholder finds such document(s) or if it/they become available, the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) should be forwarded to the Registrar as soon as possible thereafter and in any event no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

6.2. In addition, if a Qualifying Shareholder has lost his/her/its Share certificate(s), transfer receipt(s) and/or any other document(s) of title, he/she/it should also write to the Registrar and request a letter of indemnity in respect of the lost Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the **WHITE** Form(s) of Acceptance and any Share certificate(s), transfer receipt(s) and/or any other document(s) of title which are available, to the Registrar either by post or by hand, so as to arrive not later than 4:00 p.m. on Tuesday, 21 June 2016 being the First Closing Date or such later time

and/or date as the Offeror may decide and announce and the Executive may approve. In such cases, the Qualifying Shareholder will be informed of the fees and/or expenses payable to the Registrar for which he/she/it will be responsible. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s), transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

7. Additional Forms of Acceptance

7.1. If a Qualifying Shareholder has lost the accompanying **WHITE** Form(s) of Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Registrar or visit the Registrar at its office and request an additional **WHITE** Form(s) of Acceptance for completion by such Qualifying Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.klbaoxin.com.

8. Settlement

Partial Offer

8.1. Provided that the Partial Offer becomes or is declared unconditional in all respects and a duly completed **WHITE** Form(s) of Acceptance and the relevant documents required to tender the relevant acceptance under the Partial Offer are received by the Registrar by no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve, and are in good order in all respects and in accordance with the Code, the Registrar will send to the relevant accepting Shareholder by ordinary post, at his/her/its own risk, (a) a remittance for the amount due to him/her/it under the Partial Offer (taking into account any scaling down of his/her/its acceptance, seller's ad valorem stamp duty payable by the relevant accepting Shareholder and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates; and (b) (if applicable) any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) for Shares not taken up by the Offeror, in each case, as soon as possible but in any event within seven business days (as defined in the Code) following the Final Closing Date.

8.2. Settlement of the consideration to which any accepting Shareholder is entitled under the Partial Offer will be implemented in full in accordance with the terms of the Partial Offer (save with respect to payment of seller's ad valorem stamp duty as set out in paragraph 8.1 above) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

8.3. If the Partial Offer does not become unconditional in all respects, the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities in respect thereof) (as the case may be) will be returned and/or sent to each accepting Shareholder (by ordinary post at his/her/its own risk) as soon as possible but in any event within ten days following the lapse of the Partial Offer. Where such accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) have been collected on that accepting Shareholder's behalf in respect thereof, that accepting Shareholder will be sent (by ordinary post at his/her/its own risk) such Share certificate(s) in lieu of the transfer receipt(s).

Option Offer

8.4 Subject to the Partial Offer becoming or being declared unconditional and provided that a valid **BLUE** Form of Acceptance and the relevant certificate(s) or letter(s) of grant, as the case may be, of the Share Options are complete and in good order in all respects and have been received by the Company no later than the latest time for acceptance (i.e. the Final Closing Date, or such other time and/or date as the Offeror may decide and announce and the Executive may approve), a remittance for the amount due to the relevant accepting Optionholder in respect of the Share Options surrendered by him/her/it under the Option Offer and the certificate(s) or letter(s) of grant, as the case may be, in relation to the Share Options which are not successfully tendered and/or accepted under the Option Offer will be despatched to the relevant accepting Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven business days (as defined in the Code) following the Final Closing Date. If the Partial Offer does not become unconditional in all respects, the certificate(s) or letter(s) of grant in relation to the Share Option(s) tendered will be returned and/or sent to each accepting Optionholder as soon as possible but in any event within ten days following the lapse of the Partial Offer.

8.5 Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

8.6. No fractions of a cent will be payable and the amount of cash consideration payable to an accepting Shareholder or Optionholder will be rounded up to the nearest cent.

8.7 Cheque(s) not presented for payment within six months from the date of issue of the cheque will not be honoured and be of no further effect, and in such circumstances, cheque holder(s) should contact the Offeror for payment.

9. New shareholders

Any new Shareholder may collect a copy of this Composite Document, together with a blank **WHITE** Form of Acceptance from the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during the period from the Despatch Date to the

Final Closing Date (both days inclusive), between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays). Such Shareholder may also contact the Registrar (through the enquiry general telephone line at +852 2862 8555) and request a copy of this Composite Document and a blank **WHITE** Form of Acceptance (as appropriate) to be sent to his/her/its registered address as recorded in the Register.

10. Exercise of Share Options

An Optionholder who wishes to accept the Partial Offer may exercise the Share Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Share Options together with a remittance for payment of the full amount of the aggregate subscription price and the related certificates or letters of grant, as the case may be, for the Share Options to the Company at Unit 2205, 22/F, Bank of America Tower, 12 Harcourt Road, Hong Kong seven business days (as defined in the Code) before the First Closing Date, or such other time and/or date as the Offeror may, subject to the Code, decide and announce. The Optionholder should at the same time complete and sign the **WHITE** Form(s) of Acceptance and deliver it to the Registrar together with a copy set of the documents delivered to the Company for exercising the Share Options. Exercises of the Share Options are subject to the terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Share Options. Delivery of the completed and signed **WHITE** Form(s) of Acceptance to the Registrar will not serve to complete the exercise of the Share Options but will only be deemed to be an irrevocable authority to CGA, the Offeror and/or CMB International and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant Share certificate(s) when issued on exercise of the Share Options as if it was/they were delivered to the Registrar with the **WHITE** Form(s) of Acceptance. If an Optionholder fails to exercise his/her/its Share Options as aforesaid, there is no guarantee that the Company may issue the relevant Share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Share Option(s) to such Optionholder in time for him/her/it to accept the Partial Offer as a Qualifying Shareholder of such Shares under the terms of the Partial Offer.

11. Lost certificates in respect of the Share Options

If the certificate(s) or letter(s) of grant, as the case may be, of the Share Option(s) is/are not readily available and/or is/are lost, and an Optionholder wishes to accept the Option Offer or exercise the Share Option and accept the Partial Offer, he/she/it must:

- (a) if he/she/it wishes to accept the Option Offer, complete, sign and deliver the **BLUE** Form(s) of Acceptance and deliver the same to the Company together with a letter stating he/she/it has lost one or more of his/her/its certificates(s) or letter(s) of grant, as the case may be, and an indemnity to the Company (a form which is available from the Company) on or before the Final Closing Date.
- (b) if he/she/it wishes to accept the Partial Offer, exercise the Share Options to the extent exercisable as indicated in paragraph 10 in this Appendix above, but so that the relevant exercise notice, a remittance for the subscription price and the **WHITE** Form(s) of Acceptance must reach the Company and the Registrar (as the case may be) seven business days (as defined in the Code) before the First Closing Date. He/

she/it should at the same time deliver to the Company, together with a copy set to the Registrar, a letter stating that he/she/it has lost one or more of his/her/its certificates(s) or letter(s) of grant, as the case may be, and an indemnity to the Company in a form available from the Company.

12. Lapse of Share Options

Share Options that are not tendered for acceptance under the Option Offer will not be deemed to have lapsed after the Final Closing Date.

EFFECT OF ACCEPTANCE OF THE PARTIAL OFFER

By validly accepting the Partial Offer, Qualifying Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Other terms of the Partial Offer and the Option Offer” in the letter from CMB International free from all encumbrances and together with all rights and benefits accruing and attaching thereto as at or after the Final Closing Date including all rights to any dividend or other distributions declared, made or paid on or after the Final Closing Date. The Offeror will not be entitled to any dividends or other distributions declared, made or paid before the Final Closing Date, in respect of the Shares which are taken up by the Offeror under the Partial Offer. Any such dividends or other distributions will be paid to the Shareholders who are qualified for such dividends or distributions.

By validly accepting the Option Offer, Optionholders will sell their tendered Share Options which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Other terms of the Partial Offer and the Option Offer” in the letter from CMB International to the Offeror and the tendered and finally taken up Share Options will be cancelled on the Final Closing Date.

An Optionholder may exercise all or any part of the Share Options, to the extent exercisable, in accordance with the Share Option Scheme. Any Shares allotted as a result of the exercise of any Share Options will be subject to and be eligible to participate in accepting the Partial Offer in accordance with its terms as set out in this Appendix and in the letter from CMB International in this Composite Document. He/she/it who has no intention to, or is not yet able to exercise any of his/her/its Share Options that has not yet vested, may accept the Option Offer in respect of their Share Options in accordance with its terms as set out in this Appendix and in the letter from CMB International in this Composite Document.

Each Qualifying Shareholder or Optionholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably agrees with CGA, the Offeror and CMB International (so as to bind him/her/it, his/her/its personal representatives, heirs, successors and assigns) to the following effect:

1. Irrevocable acceptances

That the **WHITE** Form(s) of Acceptance or the **BLUE** Form(s) of Acceptance which has been duly completed and received by the Registrar or the Company respectively will constitute irrevocable acceptance of the Partial Offer or the Option Offer and subject to the terms and

conditions set out in this Composite Document, except in the circumstances that the Executive requires that such accepting Shareholder is granted a right to withdraw in accordance with Rule 19.2 of the Code or in compliance with Rule 17 of the Code.

Rule 19.2 of the Code relates to failure to announce the results of the Partial Offer as set out in the section headed “Announcements” in this Appendix and provides that the Executive may require that accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements of Rule 19 of the Code can be met. Rule 17 of Code relates to the right of the accepting Shareholder or accepting Optionholder to withdraw his/her/ its acceptance of the Partial Offer or the Option Offer after 21 days from the First Closing Date, if the Partial Offer has not by then become unconditional as to acceptances.

If acceptance of the Partial Offer is withdrawn by the accepting Shareholders with the consent of the Executive in accordance with the Code, the Offeror shall, as soon as possible but in any event within ten days thereof, return the relevant Share certificate(s) and/or transfer receipt(s) or certificates or letters of grant, as the case may be, in respect of the Share Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of such number of Shares or Share Options lodged with the Form(s) of Acceptance to the relevant accepting Shareholder(s) or Optionholder(s) by ordinary post.

2. Representations and warranties

- (a) That if he/she/it is a resident or a citizen of a jurisdiction outside Hong Kong, he/she/it hereby represents and warrants that (i) all local laws and requirements in connection with such acceptance have been complied with and (ii) the Partial Offer and Option Offer can be accepted by such Qualifying Shareholder or Optionholder under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Qualifying Shareholders and Optionholders should consult their professional advisers if in doubt.
- (b) That acceptance of the Partial Offer or Option Offer by any persons will be deemed to constitute a warranty by such persons to CGA, the Offeror and CMB International that he/she/it has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights accruing or attaching thereto) specified in such Form(s) of Acceptance under the Partial Offer and the Option Offer and that the Shares acquired under the Partial Offer are fully paid and sold by any such persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights and benefits accruing and attaching thereto as at or after the Final Closing Date including all rights to any dividend or other distributions declared, made or paid on or after the Final Closing Date.

3. Appointment and authority

That due execution of the **WHITE** Form(s) of Acceptance constitutes:

an irrevocable instruction to any director or officer of CGA, the Offeror or CMB International, or such other person as any of them may direct to complete and execute the **WHITE** Form(s) of Acceptance and/or any other document on behalf of the person accepting the Partial Offer and to do any other acts or things (such as, among others, due execution of instruments of transfer to effect transfers of Shares accepted by the Offeror pursuant to the Partial Offer to the Offeror and to tender the relevant Share certificate(s) for cancellation) as may be necessary, expedient or desirable for the purpose of the Offeror to acquire some or all of the Shares (as the Offeror may in its absolute discretion determine in accordance with the formula as set out in the section headed “Other terms of the Partial Offer and the Option Offer” in the letter from CMB International in this Composite Document in respect of which such person has accepted the Partial Offer).

4. Undertakings

That by executing the **WHITE** Form(s) of Acceptance, he/she/it:

- (a) undertakes to deliver to the Registrar the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of the Shares for which the Partial Offer is accepted, or an indemnity or indemnities acceptable to the Offeror in lieu thereof, or to procure the delivery of such document(s) to the Registrar as soon as possible thereafter and, in any event, no later than 4:00 p.m. on Tuesday, 21 June 2016, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve;
- (b) undertakes to do all such acts and things and execute all such deeds and documents as may be necessary to carry into effect or to give legal effect to his/her/its acceptance of the Partial Offer, including, without limitation, to acquire any Shares in respect of which he/she/it has accepted the Partial Offer free from all liens, charges, options, claims, equities, adverse interests, third parties rights or encumbrances whatsoever and together with all rights and benefits accruing and attaching thereto as at or after the Final Closing Date including all rights to any dividend or other distributions declared, made or paid on or after the Final Closing Date and/or to perfect any of the authorities expressed to be given hereunder.

5. General

That:

- (a) The provisions of the **WHITE** Form(s) of Acceptance and the other terms and conditions in this Composite Document are deemed to be incorporated into the terms and conditions of the Partial Offer.

- (b) The Offeror or such other person as the Offeror may direct is authorised to despatch by post the consideration to which the Qualifying Shareholder is entitled at his/her/ its risk to the address of the registered Shareholder or the first-named of joint registered Shareholders on the Register or, if different, to the name and address of the person as specified on the **WHITE** Form(s) of Acceptance.
- (c) In making their decisions, the Qualifying Shareholders and Optionholders must rely on their own examination of the Group and the terms of the Partial Offer and the Option Offer including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of CGA, the Offeror, the Company, CMB International, or their respective professional advisers (other than the Independent Financial Adviser). Qualifying Shareholders and Optionholders should consult their own professional advisers for professional advice in relation to their decisions.
- (d) Qualifying Shareholders may accept the Partial Offer by completing the **WHITE** Form(s) of Acceptance in accordance with the instructions set out in the **WHITE** Form(s) of Acceptance (which constitute part of the terms of the Partial Offer). A **WHITE** Form of Acceptance may be rejected as invalid if the procedures contained in this Composite Document and in the **WHITE** Form(s) of Acceptance are not complied with.
- (e) The Partial Offer and all acceptances of it, the **WHITE** Form(s) of Acceptance and all contracts made pursuant to the Partial Offer, and all action taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a **WHITE** Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- (f) The accidental omission to despatch, or the failure of any person to receive this Composite Document or the **WHITE** Form(s) of Acceptance will not invalidate any aspect of the Partial Offer. Extra prints of these documents are available to any Qualifying Shareholder at the office of the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during the period from the Despatch Date to the Final Closing Date (both days inclusive), between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.klbaoxin.com.
- (g) The Offeror reserves the right, subject to the Code, any applicable law or regulatory requirements and the requirements of the Executive, to amend the Offer Price or other terms of the Partial Offer. In the event of such amendment, a supplemental document and new **WHITE** Form(s) of Acceptance will be despatched to the Qualifying Shareholders. Any revised Partial Offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the

course of the Partial Offer, the Offeror revises the terms of the Partial Offer, all Qualifying Shareholders, whether they have accepted the Partial Offer or not, will be entitled to the revised terms.

- (h) The right of acceptance of the Partial Offer is personal to the Qualifying Shareholders and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- (i) Subject to (i) the terms of the Partial Offer as set out in this Composite Document; (ii) the provisions of the Code; and (iii) any requirements of the Executive, the Offeror shall determine the calculation of the number of Shares to be taken up by the Offeror from each accepting Shareholder, the Offer Price to be paid therefor, whether an acceptance tendered fully complies with the terms of the Partial Offer and all other questions as to the validity, form and eligibility (including the time of receipt) of an acceptance (provided that this is determined consistently with the requirement of the Code or otherwise with the Executive's consent). In the absence of manifest error, such a determination by the Offeror shall be conclusive.
- (j) All communications, notices, the Form(s) of Acceptance, Share certificate(s), Share Option certificates, or letters of the grant (as the case may be) transfer receipt(s), other document(s) of title (and/or any indemnity or indemnities in respect thereof) and remittances to be delivered or sent by, to or from any Shareholders and Optionholders will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of CGA, the Offeror, the Company, CMB International, the Registrar or any of their respective directors or professional advisers or any other person involved in the Partial Offer and the Option Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The making of the Offers to Qualifying Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Qualifying Shareholders or Optionholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Qualifying Shareholder or Optionholder who wishes to accept the Partial Offer or the Option Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Qualifying Shareholder in such relevant jurisdictions.

Any acceptance by any Qualifying Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder or Optionholder to the Offeror and the Company that all local laws and requirements have

been complied with and that the Partial Offer and Option Offer can be accepted by such Qualifying Shareholder or Optionholder lawfully under the laws of the relevant jurisdiction. Qualifying Shareholders and Optionholders should consult their professional advisers if in doubt.

TAXATION

Qualifying Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Partial Offer and the Option Offer. It is emphasized that none of CGA, the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, CMB International, the Registrar or any of their respective directors or professional advisers or any persons involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Partial Offer or the Option Offer.

ANNOUNCEMENTS

The announcement of the results of the Partial Offer and the Option Offer will be jointly issued by CGA, the Offeror and the Company and posted on the website of the Stock Exchange by 7:00 p.m. on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Code and will include, among other things, the results of the Partial Offer and the Option Offer and details of the way in which each accepting Shareholder's and accepting Optionholder's pro-rata entitlement was determined.

In any announcement of an extension of the Partial Offer and the Option Offer, either the next closing date must be stated or, if the Partial Offer and the Option Offer is unconditional in all respects, a statement may be made that the Partial Offer and the Option Offer will remain open for acceptance for 14 days thereafter in accordance with the Code. Pursuant to Rule 28.4 of the Code, the Offeror cannot extend the Final Closing Date to a date beyond the 14th day after the First Closing Date. If the Partial Offer becomes or is declared unconditional in all respects by no later than the date falling 7 days following the Despatch Date, the Offeror shall be entitled to make an announcement to the effect that the Partial Offer and the Option Offer will close for acceptance on the date falling 21 days following the Despatch Date.

The results announcements shall specify the total number of Shares:

- (a) for which acceptances of the Partial Offer and the Option Offer have been received;
- (b) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (c) acquired or agreed to be acquired during the Offer Period by the Offeror or any parties acting in concert with it.

The results announcements must include the details of the way in which each of the accepting Shareholder's and accepting Optionholder's pro-rata entitlement was/is to be determined in compliance with Note 7 to Rule 19 of the Code.

The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Code) of the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The results announcements shall include the percentages of the relevant classes of share capital of the Company, and the percentages of voting rights, represented by these numbers.

If the Offeror, any parties acting in concert with it or its advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders and accepting Optionholder during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Code.

As required under the Code and the Listing Rules, all announcements in relation to the Partial Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the websites of the Stock Exchange and the Company.

INTERPRETATION

A reference in this Composite Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a **WHITE** Form of Acceptance and in the event of more than one person executing a **WHITE** Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.

A reference in this Composite Document and the Form(s) of Acceptance to the Partial Offer and the Option Offer shall include any extension and/or revision thereof.

A reference in this Composite Document and the Form(s) of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015. The figures for the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 are extracted from the audited consolidated financial statements of the Group for 2013, 2014 and 2015, respectively. The auditor's reports prepared by Ernst & Young in respect of the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2013, 2014 and 2015 did not contain any qualification.

The summary consolidated income statement for the Group for each of the three financial years ended 31 December 2013, 2014 and 2015 set out below does not contain any extraordinary items or exceptional items.

	audited Year ended 31 December 2015 <i>RMB'000</i>	audited Year ended 31 December 2014 <i>RMB'000</i>	audited Year ended 31 December 2013 <i>RMB'000</i>
Revenue	23,776,461	30,723,432	30,081,687
Cost of Goods Sold	<u>(21,587,955)</u>	<u>(27,935,772)</u>	<u>(27,161,294)</u>
Gross Profit	2,188,506	2,787,660	2,920,393
Commission income	269,012	371,438	231,473
Interest income	28,262	33,519	31,769
Gains on disposal of a subsidiary	—	—	2,212
Net gain on deemed disposal of a subsidiary	19,408	—	—
Advertisement support received from motor vehicle manufacturers	10,522	19,696	25,596
Foreign exchange differences, net	—	—	24,952
Rental income	1,304	1,569	1,352
Government grants	10,899	19,679	28,436
Net gain/(loss) on disposal of items of property, plant and equipment	3,626	(5,722)	100,476
Net gain/(loss) on disposal of items of intangible assets	109	(953)	—
Fair value loss, net: Derivative instruments	(1,066)	—	—
Equity investments at fair value through profit or loss	(515)	—	—
Net gain on disposal of listed equity investments	2,513	—	—
Others	<u>13,237</u>	<u>15,348</u>	<u>22,606</u>
	357,311	454,574	468,872

	audited Year ended 31 December 2015 <i>RMB'000</i>	audited Year ended 31 December 2014 <i>RMB'000</i>	audited Year ended 31 December 2013 <i>RMB'000</i>
Selling and distribution expenses	(977,024)	(983,221)	(946,815)
Administrative expenses	<u>(643,434)</u>	<u>(608,813)</u>	<u>(538,713)</u>
Operating Profits	925,359	1,650,200	1,903,737
Finance costs	(540,111)	(617,234)	(544,601)
Share of loss of an associate	(16,151)	—	—
Share of profit of a jointly-controlled entity	<u>5,830</u>	<u>6,783</u>	<u>10,544</u>
Net profit or loss before taxation	374,927	1,039,749	1,369,680
Taxation	(150,656)	(326,115)	(355,345)
Profit for the period/year	224,271	713,634	1,014,335
Net profit or loss attributable to shareholders	220,094	706,644	1,006,805
Net profit or loss attributable to minority interests	4,177	6,990	7,530
Final dividend declared	—	101,244	303,885
Dividend per ordinary share	HK\$0 (approximately RMB0)	HK\$0.05 (approximately RMB0.04)	HK\$0.15 (approximately RMB0.12)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share	<u>0.09</u>	<u>0.28</u>	<u>0.39</u>

Notes: For the year ended 31 December 2015, the Board of the Company has resolved not to declare dividend. For the two years ended 31 December 2013 and 2014, dividends have been declared. For the two years ended 31 December 2013 and 2014, total dividends of HK\$0.15 per Share and HK\$0.05 per Share, respectively, were paid.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2015, together with the notes thereto, which have been extracted from the annual report of the Company for the year ended 31 December 2015. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the annual report of the Company for the year ended 31 December 2015.

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
REVENUE	5(a)	23,776,461	30,723,432
Cost of sales and services provided	6(b)	<u>(21,587,955)</u>	<u>(27,935,772)</u>
Gross profit		2,188,506	2,787,660
Other income and gains, net	5(b)	357,311	454,574
Selling and distribution expenses		(977,024)	(983,221)
Administrative expenses		<u>(643,434)</u>	<u>(608,813)</u>
Profit from operations		925,359	1,650,200
Finance costs	7	(540,111)	(617,234)
Share of profits and losses of:			
A joint venture	19(b)	5,830	6,783
An associate		<u>(16,151)</u>	<u>—</u>
Profit before tax	6	374,927	1,039,749
Income tax expense	8(a)	<u>(150,656)</u>	<u>(326,115)</u>
Profit for the year		<u><u>224,271</u></u>	<u><u>713,634</u></u>
Attributable to:			
Owners of the parent		220,094	706,644
Non-controlling interests		<u>4,177</u>	<u>6,990</u>
		<u><u>224,271</u></u>	<u><u>713,634</u></u>
Earnings per share attributable to ordinary equity holders of the parent	12		
Basic and diluted			
— For profit for the year (RMB)		<u><u>0.09</u></u>	<u><u>0.28</u></u>

Consolidated Statement of Comprehensive Income
Year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>224,271</u>	<u>713,634</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	<u>(268,837)</u>	<u>41</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(268,837)</u>	<u>41</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(268,837)</u>	<u>41</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(44,566)</u>	<u>713,675</u>
Attributable to:		
Owners of the parent	(48,743)	706,685
Non-controlling interests	<u>4,177</u>	<u>6,990</u>
	<u>(44,566)</u>	<u>713,675</u>

Consolidated Statement of Financial Position

31 December 2015

		31 December 2015	31 December 2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,697,075	3,788,537
Prepaid land lease payment	14	646,610	537,139
Intangible assets	15	882,855	922,189
Prepayments and deposits	16	256,730	498,084
Finance lease receivables	17	17,606	12,207
Goodwill	18	100,725	100,725
Derivative financial instruments	32	9,490	—
Investment in a joint venture	19	50,846	45,016
Available-for-sale investment	20	16,621	16,573
Deferred tax assets	35(a)	78,454	74,229
Total non-current assets		<u>5,757,012</u>	<u>5,994,699</u>
CURRENT ASSETS			
Inventories	21	2,454,946	3,056,777
Trade receivables	22	358,159	393,155
Finance lease receivables	17	28,231	12,731
Prepayments, deposits and other receivables	23	5,449,306	5,503,515
Amounts due from related parties	44(a)	55,324	41,063
Equity investments at fair value through profit or loss	24	46,864	—
Derivative financial instruments	32	6,457	—
Pledged bank deposits	25	2,332,021	2,436,468
Cash in transit	26	78,224	134,987
Cash and cash equivalents	27	<u>2,160,980</u>	<u>2,202,892</u>
		12,970,512	13,781,588
Non-current asset classified as held for sale	28	<u>83,902</u>	<u>—</u>
Total current assets		<u>13,054,414</u>	<u>13,781,588</u>
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	29	4,063,575	4,037,687
Trade and bills payables	30	3,945,184	4,877,913
Other payables and accruals	31	646,283	779,516
Income tax payable		<u>168,795</u>	<u>522,339</u>
		8,823,837	10,217,455
Long term interest-bearing bank borrowings — current portion	29	<u>4,217,361</u>	<u>1,069,751</u>
Total current liabilities		<u>13,041,198</u>	<u>11,287,206</u>

		31 December 2015	31 December 2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS		<u>13,216</u>	<u>2,494,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,770,228</u>	<u>8,489,081</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	29	—	2,621,136
Bonds	33	441,683	396,095
Other payables		30,472	—
Deferred tax liabilities	35(b)	<u>325,617</u>	<u>323,050</u>
Total non-current liabilities		<u>797,772</u>	<u>3,340,281</u>
Net assets		<u>4,972,456</u>	<u>5,148,800</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	36	20,836	20,836
Reserves	38	<u>4,914,094</u>	<u>5,067,825</u>
		4,934,930	5,088,661
Non-controlling interests		<u>37,526</u>	<u>60,139</u>
Total equity		<u>4,972,456</u>	<u>5,148,800</u>

Consolidated Statement of Changes in Equity
Year ended 31 December 2015

	Attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital	Share premium*	Share option reserve*	Statutory reserve*	Merge reserve*	Other reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed final dividend*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 36	Note 36	Note 37	Note 38(i)	Note 38(ii)	Note 38(iii)	Note 38(iv)					
At 1 January 2014	20,836	1,868,372	15,925	271,303	(58,327)	—	7,636	2,240,486	303,885	4,670,116	53,149	4,723,265
Profit for the year	—	—	—	—	—	—	—	706,644	—	706,644	6,990	713,634
Other comprehensive income for the year:												
Exchange differences on translation of financial statements	—	—	—	—	—	—	41	—	—	41	—	41
Total comprehensive income for the year	—	—	—	—	—	—	41	706,644	—	706,685	6,990	713,675
Equity-settled share-based transactions	—	—	15,745	—	—	—	—	—	—	15,745	—	15,745
Final 2013 dividend declared	—	—	—	—	—	—	—	—	(303,885)	(303,885)	—	(303,885)
Proposed final 2014 dividend (Note 11)	—	(101,244)	—	—	—	—	—	—	101,244	—	—	—
Transfer from retained profits	—	—	—	78,766	—	—	—	(78,766)	—	—	—	—
At 31 December 2014	<u>20,836</u>	<u>1,767,128</u>	<u>31,670</u>	<u>350,069</u>	<u>(58,327)</u>	<u>—</u>	<u>7,677</u>	<u>2,868,364</u>	<u>101,244</u>	<u>5,088,661</u>	<u>60,139</u>	<u>5,148,800</u>
At 1 January 2015	20,836	1,767,128	31,670	350,069	(58,327)	—	7,677	2,868,364	101,244	5,088,661	60,139	5,148,800
Profit for the year	—	—	—	—	—	—	—	220,094	—	220,094	4,177	224,271
Other comprehensive income for the year:												
Exchange differences on translation of financial statements	—	—	—	—	—	—	(268,837)	—	—	(268,837)	—	(268,837)
Total comprehensive income for the year	—	—	—	—	—	—	(268,837)	220,094	—	(48,743)	4,177	(44,566)
Acquisition of non-controlling interests	—	—	—	—	—	(3,744)	—	—	—	(3,744)	(26,790)	(30,534)
Final 2014 dividend declared	—	—	—	—	—	—	—	—	(101,244)	(101,244)	—	(101,244)
Transfer from retained profits	—	—	—	33,207	—	—	—	(33,207)	—	—	—	—
At 31 December 2015	<u>20,836</u>	<u>1,767,128</u>	<u>31,670</u>	<u>383,276</u>	<u>(58,327)</u>	<u>(3,744)</u>	<u>(261,160)</u>	<u>3,055,251</u>	<u>—</u>	<u>4,934,930</u>	<u>37,526</u>	<u>4,972,456</u>

* These reserve accounts comprise the consolidated reserves of RMB4,914,094,000 (2014: RMB5,067,825,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows*Year ended 31 December 2015*

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Operating activities			
Profit before tax		374,927	1,039,749
Adjustments for:			
Share of profit of a joint venture	<i>19(b)</i>	(5,830)	(6,783)
Share of loss of an associate		16,151	—
Depreciation of property, plant and equipment	<i>13</i>	307,576	284,792
Amortisation of prepaid land lease payment	<i>14</i>	6,594	7,370
Amortisation of intangible assets	<i>15</i>	38,381	40,026
Gain on disposal of a subsidiary	<i>5</i>	(19,408)	—
Fair value loss, net: derivative instruments	<i>5</i>	1,066	—
Equity investments at fair value through profit or loss	<i>5</i>	515	—
Net gain on disposal of listed equity investments	<i>5</i>	(2,513)	—
Interest income	<i>5</i>	(28,262)	(33,519)
Net (gain)/loss on disposal of items of property, plant and equipment	<i>5</i>	(3,626)	5,722
Net (gain)/loss on disposal of items of intangible assets		(109)	953
Write-down of inventories to net realisable value	<i>6</i>	21,662	11,787
Finance costs	<i>7</i>	540,111	617,234
Equity-settled share option expense	<i>37</i>	—	15,745
		<u>1,247,235</u>	<u>1,983,076</u>
Decrease in pledged bank deposits		104,447	369,266
Decrease/(increase) in cash in transit		56,763	(44,971)
Decrease in trade receivables		34,996	170,294
Increase in prepayments, deposits and other receivables		(237,689)	(1,211,578)
Decrease/(increase) in inventories		580,169	(39,691)
(Decrease)/increase in trade and bills payables		(932,729)	456,788
Decrease in other payables and accruals		(132,427)	(15,236)
Increase in finance lease receivables		<u>(20,899)</u>	<u>(24,938)</u>
Cash generated from operations		699,866	1,643,010
Income tax paid		<u>(111,701)</u>	<u>(164,950)</u>
Net cash flows generated from operating activities		<u>588,165</u>	<u>1,478,060</u>

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Investing activities			
Purchase of items of property, plant and equipment		(546,832)	(945,017)
Proceeds from disposal of items of property, plant and equipment		349,065	230,859
Proceeds from disposal of intangible assets		1,043	
Purchase of land use rights		(4,612)	(265,965)
Purchase of intangible assets		(493)	(10,930)
Acquisition of subsidiaries, net of cash paid		—	(79,762)
Deemed disposal of subsidiaries	39	(100,151)	—
Proceeds from equity investments at fair value through profit or loss		100,828	—
Purchase of equity investments at fair value through profit or loss		(145,694)	—
Disposal of a subsidiary		—	10,000
Interest received		28,262	33,519
Dividends paid		(101,244)	(303,885)
Net cash flows used in investing activities		<u>(419,828)</u>	<u>(1,331,181)</u>
Financing activities			
Received a refundable earnest money from a third party		41,102	—
Acquisition of non-controlling interests		(30,534)	—
Proceeds from bank loans and other borrowings		10,417,929	11,240,573
Repayment of bank loans and other borrowings		(10,030,248)	(10,578,425)
Interest paid		(529,159)	(628,439)
Net cash flows (used in)/generated from financing activities		<u>(130,910)</u>	<u>33,709</u>
Net increase in cash and cash equivalents		37,427	180,588
Cash and cash equivalents at the beginning of year		2,202,892	2,020,926
Effect of foreign exchange rate changes, net		(79,339)	1,378
Cash and cash equivalents at the end of year	27	<u><u>2,160,980</u></u>	<u><u>2,202,892</u></u>

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION

Baoxin Auto Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 14 December 2011.

During the year, the Group was principally engaged in the sale and service of motor vehicles.

In the opinion of the directors of the Company (the “Directors”), the ultimate holding company of the Company is Baoxin Investment Management Ltd., which was incorporated in the British Virgin Islands (“BVI”).

On 11 December 2015, China Grand Automotive Services Co. Limited (“CGA”) provide pre-conditional voluntary cash partial offer to acquire a maximum of 75% of the issued share capital of the Company (the “Proposed Acquisition”). As at the date of these financial statements, the Proposed Acquisition has not yet completed.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place of operation/ date of incorporation	Authorised/ registered/ paid-in/issued capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
開隆投資管理有限公司 (Kailong Investments Management Limited)	Hong Kong, the PRC 2010	Authorised capital of HK\$10,000, issued capital of HK\$1 and paid-in capital of nil	—	100%	Investment holding
NCGA Holdings Limited	Hong Kong, the PRC 2006	Registered and paid- in capital of US\$93,181,961	100%	—	Investment holding
McLarty Consulting Hong Kong Limited	Hong Kong, the PRC 2010	Registered and paid- in capital of HK\$100	—	100%	Consulting services
金花企業集團(香港)有限公司 (GIN WI ENTERPRISES GROUP (H.K.) LIMITED)	Hong Kong, the PRC 1999	Registered and paid- in capital of HK\$10,000	—	100%	Investment holding
上海寶信汽車銷售服務有限公司 (Shanghai Baoxin Automobile Sales & Services Co., Ltd.)	Shanghai, the PRC 2004	Registered and paid- in capital of RMB214,650,000	—	100%	Sale and service of motor vehicles
上海開隆汽車貿易有限公司 (Shanghai Kailong Automobile Trading Co., Ltd.)	Shanghai, the PRC 1999	Registered and paid- in capital of RMB87,000,000	—	100%	Sale and service of motor vehicles

Company name	Place of operation/ date of incorporation	Authorised/ registered/ paid-in/issued capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
上海太平洋金沙汽車銷售服務有限公司 (Shanghai Pacific Jinsha Automobile Sales & Services Co., Ltd.)	Shanghai, the PRC 2002	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
蘇州寶信汽車銷售服務有限公司 (Suzhou Baoxin Automobile Sales & Services Co., Ltd.)	Suzhou, the PRC 2004	Registered and paid-in capital of RMB500,000,000	—	100%	Sale and service of motor vehicles
青島信寶行汽車銷售服務有限公司 (Qingdao Xinbaohang Automobile Sales & Services Co., Ltd.)	Qingdao, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
天津寶信汽車銷售服務有限公司 (Tianjin Baoxin Automobile Sales & Services Co., Ltd.)	Tianjin, the PRC 2008	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
寧波寶信汽車銷售服務有限公司 (Ningbo Baoxin Automobile Sales & Services Co., Ltd.)	Ningbo, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
寧海寶信汽車銷售服務有限公司 (Ninghai Baoxin Automobile Sales & Services Co., Ltd.)	Ninghai, the PRC 2010	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
上海天華汽車銷售有限公司 (Shanghai Tianhua Automobile Sales Co., Ltd.)	Shanghai, the PRC 2002	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
杭州寶信汽車銷售服務有限公司 (Hangzhou Baoxin Automobile Sales & Services Co., Ltd.)	Hangzhou, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	90%	Sale and service of motor vehicles
揚州信寶行汽車銷售服務有限公司 (Yangzhou Xinbaohang Automobile Sales & Services Co., Ltd.)	Yangzhou, the PRC 2010	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
泰州信寶行汽車銷售服務有限公司 (Taizhou Xinbaohang Automobile Sales & Services Co., Ltd.)	Taizhou, the PRC 2010	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
上海真北天華汽車銷售服務有限公司 (Shanghai Zhenbei Tianhua Auto Sales and Services Co., Ltd.)	Shanghai, the PRC 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
蘇州信寶行汽車銷售服務有限公司 (Suzhou Xinbaohang Automobile Sales & Services Co., Ltd.)	Suzhou, the PRC 2010	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles

Company name	Place of operation/ date of incorporation	Authorised/ registered/ paid-in/issued capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
嘉興天華汽車銷售服務有限公司 (Jiaxing Tianhua Automobile Sales & Services Co., Ltd.)	Jiaxing, the PRC 2011	Registered and paid- in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
濰博寶信汽車銷售服務有限公司 (Zibo Baoxin Automobile Sales & Services Co., Ltd.)	Zibo, the PRC 2011	Registered and paid- in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
煙台寶信汽車銷售服務有限公司 (Yantai Baoxin Auto Sales & Services Co., Ltd.)	Yantai, the PRC 2012	Registered and paid- in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
瑞安市寶隆汽車銷售服務有限 公司 (Rui'an Baolong Auto Sales and Services Co., Ltd.)	Rui'an, the PRC 2012	Registered and paid- in capital of RMB43,800,000	—	90%	Sale and service of motor vehicles
上海寶信行汽車銷售服務有限 公司 (Shanghai Baoxinhang Auto Sales and Services Co., Ltd.)	Shanghai, the PRC 2012	Registered and paid- in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
陝西天華汽車銷售服務有限公司 (Shaanxi Tianhua Auto Sales and Services Co., Ltd.)	Shaanxi, the PRC 2012	Registered and paid- in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
燕駿汽車有限公司 (Yan Jun Auto Co., Limited)	Hong Kong, the PRC 1993	Registered and paid- in capital of HK\$59,900,000	—	100%	Investment holding
燕駿(中國)投資有限公司 (Yan Jun (China) Investment Co., Ltd.)	Beijing, the PRC 2011	Registered capital of US\$30,000,000 and paid-in capital of US\$7,500,000	—	100%	Investment holding and consulting service
北京燕寶汽車服務有限公司 (Beijing Yan Bao Auto Service Co., Ltd.)	Beijing, the PRC 1995	Registered and paid- in capital of RMB89,350,000	—	100%	Rendering of car repair and maintenance services
陝西金花汽車貿易有限責任公司 (Shaanxi Gin Wa Auto Trade Co., Ltd.)	Xi'an, the PRC 2001	Registered and paid- in capital of RMB52,000,000	—	100%	Sale of motor vehicles
大連燕寶汽車有限公司 (Dalian Yanbao Auto Co., Ltd.)	Dalian, the PRC 1995	Registered and paid- in capital of US\$7,920,000	—	100%	Rendering of motor vehicles maintenance services
北京燕德寶汽車銷售有限公司 (Beijing Yan De Bao Auto Sales Co., Ltd.)	Beijing, the PRC 2002	Registered and paid- in capital of RMB120,475,296	—	100%	Sale of motor vehicles

Company name	Place of operation/ date of incorporation	Authorised/ registered/ paid-in/issued capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
烏魯木齊燕寶汽車銷售服務有限公司 (Urumqi Yanbao Auto Sales & Service Co., Ltd.)	Urumqi, the PRC 2005	Registered and paid-in capital of RMB35,600,000	—	100%	Rendering of motor vehicles repair and maintenance services
北京燕英捷汽車銷售服務有限公司 (Beijing Yan Ying Jie Auto Sales & Service Co., Ltd.)	Beijing, the PRC 2010	Registered and paid-in capital of US\$10,000,000	—	100%	Sale of motor vehicles
大連燕德寶汽車銷售有限公司 (Dalian Yan De Bao Auto Sales Co., Ltd.)	Dalian, the PRC 2002	Registered and paid-in capital of RMB36,000,000	—	100%	Sale of motor vehicles
西安金花寶鼎汽車銷售服務有限公司 (Xi'an Gin Wi Baoding Auto Service Co., Ltd.)	Xi'an, the PRC 2001	Registered and paid-in capital of RMB26,000,000	—	100%	Rendering of motor vehicles repair and maintenance services
北京晨德寶汽車銷售服務有限公司 (Beijing Chen De Bao Auto Sales and Service Co., Ltd.)	Beijing, the PRC 2003	Registered and paid-in capital of RMB94,500,000	—	100%	Sale of motor vehicles
廊坊燕寶汽車銷售服務有限公司 (Langfang Yanbao Auto Sales & Service Co., Ltd.)	Langfang, the PRC 2011	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
寶雞燕德寶汽車銷售服務有限公司 (Baoji Yan De Bao Auto Sales & Service Co., Ltd.)	Baoji, the PRC 2012	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
北京燕英捷燕順捷汽車銷售服務有限公司 (Beijing Yan Ying Jie & Yan Shun Jie Auto Sales & Service Co., Ltd.)	Beijing, the PRC 1998	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
深圳路捷汽車銷售服務有限公司 (Shenzhen Lujie Auto Sales and Services Co., Ltd.)	Shenzhen, the PRC 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Dormant

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain derivative financial instruments, and equity investments which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell as further explained in Note 2.4. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The adoption of the above revised standards has had no significant financial effect on these financial statements.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date yet determined but available for adoption

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the

transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group will quantify the effect when the final effective date is issued.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

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

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

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associate or joint ventures.

When an investment in an associate or joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

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

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual values of property, plant and equipment are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	30 years	5%
Leasehold improvements	Over the shorter of the lease terms and 5 years	—
Plant and machinery	5–10 years	5%
Furniture and fixtures	3–5 years	5%
Motor vehicles	4–5 years	5%

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

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

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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

Category	Estimated useful life
Software	5 years
Dealership agreements	40 years
Customer relationship	15 years
Club membership	29 years
Car licence	Indefinite useful life

Leases

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

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

The Group as lessor of finance lease

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

Prepaid land lease payment

All land in Mainland China is state-owned and no individual land ownership rights exist. The Group acquires the rights to use certain land and the consideration paid for such rights is recorded as prepaid land lease payment, which is amortised over the lease terms of 40 to 50 years using the straight-line method.

Investments and other financial assets*Initial recognition and measurement*

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

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

Available-for-sale financial investments

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

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

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

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

Available-for-sale financial investments

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

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

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

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities*Initial recognition and measurement*

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

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

The Group’s financial liabilities include trade and bills payables, other payables, bonds, and bank loans and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans, borrowings and bonds

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as currency options, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Revenue recognition

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

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, on the percentage of completion basis, in the period in which the services are rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset;
- (e) dividend income, when the shareholders' right to receive payment has been established;

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

Vendor rebates

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

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 37 to the financial statements.

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

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

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

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

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

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

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government.

These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 5.52% has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting.

Foreign currencies

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

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

The functional currencies of the Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets as at 31 December 2015 was RMB83,948,000 (2014: RMB80,687,000). More details are given in Note 35(a).

Estimation uncertainty

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

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of receivables. The assessment of impairment of receivables involves the use of estimates and judgements. An estimate for doubtful debts is made when collection of the full amount under the invoice is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Where the actual outcome or expectation in the future is different from the original

estimate, such difference will affect the carrying value of receivables and thus the impairment loss in the period in which such estimate is changed. There was no impairment provision for receivables during the two years ended 31 December 2015 and 2014.

Write-down of inventories to net realisable value

The Group's inventories are stated at the lower of cost and net realisable value. The assessment of impairment of inventories involves the use of estimates and judgements. These estimates are made with reference to aged inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the estimated net realisable values of inventories decline below their carrying amounts. Due to changes in market conditions, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

Impairment of non-financial assets (other than goodwill)

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

4. OPERATING SEGMENT INFORMATION

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

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

Information about geographical areas

Since most of the Group's revenue was generated from the sale and service of motor vehicles in Mainland China and most of the Group's non-current assets other than deferred tax assets were located in Mainland China, geographical information as required by HKFRS 8 Operating Segments is not presented.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year, major customer information as required by HKFRS 8 Operating Segments is not presented.

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue from the sale of motor vehicles	20,758,358	27,662,990
Finance leasing services	6,181	908
Revenue from after-sales services	<u>3,011,922</u>	<u>3,059,534</u>
	<u>23,776,461</u>	<u>30,723,432</u>

(b) Other income and gains, net:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Commission income	269,012	371,438
Advertisement support received from motor vehicle manufacturers	10,522	19,696
Rental income	1,304	1,569
Government grants	10,899	19,679
Interest income	28,262	33,519
Net gain/(loss) on disposal of items of property, plant and equipment	3,626	(5,722)
Net gain/(loss) on disposal of items of intangible assets	109	(953)
Fair value loss, net:		
Derivative instruments	(1,066)	—
Equity investments at fair value through profit or loss	(515)	—
Net gain on deemed disposal of a subsidiary	19,408	—
Net gain on disposal of listed equity investments	2,513	—
Others	<u>13,237</u>	<u>15,348</u>
Total	<u>357,311</u>	<u>454,574</u>

6. PROFIT BEFORE TAX

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

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
(a) Employee benefit expense (including directors' and chief executive's remuneration (Note 9)):			
Wages and salaries		557,806	507,223
Other welfare		193,145	186,124
Equity-settled share option expense		—	15,745
		<u>750,951</u>	<u>709,092</u>
(b) Cost of sales and services:			
Cost of sales of motor vehicles		19,937,329	26,324,311
Others		1,650,626	1,611,461
		<u>21,587,955</u>	<u>27,935,772</u>
(c) Other items:			
Depreciation of items of property, plant and equipment	<i>13</i>	307,576	284,792
Amortisation of prepaid land lease payment	<i>14</i>	6,594	7,370
Amortisation of intangible assets	<i>15</i>	38,381	40,026
Advertisement and business promotion expenses		56,756	139,572
Auditors' remuneration		5,100	4,300
Bank charges		57,985	61,443
Foreign exchange differences, net		11,001	80
Lease expenses		286,210	173,827
Logistics and petroleum expenses		26,120	57,062
Office expenses		20,849	23,101
Write-down of inventories to net realisable value		21,662	11,787
Net (gain)/loss on disposal of items of property, plant and equipment		(3,626)	5,722
Net (gain)/loss on disposal of items of intangible assets		(109)	953
Fair value loss, net:			
Derivative instruments		1,066	—
Equity investments at fair value through profit or loss		515	—
Net gain on deemed disposal of a subsidiary		(19,408)	—
Net gain on disposal of listed equity investments		<u>(2,513)</u>	<u>—</u>

7. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank loans, overdrafts and other loans	552,322	628,682
Interest expense on bonds	<u>20,718</u>	<u>20,069</u>
Total interest expense on financial liabilities not at fair value through profit or loss	573,040	648,751
Less: Interest capitalised	<u>(32,929)</u>	<u>(31,517)</u>
	<u><u>540,111</u></u>	<u><u>617,234</u></u>

8. INCOME TAX

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current:		
Mainland China corporate income tax	158,157	346,169
Deferred tax (<i>Note 35</i>)	<u>(7,501)</u>	<u>(20,054)</u>
Total tax charge for the year	<u><u>150,656</u></u>	<u><u>326,115</u></u>

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

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

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2014: 16.5%) during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

According to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), the income tax rate is 25% (2014: 25%).

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

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before tax	<u>374,927</u>	<u>1,039,749</u>
Tax at the applicable tax rate (25%)	93,732	259,937
Lower tax rates enacted by local authority	(803)	52,690
Income not subject to tax	—	(2,332)
Tax losses not recognised	46,703	9,273
Tax effect of non-deductible expenses	8,444	8,243
Loss/(profit) attributable to a joint venture and an associate	<u>2,580</u>	<u>(1,696)</u>
Tax charge	<u>150,656</u>	<u>326,115</u>

The share of tax attributable to a joint venture and an associate is included in “Share of profits and losses of a joint venture and an associate” in the consolidated statement of profit or loss.

9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

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

	Year ended 31 December 2015			
	Directors’ fees <i>RMB'000</i>	Salaries, allowances and other benefits <i>RMB'000</i>	Contributions to defined contribution retirement scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Independent non-executive directors				
— Diao Jianshen	251	—	—	251
— Wang Keyi	251	—	—	251
— Chan Wan Tsun Adrian Alan	<u>251</u>	<u>—</u>	<u>—</u>	<u>251</u>
Executive directors				
— Yang Aihua	—	2,800	79	2,879
— Yang Hansong ⁽¹⁾	—	1,800	79	1,879
— Yang Zehua	—	1,600	79	1,679
— Zhao Hongliang	—	1,500	79	1,579
— Hua Xiuzhen	<u>—</u>	<u>1,200</u>	<u>—</u>	<u>1,200</u>
Non-executive director				
— Lu Linkui	<u>251</u>	<u>—</u>	<u>—</u>	<u>251</u>
	<u>1,004</u>	<u>8,900</u>	<u>316</u>	<u>10,220</u>

- (1) Mr. Yang Hansong is also the chief executive officer of the Company and his remuneration disclosed above includes the remuneration for his services rendered by him as the chief executive officer of the Company.

	Year ended 31 December 2014			Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Contributions to defined contribution retirement scheme RMB'000	
Independent non-executive directors				
— Diao Jianshen	240	—	—	240
— Wang Keyi	240	—	—	240
— Chan Wan Tsun Adrian Alan	240	—	—	240
Executive directors				
— Yang Aihua	—	2,800	74	2,874
— Yang Hansong ⁽¹⁾	—	1,800	74	1,874
— Yang Zehua	—	1,600	74	1,674
— Zhao Hongliang	—	1,500	74	1,574
— Hua Xiuzhen	—	1,200	—	1,200
Non-executive directors				
— Lu Linkui*	240	—	—	240
	<u>960</u>	<u>8,900</u>	<u>296</u>	<u>10,156</u>

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

No emoluments were paid to the non-executive directors of the Company during the year (2014: Nil).

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included three directors (2014: 3), details of whose remuneration are detailed in Note 9 above. Details of the remuneration for the year of the remaining two (2014: 2) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	4,013	3,888
Equity-settled share option expense	—	2,638
Pension scheme contributions	79	74
	<u>4,092</u>	<u>6,600</u>

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

	Number of employees	
	2015	2014
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$4,000,001 to HK\$4,500,000	—	2

In prior years, share options were granted to these two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 34 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year of 2014 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. DIVIDENDS

	2015	2014
	RMB'000	RMB'000
No final dividend for the year ended 31 December 2015 was recommended (2014: HK\$0.05) (approximately RMB0.00) per ordinary share	—	101,244

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,557,311,429 (2014: 2,557,311,429) in issue during the year.

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

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during 2015 and 2014.

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

Earnings	2015	2014
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	220,094	706,644
Shares	2015	2014
Weighted average number of ordinary shares in issue during the year	2,557,311,429	2,557,311,429

	2015	2014
	RMB	RMB
Earnings per share		
Basic and diluted	<u>0.09</u>	<u>0.28</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015							
At 31 December 2014 and at 1 January 2015:							
Cost	2,089,468	407,834	235,938	220,894	743,310	900,485	4,597,929
Accumulated depreciation	<u>(303,123)</u>	<u>(97,358)</u>	<u>(105,348)</u>	<u>(107,224)</u>	<u>(196,339)</u>	<u>—</u>	<u>(809,392)</u>
Net carrying amount	<u>1,786,345</u>	<u>310,476</u>	<u>130,590</u>	<u>113,670</u>	<u>546,971</u>	<u>900,485</u>	<u>3,788,537</u>
At 1 January 2015, net of accumulated depreciation	1,786,345	310,476	130,590	113,670	546,971	900,485	3,788,537
Additions	164,659	17,141	—	—	—	402,622	584,422
Deemed disposal of a subsidiary	—	(11,442)	(1,372)	(3,606)	—	(6,449)	(22,869)
Disposals	(85,337)	(17,275)	(569)	(273)	(241,985)	—	(345,439)
Depreciation provided during the year	(75,619)	(51,189)	(26,987)	(32,180)	(121,601)	—	(307,576)
Transfers	<u>220,054</u>	<u>33,788</u>	<u>17,521</u>	<u>21,116</u>	<u>244,875</u>	<u>(537,354)</u>	<u>—</u>
At 31 December 2015, net of accumulated depreciation	<u>2,010,102</u>	<u>281,499</u>	<u>119,183</u>	<u>98,727</u>	<u>428,260</u>	<u>759,304</u>	<u>3,697,075</u>
At 31 December 2015:							
Cost	2,387,746	420,030	249,226	236,568	644,477	759,304	4,697,351
Accumulated depreciation	<u>377,644</u>	<u>138,531</u>	<u>130,043</u>	<u>137,841</u>	<u>216,217</u>	<u>—</u>	<u>1,000,276</u>
Net carrying amount	<u>2,010,102</u>	<u>281,499</u>	<u>119,183</u>	<u>98,727</u>	<u>428,260</u>	<u>759,304</u>	<u>3,697,075</u>

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014							
At 31 December 2013 and at 1 January 2014:							
Cost	1,855,142	388,379	203,914	169,830	636,227	654,483	3,907,975
Accumulated depreciation	<u>(246,934)</u>	<u>(54,159)</u>	<u>(78,277)</u>	<u>(78,205)</u>	<u>(140,012)</u>	<u>—</u>	<u>(597,587)</u>
Net carrying amount	<u>1,608,208</u>	<u>334,220</u>	<u>125,637</u>	<u>91,625</u>	<u>496,215</u>	<u>654,483</u>	<u>3,310,388</u>
At 1 January 2014, net of accumulated depreciation	1,608,208	334,220	125,637	91,625	496,215	654,483	3,310,388
Additions	113,990	10,130	—	—	—	853,538	977,658
Acquisition of a subsidiary (Note 37)	891	5,752	3,214	969	11,038	—	21,864
Disposals	(134)	(13,045)	(2,326)	(706)	(220,370)	—	(236,581)
Depreciation provided during the year	(56,612)	(50,217)	(25,847)	(28,340)	(123,776)	—	(284,792)
Transfers	<u>120,002</u>	<u>23,636</u>	<u>29,912</u>	<u>50,122</u>	<u>383,864</u>	<u>(607,536)</u>	<u>—</u>
At 31 December 2014, net of accumulated depreciation	<u>1,786,345</u>	<u>310,476</u>	<u>130,590</u>	<u>113,670</u>	<u>546,971</u>	<u>900,485</u>	<u>3,788,537</u>
At 31 December 2014:							
Cost	2,089,468	407,834	235,938	220,894	743,310	900,485	4,597,929
Accumulated depreciation	<u>(303,123)</u>	<u>(97,358)</u>	<u>(105,348)</u>	<u>(107,224)</u>	<u>(196,339)</u>	<u>—</u>	<u>(809,392)</u>
Net carrying amount	<u>1,786,345</u>	<u>310,476</u>	<u>130,590</u>	<u>113,670</u>	<u>546,971</u>	<u>900,485</u>	<u>3,788,537</u>

As at 31 December 2015, the application for the property ownership certificates for certain buildings with a net book value of approximately RMB324,343,000 (2014: RMB146,303,000) was still in progress.

14. PREPAID LAND LEASE PAYMENT

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cost:		
At the beginning of the year	572,507	400,199
Additions	<u>125,912</u>	<u>172,308</u>
At the end of the year	<u>698,419</u>	<u>572,507</u>
Accumulated amortisation:		
At the beginning of the year	35,368	24,580
Charge for the year	6,594	7,370
Amortisation capitalised	<u>9,847</u>	<u>3,418</u>
At the end of the year	<u>51,809</u>	<u>35,368</u>
Net book value:		
At the end of the year	<u><u>646,610</u></u>	<u><u>537,139</u></u>

As at 31 December 2015, the application for the land use rights certificates for certain land with a net book value of approximately RMB3,666,000 (2014: RMB154,850,000) was still in progress.

The lease prepayments of the Group represent the costs of the Group's land use rights in respect of lands located in Mainland China which are held under medium term leases.

Certain of the Group's land use rights with an aggregate net book value of RMB4,826,000 (2014: RMB4,968,000) as at 31 December 2015 were pledged as security for the Group's banking facilities.

15. INTANGIBLE ASSETS

	Software RMB'000	Dealership agreements RMB'000	Customer relationship RMB'000	Car licence RMB'000	Club membership RMB'000	Total RMB'000
Cost:						
At 1 January 2015	18,294	682,688	299,894	6,900	2,454	1,010,230
Additions	493	—	—	—	—	493
Deemed disposal of a subsidiary (Note 39)	(633)	—	—	—	—	(633)
Disposal	(201)	—	—	(820)	—	(1,021)
At 31 December 2015	<u>17,953</u>	<u>682,688</u>	<u>299,894</u>	<u>6,080</u>	<u>2,454</u>	<u>1,009,069</u>
Accumulated amortisation:						
At 1 January 2015	10,642	34,300	42,915	—	184	88,041
Charge for the year	1,688	16,891	19,717	—	85	38,381
Deemed disposal of a subsidiary (Note 39)	(121)	—	—	—	—	(121)
Disposal	(87)	—	—	—	—	(87)
At 31 December 2015	<u>12,122</u>	<u>51,191</u>	<u>62,632</u>	<u>—</u>	<u>269</u>	<u>126,214</u>
Net book value:						
At 31 December 2015	<u>5,831</u>	<u>631,497</u>	<u>237,262</u>	<u>6,080</u>	<u>2,185</u>	<u>882,855</u>
	Software RMB'000	Dealership agreements RMB'000	Customer relationship RMB'000	Car licence RMB'000	Club membership RMB'000	Total RMB'000
Cost:						
At 1 January 2014	15,293	675,650	297,900	—	2,454	991,297
Additions	4,030	—	—	6,900	—	10,930
Acquisition of a subsidiary	—	7,038	1,994	—	—	9,032
Disposal	(1,029)	—	—	—	—	(1,029)
At 31 December 2014	<u>18,294</u>	<u>682,688</u>	<u>299,894</u>	<u>6,900</u>	<u>2,454</u>	<u>1,010,230</u>
Accumulated amortisation:						
At 1 January 2014	6,950	17,844	23,198	—	99	48,091
Charge for the year	3,768	16,456	19,717	—	85	40,026
Disposal	(76)	—	—	—	—	(76)
At 31 December 2014	<u>10,642</u>	<u>34,300</u>	<u>42,915</u>	<u>—</u>	<u>184</u>	<u>88,041</u>
Net book value:						
At 31 December 2014	<u>7,652</u>	<u>648,388</u>	<u>256,979</u>	<u>6,900</u>	<u>2,270</u>	<u>922,189</u>

The Group's principal identifiable intangible assets represent dealership agreements in Mainland China with various vehicle manufacturers and customer relationships acquired from third parties. The dealership agreements do not include a specified contract period or termination arrangement. The customer relationship is amortised over 15 years and the dealership agreements are amortised over 40 years, which is management's best estimation of their useful lives.

16. PREPAYMENTS AND DEPOSITS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments for purchase of items of property, plant and equipment	216,000	251,392
Long term deposits	40,730	55,721
Prepaid rental	—	77,911
Prepayments for land use rights	—	113,060
	<u>256,730</u>	<u>498,084</u>

17. FINANCE LEASE RECEIVABLES

Certain motor vehicles of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed as:		
Current	28,231	12,731
Non-current	<u>17,606</u>	<u>12,207</u>
	<u>45,837</u>	<u>24,938</u>

At 31 December 2015, the future minimum lease receivables under finance leases and their present values were as follows:

	Minimum lease receivables 31 December 2015	Present value of minimum lease receivables 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Finance lease receivables:		
Within one year	31,353	28,231
Later than one year and not later than five years	<u>19,780</u>	<u>17,606</u>
	51,133	45,837
Less: unearned finance income	<u>5,296</u>	<u>N/A</u>
Present value of minimum lease payment receivables	<u>45,837</u>	<u>45,837</u>

	Minimum lease receivables 31 December 2014 RMB'000	Present value of minimum lease receivables 31 December 2014 RMB'000
Finance lease receivables comprise:		
Within one year	15,413	12,731
Later than one year and not later than five years	<u>13,497</u>	<u>12,207</u>
	28,910	24,938
Less: unearned finance income	<u>3,972</u>	N/A
Present value of minimum lease payment receivables	<u><u>24,938</u></u>	<u><u>24,938</u></u>

18. GOODWILL

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cost:		
At the beginning of the year	100,725	75,674
Acquisition of a subsidiary	<u>—</u>	<u>25,051</u>
	<u><u>100,725</u></u>	<u><u>100,725</u></u>

Impairment testing of goodwill

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

Goodwill acquired through business combinations has been allocated to the cash-generating units, i.e. the individual acquired subsidiaries for impairment testing.

The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period from the end of the reporting period is 3% for all years. The pre-tax discount rate applied to the cash flow projections beyond the one-year period is 13.5%.

Key assumptions used in the value in use calculation

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

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

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

Sensitivity to changes in assumptions

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

19. INVESTMENT IN A JOINT VENTURE

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>50,846</u>	<u>45,016</u>

瀋陽信寶行汽車銷售服務有限公司 (Shenyang Xinbaohang Automobile Sales & Services Co., Ltd., “Shenyang Xinbaohang”) is a joint venture of the Group and is considered to be a related party of the Group.

(a) Particulars of a joint venture

Joint venture	Place of registration and business	Registered and paid-in capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shenyang Xinbaohang	Shenyang, the PRC	RMB10,000,000	50%	50%	50%	Sale and service of motor vehicles

(b) The following table illustrates the summarised financial information of the Group's joint venture:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Share of the joint venture's profit for the year	5,830	6,783
Share of the joint venture's total comprehensive income for the year	5,830	6,783
Aggregate carrying amount of the Group's investment in the joint venture	<u>50,846</u>	<u>45,016</u>

The Group's amount due from the joint venture is disclosed in Note 44 in the financial statements.

20. AVAILABLE-FOR-SALE INVESTMENT

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investment, at cost	<u>16,621</u>	<u>16,573</u>

The Company acquired NCGA Holdings Limited (the “NCGA Group”) on 1 December 2012. The NCGA Group held a 26% ownership interest of Qingdao Motors (H.K.) Limited and agreed not to exercise its 26% voting power. The investment was classified as an available-for-sale investment accordingly.

The available-for-sale investment was stated at cost less impairment because the investment does not have a quoted market price in an active market and the directors are of the opinion that the fair value cannot be measured reliably. The Group does not have the intention to dispose of it in the near future.

21. INVENTORIES

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Motor vehicles	2,143,756	2,752,913
Spare parts and accessories	<u>311,190</u>	<u>303,864</u>
	<u><u>2,454,946</u></u>	<u><u>3,056,777</u></u>

Certain of the Group's inventories with an aggregate carrying amount of RMB121,554,000 (2014: RMB327,959,000) as at 31 December 2015 were pledged as security for the Group's bank loans and other borrowings (Note 29(a)).

Certain of the Group's inventories with an aggregate carrying amount of RMB1,482,774,000 (2014: RMB1,709,262,000) as at 31 December 2015 were pledged as security for the Group's bills payable.

As at 31 December 2015, the carrying amount of inventories carried at fair value less costs to sell was RMB206,244,000 (2014: RMB105,237,000).

22. TRADE RECEIVABLES

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>358,159</u>	<u>393,155</u>

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The Group does not offer any credit to the Group's customers for automobile purchases or for out-of-warranty repairs that are not covered by insurance. However, the Group generally provides a credit term of two to three months to automobile manufacturers for the reimbursement of costs relating to the in-warranty repair services. 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.

An aged analysis of the trade receivables as at each reporting date (based on the invoice date, net of impairment) is as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	313,814	343,982
More than 3 months but less than 1 year	42,177	47,211
Over 1 year	<u>2,168</u>	<u>1,962</u>
	<u><u>358,159</u></u>	<u><u>393,155</u></u>

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	355,991	391,193
Over 1 year past due	<u>2,168</u>	<u>1,962</u>
	<u><u>358,159</u></u>	<u><u>393,155</u></u>

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

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments to suppliers	1,649,574	2,216,373
Rebate receivables	3,328,263	2,911,494
VAT recoverable (i)	177,818	162,759
Prepaid lease for buildings and land use rights	65,441	—
Prepayments of purchase of property, plant and equipment	30,159	—
Prepaid interest expense	21,636	44,539
Staff loans	8,107	8,979
Others	<u>168,308</u>	<u>159,371</u>
	<u><u>5,449,306</u></u>	<u><u>5,503,515</u></u>

Note:

- (i) The Group's sales of motor vehicles are subject to Mainland China Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable tax rate for domestic sales of the Group is 17%.

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

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity investments, at market value	<u>46,864</u>	<u>—</u>

The above equity investments at 31 December 2015 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

25. PLEDGED BANK DEPOSITS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Deposits pledged with banks as collateral against		
— letters of credit granted by the banks	79,104	81,021
— bill facilities granted by the banks	1,706,631	1,785,182
— short term bank loans granted by the banks	<u>546,286</u>	<u>570,265</u>
	<u>2,332,021</u>	<u>2,436,468</u>

Pledged bank deposits amounted to RMB2,105,489,000 (31 December 2014: RMB2,230,228,000) are denominated in RMB at the end of the reporting period, earn interest at interest rates stipulated by respective finance institutions.

26. CASH IN TRANSIT

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Cash in transit	<u>78,224</u>	<u>134,987</u>

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

27. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	<u>2,160,980</u>	<u>2,202,892</u>
Cash and cash equivalents	<u>2,160,980</u>	<u>2,202,892</u>

At the end of the reporting period, the cash and bank balances and short term deposits of the Group denominated in Renminbi (“RMB”) amounted to RMB1,875,515,000 (2014: RMB1,845,695,000). 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 deposits are made for varying periods ranging from one day to 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 short term 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.

28. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investment of Autostreets, at cost	<u>83,902</u>	<u>—</u>

In January 2015, “Autostreets”, a former subsidiary of the Company, accepted capital injection from independent third parties. Accordingly, the Company’s equity interest in “Autostreets” decreased from 100% to 38%. The Company lost its control over “Autostreets” after its equity interest in “Autostreets” had been diluted on 28 January 2015 (the “Deemed Disposal”). Therefore, the investment in “Autostreets” has not been included in the investments in subsidiaries since 28 January 2015.

The Company had significant influence over “Autostreets” after the Deemed Disposal and its remaining equity interest in “Autostreet” was accounted for as investment in an associate until 28 August 2015. The Company and Orient Rich Investment Development Limited (“Orient Rich”) entered into a sale and purchase agreement on 28 August 2015, pursuant to which the Company has agreed to sell and Orient Rich has agreed to purchase the entire issued share capital of Extensive Prosperous Investments Limited at a consideration of RMB100,000,000 (the “Purchase Price”). Extensive Prosperous Investments Limited, a subsidiary of the Company, held a 38% equity interest in “Autostreets”. Upon completion of the transaction, the Company will have no equity interest in “Autostreets”. Such transaction has not been completed as at the report date. The investment was classified as a held-for-sale investment accordingly.

The held-for-sale investment was stated at cost less impairment because its carrying amount was lower than the Purchase Price.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

		Effective interest rate (%)	31 December 2015 Original maturity	RMB'000
Current				
Bank loans				
— guaranteed	(b)	6.6	On demand	29,000
— secured	(a)	2.7	2016	327,580
— unsecured		Hibor**+3.4	2016	318,356
— unsecured		1.6	2016	125,670
— unsecured		1.9	2016	43,757
— unsecured		4.4-6.7	2016	3,061,568
				<u>3,905,931</u>
Other borrowings				
— secured	(a)	5.3-7.8	2016	<u>157,644</u>
				<u>4,063,575</u>
Long term interest-bearing bank loans				
— current portion				
Bank loans				
— secured	(a)	Libor*+3.5	2016	324,941
— unsecured		Libor*+3.7	2016	769,786
— unsecured	(c)	Libor*+3.5	On demand	1,540,682
— unsecured	(c)	Libor*+3.7	On demand	896,954
— unsecured		Libor*+3.7	On demand	490,916
— secured	(a)	Libor*+2.7	On demand	194,082
				<u>4,217,361</u>
				<u><u>8,280,936</u></u>

			31 December 2014	
		Effective interest rate (%)	Original maturity	RMB'000
Current				
Bank loans				
— guaranteed	(b)	6.6	On demand	29,000
— unsecured		Hibor**+2.2	On demand	299,433
— unsecured		Libor*+2.7	On demand	184,869
— secured	(a)	6.2–6.8	2015	251,292
— secured	(a)	Libor*+2.2	2015	198,014
— unsecured		5.6–6.7	2015	<u>2,962,874</u>
				<u>3,925,482</u>
Other borrowings				
— secured	(a)	7.7–9.1	2015	<u>112,205</u>
				<u>4,037,687</u>
Long term interest-bearing bank loans — current portion				
— secured	(a)	6.8	2015	140,000
— secured	(a)	Libor*+3.0	2015	11,901
— secured	(a)	Libor*+3.5	2015	<u>917,850</u>
				<u>1,069,751</u>
Non-current				
Bank loans				
— secured	(a)	Libor*+3.5	2016	302,207
— unsecured		Libor*+3.7	2016	1,028,116
— unsecured		Libor*+3.7	2017	<u>1,290,813</u>
				<u>2,621,136</u>
				<u>7,728,574</u>

* London Inter-Bank Offered Rate

** Hong Kong Inter-Bank Offered Rate

(a) The Group's certain bank loans are secured by:

- (i) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB121,554,000 (2014: RMB327,959,000) as at 31 December 2015.
- (ii) letters of credit issued by banks in Mainland China with a total amount of approximately RMB194,000,000 (31 December 2014: RMB13,000,000) as at 31 December 2015. The letters of credit were secured by the pledged bank deposits, which amounted to RMB44,000,000 (2014: RMB13,000,000);
- (iii) the pledge of certain of the Group's time deposits amounting to RMB 546,286,000 (2014: RMB570, 265,000).

- (b) Certain of the Group's bank loans which amounted to RMB29,000,000 (2014: RMB29,000,000) were guaranteed by a third party as at 31 December 2015.
- (c) As at 31 December 2015, long term bank borrowings with an aggregate carrying amount of approximately RMB2,437,636,000 that are repayable more than one year after the end of reporting period per loan agreements, with repayment on demand clause, have been classified as current liabilities as at 31 December 2015 in order to comply with the requirements set out in Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause as one repayment on demand clause stipulated in the loan contracts is triggered. Taking into account the Group's current financial position and recent positive feedbacks from the banks, the directors are very confident to believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.
- (d) As at 31 December 2015, the Group had unutilized banking facilities of RMB 12,357,956,000 (2014: RMB8,235,600,000).

30. TRADE AND BILLS PAYABLES

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	267,883	125,299
Bills payable	<u>3,677,301</u>	<u>4,752,614</u>
Trade and bills payables	<u><u>3,945,184</u></u>	<u><u>4,877,913</u></u>

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	3,658,491	4,784,702
3 to 6 months	266,919	82,650
6 to 12 months	1,402	930
Over 12 months	<u>18,372</u>	<u>9,631</u>
	<u><u>3,945,184</u></u>	<u><u>4,877,913</u></u>

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

31. OTHER PAYABLES AND ACCRUALS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Advances from customers	359,973	531,993
Advances and deposits from distributors	2,005	7,977
Taxes payable (other than income tax)	62,028	91,493
Payables for purchase of items of property, plant and equipment	12,003	22,289
Payables for purchase of items of land use rights	18,240	—
Deposit from third parties to buy equity interests of the Company	41,102	—
Payables for currency options	13,068	—
Lease payables	52,406	30,663
Interest payables	15,354	15,099
Staff payroll and welfare payables	33,976	34,864
Others	36,128	45,138
	<u>646,283</u>	<u>779,516</u>

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 Assets
	<i>RMB'000</i>
Currency options	<u>15,947</u>
Portion classified as non-current:	
Currency options	<u>9,490</u>
Current portion	<u>6,457</u>

The Group has entered into various currency contracts. These currency options are not designated for hedge purposes and are measured at fair value through profit or loss. Loss of changes in the fair value of non-hedging currency derivatives amounting to RMB1,066,000 were charged to the statement of profit or loss during the year (2014: Nil).

33. BONDS

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current	<u>441,683</u>	<u>396,095</u>

The movements in the carrying amount of the bonds during the year are as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	396,095	374,632
Interest expense	20,718	20,071
Exchange realignment	<u>24,870</u>	<u>1,392</u>
At the end of the year	<u>441,683</u>	<u>396,095</u>

On 31 December 2012, the Company issued bonds maturing on 30 December 2017, with an aggregate principal amount of USD58,160,000 (approximately RMB365,566,000) at a fixed interest rate of 5.65% per annum. The bonds are unsecured. Interest of the bonds is payable annually in arrears on 30 December (the “Interest Payment Date”) each year commencing from 31 December 2012.

Interest expense on the bonds is calculated using the effective interest rate method by applying the effective interest rate of 5.65%.

All accrued and unpaid interest payable with respect to the bonds shall be added automatically on the Interest Payment Date to the then outstanding principal amount of such bonds and, following such increase in the principal amount, such bonds shall bear interest at the same interest rate on such increased principal amount from and after the Interest Payment Date.

34. EMPLOYEE RETIREMENT BENEFITS

As stipulated by the People’s Republic of China (the “PRC”) state regulations, the subsidiaries of Mainland China participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The Mainland China subsidiaries are required to make contributions to the local social security bureau at 11% to 21% (2014: 12% to 21%) of the previous year’s average basic salary amount of the geographical area where the employees are under employment with the Mainland China subsidiaries. The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to the relevant rules and regulations of the PRC, the Mainland China subsidiaries and their employees are each required to make contributions to an accommodation fund at 5% to 15% (2014: 5% to 15%) of the salaries and wages of the employees which is administered by the Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

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

35. DEFERRED TAX

(a) Deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Losses available for offsetting against future taxable profits <i>RMB'000</i>	Accrued payroll and other accruals <i>RMB'000</i>	Deferred rental expenses <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014	42,760	11,911	2,290	2,258	59,219
Deferred tax recognised in the consolidated statement of profit or loss during the year (<i>Note 8(a)</i>)	<u>22,102</u>	<u>(4,861)</u>	<u>2,136</u>	<u>2,091</u>	<u>21,468</u>
At 31 December 2014	<u>64,862</u>	<u>7,050</u>	<u>4,426</u>	<u>4,349</u>	<u>80,687</u>
At 31 December 2014 and 1 January 2015	64,862	7,050	4,426	4,349	80,687
Deferred tax recognised in the consolidated statement of profit or loss during the year (<i>Note 8(a)</i>)	<u>15,152</u>	<u>(7,050)</u>	<u>1,454</u>	<u>(452)</u>	<u>9,104</u>
Deemed disposal of a subsidiary	<u>(5,843)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,843)</u>
At 31 December 2015	<u>74,171</u>	<u>—</u>	<u>5,880</u>	<u>3,897</u>	<u>83,948</u>

(b) Deferred tax liabilities

	Depreciation allowances in excess of related depreciation <i>RMB'000</i>	Capitalisation of adjustment costs in relation to construction in progress <i>RMB'000</i>	Fair value arising from acquisition of subsidiaries <i>RMB'000</i>	Gain on exchange of assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014	3,403	21,415	246,743	54,000	325,561
Acquisition of a subsidiary	—	—	2,533	—	2,533
Deferred tax recognised in the consolidated statement of profit or loss during the year (Note 8(a))	<u>1,880</u>	<u>9,302</u>	<u>(9,768)</u>	<u>—</u>	<u>1,414</u>
At 31 December 2014	<u>5,283</u>	<u>30,717</u>	<u>239,508</u>	<u>54,000</u>	<u>329,508</u>
At 31 December 2014 and 1 January 2015	5,283	30,717	239,508	54,000	329,508
Deferred tax recognised in the consolidated statement of profit or loss during the year (Note 8(a))	<u>1,879</u>	<u>9,535</u>	<u>(9,811)</u>	<u>—</u>	<u>1,603</u>
At 31 December 2015	<u>7,162</u>	<u>40,252</u>	<u>229,697</u>	<u>54,000</u>	<u>331,111</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	78,454	74,229
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(325,617)</u>	<u>(323,050)</u>
	<u>(247,163)</u>	<u>(248,821)</u>

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. Under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, or the China-HK Tax Arrangement, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from retained earnings as at 31 December 2007 are exempted from withholding tax.

At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and a joint venture established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and the joint venture will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and the joint venture in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,337,261,000 at 31 December 2015 (2014: RMB3,902,382,000).

Deferred tax assets have not been recognised in respect of tax losses arising in Mainland China of RMB150,394,000 (2014: RMB107,959,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. These tax losses will expire in one to five years.

36. SHARE CAPITAL

Shares	2015
Authorised:	
Ordinary shares	5,000,000,000 shares of HK\$0.01 each
Issued and fully paid:	
Ordinary shares	2,557,311,429 shares of HK\$0.01 each
Equivalent to RMB'000	<u>20,836</u>

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

	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Equivalent share premium RMB'000
At 1 January 2014	2,557,311,429	25,573	2,282,527	20,836	1,868,372
Final 2014 dividend declared	<u>—</u>	<u>—</u>	<u>(127,866)</u>	<u>—</u>	<u>(101,244)</u>
At 31 December 2014 and 1 January 2015	2,557,311,429	25,573	2,154,661	20,836	1,767,128
Final 2015 dividend declared	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2015	<u>2,557,311,429</u>	<u>25,573</u>	<u>2,154,661</u>	<u>20,836</u>	<u>1,767,128</u>

Note:

Details of the Company's share option scheme and the share options issued under the scheme are included in Note 37 to the financial statements.

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees of the Company and its subsidiaries. The Scheme became effective on 14 December 2011, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the listing date. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, an amount of HK\$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part of the payment of the exercise price. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one year and ends on the expiry date of the Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share.

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

	2015	
	Weighted average exercise price HK\$ per share	Number of options
At 1 January and 31 December	<u>5.724</u>	<u>15,550,000</u>

The above options were vested on a one-off basis immediately upon acceptance by the relevant grantees, and these share options are valid till the earlier of (i) the day on which the relevant grantees cease to be an employee of the Company and its subsidiaries, and (ii) 4 September 2016.

No share options were exercised during the year.

During the year ended 31 December 2015, no expense was recognised in the statement of profit or loss for the Share Option Scheme. (2014: RMB15,745,000).

	2014	
	Weighted average exercise price HK\$ per share	Number of options
At 1 January	6.830	13,150,000
Granted on 10 January 2014 (“Option B”)	6.786	2,000,000
Option A cancelled on 4 September 2014	6.830	(13,150,000)
Option B cancelled on 4 September 2014	6.786	(2,000,000)
Granted on 4 September 2014 as modification to the cancelled Option A and Option B on 4 September 2014	5.724	15,150,000
Granted on 4 September 2014 (“Option C”)	<u>5.724</u>	<u>400,000</u>
At 31 December	<u><u>5.724</u></u>	<u><u>15,550,000</u></u>

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	4/9/2014
Dividend yield (%)	2.65%
Expected volatility (%)	42.3%
Risk-free interest rate (%)	0.54%
Underlying price (HK\$ per share)	5.724

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

At the end of the reporting period, the Company had 15,550,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,550,000 additional ordinary shares of the Company and additional share capital of HK\$89,008,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 15,550,000 share options outstanding under the Scheme, which represented approximately 0.61% of the Company’s shares in issue as at that date.

38. RESERVES

(i) Statutory reserve

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

(ii) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the Company and the excess of the consideration over the carrying amount of the non-controlling interests acquired.

(iii) Other reserve

The other reserve of the Group represents the excess of the carrying amount of the non-controlling interests acquired over the consideration.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of the Company and certain overseas subsidiaries of which the functional currencies are other than the RMB.

39. DEEMED DISPOSAL OF A SUBSIDIARY

Details of the Deemed Disposal on 28 January 2015 are set out in Note 28.

Details of the net assets disposed of are as follows:

	28 January 2015 <i>RMB'000</i>
Net assets disposed of:	
Cash and cash equivalents*	100,151
Property, plant and equipment	22,869
Intangible assets	512
Deferred tax assets	5,843
Prepayments, deposits and other receivables	2,056
Other payables and accruals	(47,157)
Due to related parties	<u>(3,629)</u>
Net assets disposed of	80,645
Net gain on deemed disposal of "Autostreets" (<i>Note 5(b)</i>)	<u>19,408</u>
Investment in an associate	<u>100,053</u>
Satisfied by:	
Cash	<u>—</u>

An analysis of the cash flows of cash and cash equivalents in respect of the Deemed Disposal is as follows:

	31 December 2015 <i>RMB'000</i>
Cash consideration	—
Cash and cash equivalents of "Autostreets" disposed of	<u>(100,151)</u>
Net outflow of cash and cash equivalents in respect of the Deemed Disposal	<u>(100,151)</u>

* As the result of the capital injections made by the Group and certain independent third parties on 28 January 2015, the Group's equity interest in "Autostreets" was diluted from 100% to 38% and the Group lost its control over "Autostreets". Please see more details about the Deemed Disposal of "Autostreets" in Note 28.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

*Financial assets**As at 31 December 2015*

	Financial assets at fair value through profit or loss		Available-for-sale financial assets	Total
	Held for trading	Loans and receivables		
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investment	—	—	16,621	16,621
Trade receivables	—	358,159	—	358,159
Finance lease receivables	—	45,837	—	45,837
Financial assets included in prepayments, deposits and other receivables	—	3,545,408	—	3,545,408
Amounts due from related parties	—	55,324	—	55,324
Equity investments at fair value through profit or loss	46,864	—	—	46,864
Derivative financial instruments	15,947	—	—	15,947
Pledged bank deposits	—	2,332,021	—	2,332,021
Cash in transit	—	78,224	—	78,224
Cash and cash equivalents	—	2,160,980	—	2,160,980
	<u>62,811</u>	<u>8,575,953</u>	<u>16,621</u>	<u>8,655,385</u>

As at 31 December 2014

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	16,573	16,573
Trade receivables	393,155	—	393,155
Finance lease receivables	24,938	—	24,938
Financial assets included in prepayments, deposits and other receivables	3,079,844	—	3,079,844
Amounts due from related parties	41,063	—	41,063
Pledged bank deposits	2,436,468	—	2,436,468
Cash in transit	134,987	—	134,987
Cash and cash equivalents	2,202,892	—	2,202,892
	<u>8,313,347</u>	<u>16,573</u>	<u>8,329,920</u>

Financial liabilities

	Financial liabilities at amortised cost	
	At 31 December 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Trade and bills payables	3,945,184	4,877,913
Financial liabilities included in other payables and accruals	194,251	121,166
Interest-bearing bank loans and other borrowings	8,280,936	7,728,574
Bonds	441,683	396,095
	<u>12,862,054</u>	<u>13,123,748</u>

41. CONTINGENT LIABILITIES

At the end of the reporting period, the Group does not have any contingent liabilities.

42. COMMITMENTS**(a) Capital commitments**

The Group had the following capital commitments at the end of the reporting period:

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Contracted, but not provided for:		
Land use rights and buildings	182,500	212,500
Authorised, but not contracted for:		
Land use rights and buildings	<u>250,000</u>	<u>270,000</u>
	<u>432,500</u>	<u>482,500</u>

(b) Operating lease commitments

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December 2015			At 31 December 2014		
	Properties <i>RMB'000</i>	Land <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Properties <i>RMB'000</i>	Land <i>RMB'000</i>	Vehicles <i>RMB'000</i>
Within 1 year	92,398	57,310	8,924	111,742	65,307	9,090
After 1 year but within						
5 years	265,516	163,568	35,635	322,807	229,553	35,721
After 5 years	<u>305,704</u>	<u>534,688</u>	<u>30,438</u>	<u>373,137</u>	<u>523,619</u>	<u>35,666</u>
	<u>663,618</u>	<u>755,566</u>	<u>74,997</u>	<u>807,686</u>	<u>818,479</u>	<u>80,477</u>

The Group is the lessee in respect of a number of properties, land and vehicles held under operating leases.

43. PLEDGE OF ASSETS

Details of the Group's assets pledged for its bank loans and other borrowings and bills payable are disclosed in Note 13, Note 14, Note 21 and Note 25 to the consolidated financial statements.

44. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Yang Aihua is the Controlling Shareholder of the Group and is also considered to be a related party of the Group.

(a) Balances with related parties

The Group had the following significant balances with its related parties during the year:

Amounts due from related parties:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Non-trade related:		
A joint venture		
— Shenyang Xinbaohang	40,835	40,835
An associate		
— Autostreets	14,127	—
The Controlling Shareholder		
— Mr. Yang Aihua	<u>362</u>	<u>228</u>
	<u>55,324</u>	<u>41,063</u>

As at 31 December 2015, balances with related parties were unsecured and non-interest-bearing, and had no fixed repayment terms.

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

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Short term employee benefits	17,169	16,038
Equity-settled share option expense	—	2,638
Post-employee benefits	<u>634</u>	<u>588</u>
Total compensation paid to key management personnel	<u>17,803</u>	<u>19,264</u>

Further details of directors' and chief executive's emoluments are included in Note 9 to the consolidated financial statements.

45. 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	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial liabilities				
Bonds	<u>441,683</u>	<u>396,095</u>	<u>461,497</u>	<u>418,646</u>

Management has assessed that the fair values of cash and cash equivalents, cash in transit, pledged bank deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, amounts due from related parties, the current portion of finance lease receivables, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of bank loans and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's treasury department headed by the treasury manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The treasury manager reports directly to the chief financial officer and the audit committee. At each reporting date, the treasury department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 pledged deposits, finance lease receivables, and interest-bearing bank and other borrowings 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 Group's own non-performance risk for finance lease receivables, and interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant. The fair value of the liability portion of the bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar bond with consideration of the Group's own non-performance risk.

Management has assessed that the fair values of the non-current portion of bank loans and other borrowings with floating interest rates approximate to their carrying amounts because the interest rates are adjusted periodically by reference to the fair market interest rates.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

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

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bonds	—	—	461,497	461,497

As at 31 December 2014

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bonds	—	—	418,646	418,646

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group also enters into derivative transactions, including for currency options. The purpose is to manage currency risks arising from the Group's operations and its sources of finance.

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

Interest rate risk

The Group has no significant interest-bearing assets other than pledged bank deposits (Note 25) and cash and cash equivalents (Note 27).

The Group's interest rate risk arises from its interest-bearing bank and other borrowings, details of which are set out in Note 29. Borrowings at variable rates expose the Group to the risk of changes in market interest rates.

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

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2015		
US\$	50	(15,597)
US\$	(50)	15,597
HK\$	50	(1,627)
HK\$	(50)	1,627
2014		
US\$	50	(7,362)
US\$	(50)	7,362

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise pledged bank deposits, cash in transit, cash and cash equivalents, trade receivables, finance lease receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 22 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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

As at 31 December 2015

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	4,579,557	1,546,789	2,381,854	—	—	8,508,200
Bonds	—	—	—	454,770	—	454,770
Trade and bills payables	267,882	3,412,539	264,763	—	—	3,945,184
Financial liabilities in other payables and accruals	144,423	—	—	—	—	144,423
	<u>4,991,862</u>	<u>4,959,328</u>	<u>2,646,617</u>	<u>454,770</u>	<u>—</u>	<u>13,052,577</u>

As at 31 December 2014

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	513,302	1,264,402	2,633,441	3,652,801	—	8,063,946
Bonds	—	—	—	454,770	—	454,770
Trade and bills payables	125,299	4,073,844	678,770	—	—	4,877,913
Financial liabilities in other payables and accruals	121,166	—	—	—	—	121,166
	<u>759,767</u>	<u>5,338,246</u>	<u>3,312,211</u>	<u>4,107,571</u>	<u>—</u>	<u>13,517,795</u>

Foreign currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits, bank loans and credit enhanced bond were denominated in foreign currencies. However, the Group's operating cash flow and liquidity has not been subject to significant influence from fluctuations in exchange rate. The Group has entered into various forward currency options to manage its exchange rate exposures. These forward currency options are not designated for hedge purposes and are measured at fair value through profit or loss. As at 31 December 2015, a fair value of RMB15,900,000 (31 December 2014: Nil) was recognised by the Group on the forward currency options.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and 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 the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes bank loans and other borrowings, trade, bills and other payables, accruals, and bonds less cash and cash equivalents. The gearing ratios as at the end of the reporting periods are as follows:

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans and other borrowings	8,280,936	7,728,574
Trade and bills payables	3,945,184	4,877,913
Other payables and accruals	676,755	779,516
Bonds	441,683	396,095
Less: Cash and cash equivalents	<u>(2,261,954)</u>	<u>(2,202,892)</u>
Net debt	<u>11,082,604</u>	<u>11,579,206</u>
Equity attributable to owners of the parent	<u>4,934,930</u>	<u>5,088,661</u>
Gearing ratio	69.3%	69.5%

47. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2016.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 December 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Investments in subsidiaries	1,639,420	1,447,391
Total non-current assets	<u>1,639,420</u>	<u>1,447,391</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,574	2,521
Amounts due from subsidiaries	4,236,599	4,106,450
Pledged bank deposits	209,995	301,979
Cash and cash equivalents	317,049	142,365
Total current assets	<u>4,765,217</u>	<u>4,553,315</u>
CURRENT LIABILITIES		
Bank loans	4,535,718	1,414,053
Other payables and accruals	141	1,862
Amounts due to a subsidiary	8,085	7,613
Total current liabilities	<u>4,543,944</u>	<u>1,423,528</u>
NET CURRENT ASSETS	<u>221,273</u>	<u>3,129,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,860,693</u>	<u>4,577,178</u>
NON-CURRENT LIABILITIES		
Bank loans	—	2,621,136
Bonds	441,683	396,095
Total non-current liabilities	<u>441,683</u>	<u>3,017,231</u>
NET ASSETS	<u>1,419,010</u>	<u>1,559,947</u>
EQUITY		
Share capital	20,836	20,836
Reserves	1,398,174	1,539,111
Total equity	<u>1,419,010</u>	<u>1,559,947</u>

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2014	<u>2,172,257</u>	<u>15,925</u>	<u>(72,317)</u>	<u>(114,657)</u>	<u>2,001,208</u>
Total comprehensive income for the year	—	—	7,675	(181,632)	(173,957)
Final 2013 dividend declared	(303,885)	—	—	—	(303,885)
Equity-settled share-based transactions	<u>—</u>	<u>15,745</u>	<u>—</u>	<u>—</u>	<u>15,745</u>
As at 31 December 2014 and 1 January 2015	<u>1,868,372</u>	<u>31,670</u>	<u>(64,642)</u>	<u>(296,289)</u>	<u>1,539,111</u>
Total comprehensive income for the year	—	—	72,947	(112,640)	(39,693)
Final 2014 dividend declared	<u>(101,244)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(101,244)</u>
As at 31 December 2015	<u>1,767,128</u>	<u>31,670</u>	<u>8,305</u>	<u>(408,929)</u>	<u>1,398,174</u>

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in Note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

3. INDEBTEDNESS

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had the following loans:

- i. bank loans with carrying value of approximately RMB7,607,359,175.45;
- ii. other borrowings with carrying value of approximately RMB198,530,074.34;
- iii. outstanding amount with carrying value of approximately RMB448,778,257.34 bond issued; and
- iv. notes payable with carrying value of approximately RMB2,953,772,384.60.

Save as aforesaid, and apart from intra-group liabilities, as at the close of business on 29 February 2016, the Group did not have any outstanding loan capital issued, or agreed to be issued, bank overdrafts, mortgages, charges, or guarantees or other material contingent liabilities.

The Directors confirm there were no material changes in the Group's indebtedness position and contingent liabilities since 29 February 2016 up to and including the Latest Practicable Date.

4. MATERIAL CHANGES

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2015, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated pro forma financial results of the enlarged CGA Group for the financial year ended 31 December 2013 and the six months ended 30 June 2014, the audited consolidated financial results of the CGA Group for the financial year ended 31 December 2015 and its comparatives, and the unaudited consolidated financial results of the CGA Group for each of the three months ended 31 March 2015 and 2016. The pro forma figures for the financial year ended 31 December 2013 and the six months ended 30 June 2014 are extracted from the pro forma audited consolidated financial statements of the CGA Group for the financial year ended 31 December 2013 and for the six months ended 30 June 2014 (the “**Pro Forma Financial Information**”). The figures for each of the financial year ended 31 December 2014 and 2015 are extracted from the audited consolidated financial statements of the CGA Group for the financial year ended 31 December 2015 (the “**Audited Financial Statements**”). The figures for each of the three months ended 31 March 2015 and 2016 are extracted from the 2016 first quarterly report of CGA (the “**Unaudited Interim Financial Information**”).

The auditor’s reports prepared by PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) in respect of (i) the Pro Forma Financial Information; and (ii) the Audited Financial Statements did not contain any qualification.

CGA Group had no exceptional or extraordinary items because of size, nature or incidence in respect of the consolidated income statement for the financial year ended 31 December 2013 (on a pro forma basis), the six months ended 30 June 2014 (on a pro forma basis), each of the financial year ended 31 December 2014 and 2015 and each of the three months ended 31 March 2015 and 2016.

	Three months ended 31 March 2016 RMB (unaudited)	Three months ended 31 March 2015 RMB (unaudited)	Year ended 31 December 2015 RMB	Year ended 31 December 2014 RMB	Six months ended 30 June 2014 RMB (Pro Forma)	Year ended 31 December 2013 RMB (Pro Forma)
Operating revenue	25,810,767,474	22,062,862,793	93,700,035,201	86,356,872,110	43,581,670,790	84,063,504,593
Total profit	995,514,184	633,813,225	2,700,461,471	2,294,747,511	1,441,162,042	2,325,300,719
Less: income tax expenses	(221,986,039)	(123,522,647)	(581,988,693)	(499,531,441)	(279,954,774)	(368,777,422)
Net profit	773,528,145	510,290,578	2,118,472,778	1,795,216,070	1,161,207,268	1,956,523,297
Attributable to equity owners of the Company	736,018,075	450,409,026	1,988,341,217	1,603,328,546	1,051,226,399	1,774,813,434
Minority interests	37,510,071	59,881,552	130,131,561	191,887,523	109,980,868	181,709,863
Other comprehensive income, net of tax						
Attributable to equity owners of the Company	93,860,543	(53,940)	(47,362)	303,784	(25,949,071)	9,459,450
— Changes in fair value of available-for-sale financial assets	93,860,543	(53,940)	(47,362)	303,784	(25,949,071)	9,459,450
Other comprehensive income that will be subsequently reclassified to profit or loss	—	—	—	—	—	—
Total comprehensive income	867,388,688	510,236,638	2,118,425,416	1,795,519,854	1,135,258,197	1,965,982,747
Attributable to equity owners of the Company	829,878,618	450,355,086	1,988,293,856	1,603,632,330	1,025,277,328	1,784,272,884
Attributable to minority interests	37,510,071	59,881,552	130,131,561	191,887,523	109,980,868	181,709,863
Earnings per share						
Basic earnings per share (RMB/share)	0.1338	0.1057	0.3939	0.3540	0.3120	0.5267
Diluted earnings per share (RMB/share)	0.1338	0.1057	0.3939	0.3540	0.3120	0.5267
Dividend						
Dividend per share (RMB/share)	—	—	—	—	—	0.3645

Notes:

1. The Pro Forma Financial Information which has been audited by PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) was prepared by the management of CGA for the purpose of satisfying the disclosure requirements of the Shanghai Stock Exchange in connection with CGA's reverse takeover on the Shanghai Stock Exchange in June 2015 (the "Reverse Takeover"). The Pro Forma Financial Information was prepared on the following basis:
 - a. the China Accounting Standards for Business Enterprises — Basic Standard, the specific accounting standards and other relevant regulations issued by the PRC Ministry of Finance on 15 February 2006 and in subsequent periods;
 - b. the Disclosure and Preparation Convention No. 15 for public companies issued by China Securities Regulatory Commission;
 - c. the Disclosure and Preparation Convention No. 26 for public companies issued by China Securities Regulatory Commission; and

- d. the pro forma adjustments were based on the following assumptions:
 - i. CGA (formerly known as Merro Pharmaceutical Co., Ltd.) has swapped all of its assets and liabilities (other than the available-for-sales financial assets) with a 100% equity interest in Guanghui Limited, and then has issued 3,019,609,785 shares for the price matching before 1 January 2013;
 - ii. transaction costs, agency fee, related taxes and surcharges during the Reverse Takeover were not taken into account;
 - iii. funds raised by share issuances during the Reverse Takeover and its related economic benefit were not taken into account; and
 - iv. the rate of enterprise income tax applicable to the available-for-sales financial assets was 25%.
2. The Unaudited Interim Financial Information was prepared on the following basis:
 - a. the China Accounting Standards for Business Enterprises — Basic Standard, the specific accounting standards and other relevant regulations (collectively referred to as the “Accounting Standards for Business Enterprises”) issued by the PRC Ministry of Finance on 15 February 2006 and in subsequent periods.

**2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CGA GROUP
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Set out below are the Audited Financial Statements. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the Audited Financial Statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	31 December 2015 Consolidated	31 December 2014 Consolidated
Current assets			
Cash at bank and on hand	IV(1)	17,371,722,831.94	11,703,826,967.71
Notes receivable	IV(2)	8,969,896.00	84,186,358.31
Accounts receivable	IV(5)	1,654,437,152.74	1,153,866,997.40
Advances to suppliers	IV(7)	5,468,721,419.72	3,677,481,401.31
Interests receivable	IV(4)	3,110,624.19	117,810.68
Dividends receivable	IV(3)	2,820,000.00	2,400,000.00
Other receivables	IV(6)	1,410,850,806.89	813,091,839.91
Inventories	IV(8)	13,943,938,186.59	12,732,850,493.54
Non-current assets due within one year	IV(9)	6,801,616,843.03	6,145,644,682.39
Other current assets	IV(10)	<u>786,994,484.26</u>	<u>777,151,413.85</u>
Total current assets		<u>47,453,182,245.36</u>	<u>37,090,617,965.10</u>
Non-current assets			
Available-for-sale financial assets	IV(11)	358,742,659.17	5,754,540.77
Long-term receivables	IV(12)	4,609,508,411.57	5,750,687,748.77
Long-term equity investments	IV(13)	237,115,073.25	202,015,033.73
Investment properties	IV(14)	3,368,208.76	3,470,348.08
Fixed assets	IV(15)	7,432,435,285.96	6,182,320,050.82
Construction in progress	IV(16)	1,134,949,922.56	865,143,595.24
Intangible assets	IV(17)	4,824,084,163.63	4,090,577,806.94
Goodwill	IV(18)	7,567,919,403.28	5,657,467,611.34
Long-term prepaid expenses	IV(19)	384,848,156.80	322,999,666.49
Deferred tax assets	IV(20)	61,020,971.89	81,178,460.52
Other non-current assets	IV(21)	<u>1,744,305,990.53</u>	<u>1,237,613,827.63</u>
Total non-current assets		<u>28,358,298,247.40</u>	<u>24,399,228,690.33</u>
Total assets		<u><u>75,811,480,492.76</u></u>	<u><u>61,489,846,655.43</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

Liabilities and owners' equity	<i>Note</i>	31 December 2015 Consolidated	31 December 2014 Consolidated
Current liabilities			
Short-term borrowings	<i>IV(23)</i>	13,204,387,978.21	10,228,725,283.38
Notes payable	<i>IV(24)</i>	18,694,248,241.46	15,756,571,853.01
Accounts payable	<i>IV(25)</i>	986,940,727.45	781,893,110.95
Advances from customers	<i>IV(26)</i>	1,744,942,173.45	1,162,620,369.51
Employee benefits payable	<i>IV(27)</i>	241,606,590.70	266,076,974.95
Taxes payable	<i>IV(28)</i>	533,815,396.67	378,307,661.17
Interests payable	<i>IV(29)</i>	538,670,718.92	402,573,914.29
Dividends payable	<i>IV(30)</i>	76,303,862.83	28,721,541.03
Other payables	<i>IV(31)</i>	2,911,224,910.69	1,757,375,221.69
Non-current liabilities due within one year		9,570,309,907.07	6,488,853,597.56
Other current liabilities	<i>IV(32)</i>	<u>10,408,522.61</u>	<u>—</u>
Total current liabilities		<u>48,512,859,030.06</u>	<u>37,251,719,527.54</u>
Non-current liabilities			
Long-term borrowings	<i>IV(33)</i>	2,116,187,696.68	3,262,481,262.27
Debentures payable	<i>IV(34)</i>	1,800,000,000.00	4,150,000,000.00
Long-term payables	<i>IV(35)</i>	240,242,057.53	218,700,599.14
Deferred tax liabilities	<i>IV(20)</i>	698,167,839.23	525,774,103.98
Other non-current liabilities	<i>IV(36)</i>	<u>541,683,754.50</u>	<u>70,547,026.05</u>
Total non-current liabilities		<u>5,396,281,347.94</u>	<u>8,227,502,991.44</u>
Total liabilities		<u>53,909,140,378.00</u>	<u>45,479,222,518.98</u>
Owners' equity			
Share capital	<i>IV(37)</i>	5,500,400,678.00	3,019,609,785.00
Capital reserve	<i>IV(38)</i>	8,156,269,966.91	5,984,643,190.51
Other comprehensive income	<i>IV(39)</i>	(195,353.60)	(147,992.00)
Surplus reserve	<i>IV(40)</i>	281,659,435.11	275,441,981.41
Undistributed profits	<i>IV(41)</i>	<u>7,044,952,447.64</u>	<u>5,062,828,684.02</u>
Total equity attributable to owners of the Company		<u>20,983,087,174.06</u>	<u>14,342,375,648.94</u>
Minority interests		<u>919,252,940.70</u>	<u>1,668,248,487.51</u>
Total owners' equity		<u>21,902,340,114.76</u>	<u>16,010,624,136.45</u>
Total liabilities and owners' equity		<u>75,811,480,492.76</u>	<u>61,489,846,655.43</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2015

(All amounts in RMB Yuan unless otherwise stated)

Assets	<i>Note</i>	31 December 2015 Company	31 December 2014 Company
Current assets			
Cash at bank and on hand		4,709,626,837.28	19,473,573.91
Notes receivable		—	5,830,038.26
Accounts receivable	XVIII(1)	—	3,400,537.18
Advances to suppliers		—	2,046,290.80
Other receivables	XVIII(2)	41,144,259.88	5,929,384.39
Inventories		—	12,712,201.34
Other current assets		—	403,979.74
Total current assets		<u>4,750,771,097.16</u>	<u>49,796,005.62</u>
Non-current assets			
Available-for-sale financial assets		214,980,480.00	214,980,480.00
Long-term receivables	XVIII(3)	29,363,249,974.60	523,730,113.12
Investment properties		—	19,903,441.80
Fixed assets		—	362,971,137.86
Intangible assets		—	31,112,984.40
Long-term prepaid expenses		—	395,994.80
Deferred tax assets		—	6,025,026.81
Other non-current assets		—	—
Total non-current assets		<u>29,578,230,454.60</u>	<u>1,159,119,178.79</u>
Total assets		<u>34,329,001,551.76</u>	<u>1,208,915,184.41</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
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accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

Liabilities and owners' equity	Note	31 December 2015 Company	31 December 2014 Company
Current liabilities			
Accounts payable		—	12,937,971.08
Advances from customers		—	1,169,589.09
Employee benefits payable		1,400,000.00	56,313.68
Taxes payable		96,098.92	1,216,406.79
Other payables		4,713,647,457.88	12,715,653.81
Other current liabilities		—	11,818,897.99
		<u>4,715,143,556.80</u>	<u>39,914,832.44</u>
Total non-current liabilities			
Non-current liabilities			
Deferred tax liabilities		14,631,650.55	8,778,990.33
Other non-current liabilities		—	309,589,726.52
		<u>14,631,650.55</u>	<u>318,368,716.85</u>
Total non-current liabilities			
Total liabilities		<u>4,729,775,207.35</u>	<u>358,283,549.29</u>
Owners' equity			
Share capital		5,500,400,678.00	350,000,000.00
Capital reserve		23,821,707,784.62	279,835,630.12
Other comprehensive income		43,894,951.65	49,747,611.87
Surplus reserve		42,517,309.63	36,299,855.93
Undistributed profits		190,705,620.51	134,748,537.20
		<u>29,599,226,344.41</u>	<u>850,631,635.12</u>
Total owners' equity			
Total liabilities and owners' equity		<u>34,329,001,551.76</u>	<u>1,208,915,184.41</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

**CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated
I. Operating revenue	IV(42)	93,700,035,201.10	86,356,872,109.99
Less: Operating costs	IV(42), (47)	(85,054,068,019.47)	(79,057,982,550.13)
Taxes and surcharges	IV(43)	(285,052,560.13)	(234,294,356.24)
Selling and distribution expenses	IV(44), (47)	(2,487,012,254.33)	(2,260,670,284.71)
General and administrative expenses	IV(45), (47)	(1,579,172,662.86)	(1,464,978,904.79)
Financial expenses — net	IV(46)	(1,377,848,415.01)	(1,078,665,095.57)
Asset impairment losses	IV(49)	(381,835,500.23)	(326,249,642.23)
Investment income	IV(48)	38,393,362.84	143,922,273.27
Including: Share of profit of associates and joint ventures		13,857,973.18	24,765,358.83
II. Operating profit		2,573,439,151.91	2,077,953,549.59
Add: non-operating income	IV(50)	251,342,049.65	290,445,754.17
Including: gains on disposal of non-current assets		48,858,291.00	194,398,215.84
Less: non-operating expenses	IV(51)	(124,319,730.76)	(73,651,792.82)
Including: losses on disposal of non-current assets		(100,105,735.04)	(54,367,846.85)
III. Total profit		2,700,461,470.80	2,294,747,510.94
Less: income tax expenses	IV(52)	(581,988,692.89)	(499,531,441.36)
IV. Net profit		2,118,472,777.91	1,795,216,069.58
Attributable to equity owners of the Company		1,988,341,217.32	1,603,328,546.47
Minority interests		130,131,560.59	191,887,523.11
V. Other comprehensive income, net of tax			
Attributable to equity owners of the Company			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Changes in fair value of available-for- sale financial assets	IV(39)	(47,361.60)	303,784.00

Item	<i>Note</i>	2015 Consolidated	2014 Consolidated
VI. Total comprehensive income		<u>2,118,425,416.31</u>	<u>1,795,519,853.58</u>
Attributable to equity owners of the Company		1,988,293,855.72	1,603,632,330.47
Attributable to minority interests		<u>130,131,560.59</u>	<u>191,887,523.11</u>
VII. Earnings per share			
Basic earnings per share (RMB/share)	<i>IV(53)</i>	0.3939	0.3540
Diluted earnings per share (RMB/share)	<i>IV(53)</i>	<u>0.3939</u>	<u>0.3540</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2015 Company	2014 Company
I. Operating revenue	XVIII(4)	25,587,618.62	84,432,244.21
Less: Operating costs	XVIII(4)	(11,114,580.18)	(38,594,542.64)
Taxes and surcharges		(427,039.87)	(1,633,515.33)
Selling and distribution expenses		(899,955.56)	(1,160,266.76)
General and administrative expenses		(39,465,137.10)	(42,606,685.98)
Financial expenses — net		(3,490,673.47)	1,243,345.58
Asset impairment losses		(1,208,482.38)	4,323,322.07
Investment income	XVIII(5)	2,265,450.87	8,390,350.86
Including: Share of profit of associates and joint ventures		2,265,450.87	5,816,350.86
II. Operating profit		(28,752,799.07)	14,394,252.01
Add: non-operating income		106,300,364.15	14,038,442.56
Including: gains on disposal of non-current assets		—	2,000.00
Less: non-operating expenses		—	(73,468.09)
Including: losses on disposal of non-current assets		—	(12,179.91)
III. Total profit		77,547,565.08	28,359,226.48
Less: income tax expenses		(15,373,028.07)	(1,024,824.00)
IV. Net profit		62,174,537.01	27,334,402.48
V. Net comprehensive income, net of tax			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets		(5,852,660.22)	(5,207,202.00)
VI. Total comprehensive income		56,321,876.79	22,127,200.48

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

**CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated
I. Cash flow from operating activities			
Cash received from sales of goods or rendering of services		114,083,955,425.60	102,608,088,879.40
Refund of taxes		4,393,382.14	13,801,330.18
Cash received relating to other operating activities	IV(54)(a)	<u>2,822,650,792.77</u>	<u>2,065,500,726.00</u>
Sub-total of cash inflows		<u>116,910,999,600.51</u>	<u>104,687,390,935.58</u>
Cash paid for goods and services		(102,167,843,790.13)	(95,511,830,654.77)
Cash paid to and on behalf of employees		(2,979,278,266.08)	(2,788,507,074.82)
Payments of taxes		(2,251,965,725.34)	(1,915,777,091.23)
Cash paid relating to other operating activities	IV(54)(b)	<u>(3,948,480,011.13)</u>	<u>(3,279,725,956.57)</u>
Sub-total of cash outflows		<u>(111,347,567,792.68)</u>	<u>(103,495,840,777.39)</u>
Net cash flows from operating activities	IV(55)(a)	<u>5,563,431,807.83</u>	<u>1,191,550,158.19</u>
II. Cash flows from investing activities			
Cash received from disposal of investments		9,222,876,300.00	3,935,500,000.00
Cash received from returns on investments		43,943,515.42	23,892,790.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		585,237,476.91	739,179,350.50
Cash received from disposal of subsidiaries and other business units	IV(55)(b)	32,962,767.39	49,784,888.50
Cash received relating to other investing activities	IV(54)(c)	<u>420,558,017.74</u>	<u>353,550,506.97</u>
Sub-total of cash inflows		<u>10,305,578,077.46</u>	<u>5,101,907,536.51</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<u>(1,866,492,656.25)</u>	<u>(1,995,662,652.20)</u>
Cash paid to acquire investments		(9,278,300,000.00)	(3,780,500,000.00)
Cash paid to acquire subsidiaries and other business units	IV(55)(b)	(1,607,301,739.96)	(277,101,082.14)
Cash paid relating to other investing activities	IV(54)(d)	<u>(1,339,040,732.16)</u>	<u>(2,230,798,558.67)</u>
Sub-total of cash outflows		<u>(14,091,135,128.37)</u>	<u>(8,284,062,293.01)</u>
Net cash flows used in investing activities		<u>(3,785,557,050.91)</u>	<u>(3,182,154,756.50)</u>

Item	Note	2015 Consolidated	2014 Consolidated
III. Cash flows from financing activities			
Cash received from capital contributions	IV(55)(c)	5,894,998,320.00	—
Including: Cash received from capital contributions by minority shareholders of subsidiaries		5,000,000.00	—
Cash received from borrowings		21,109,337,827.39	21,367,287,060.16
Cash received from issuance of debentures		1,100,000,000.00	1,750,000,000.00
Cash received relating to other financing activities	IV(54)(e)	552,261,979.71	65,596,687.70
Sub-total of cash inflows		28,656,598,127.10	23,182,883,747.86
Cash repayments of borrowings		(21,304,499,848.59)	(20,195,288,336.31)
Cash payments for distribution of dividends, profits or interest expenses		(1,692,082,870.52)	(1,691,854,880.31)
Including: dividends and interest paid by subsidiaries to minority shareholders		(70,390,309.88)	(156,837,563.87)
Cash payments relating to other financing activities	IV(54)(f)	(8,156,838,107.47)	(255,151,335.98)
Sub-total of cash outflows		(31,153,420,826.58)	(22,142,294,552.60)
Net cash flows (used in)/generated from financing activities		(2,496,822,699.48)	1,040,589,195.26
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	—
V. Net decrease in cash and cash equivalents	IV(55)(a)	(718,947,942.56)	(950,015,403.05)
Add: Cash and cash equivalents at the beginning of the year		4,705,419,420.23	5,655,434,823.28
VI. Cash and cash equivalents at the end of the year	IV(55)(d)	3,986,471,477.67	4,705,419,420.23

The accompanying notes form an integral part of these financial statements.

Legal representative:
Li Jianping

Person in charge of
accounting work:
Lu Ao

Person in charge of the
accounting firm:
Li Xingjian

**COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2015 Company	2014 Company
I. Cash flow from operating activities			
Cash received from sales of goods or rendering of services		31,492,067.77	100,106,391.94
Cash received relating to other operating activities		<u>14,424,839.19</u>	<u>173,710,823.70</u>
Sub-total of cash inflows		<u>45,916,906.96</u>	<u>273,817,215.64</u>
Cash paid for goods and services		(5,357,520.56)	(14,238,433.83)
Cash paid to and on behalf of employees		(10,042,824.78)	(19,894,161.45)
Payments of taxes		(7,581,183.45)	(16,898,532.17)
Cash paid relating to other operating activities		<u>(37,581,857.74)</u>	<u>(134,649,717.55)</u>
Sub-total of cash outflows		<u>(60,563,386.53)</u>	<u>(185,680,845.00)</u>
Net cash flow (used in)/generated from operating activities		<u>(14,646,479.57)</u>	<u>88,136,370.64</u>
II. Cash flows from investing activities			
Cash received from investment income		—	10,691,074.06
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		—	2,500.00
Net cash received from disposal of subsidiaries and other business units		—	12,471,030.00
Cash received relating to other investing activities		<u>3,707,998,320.00</u>	<u>40,000,000.00</u>
Sub-total of cash inflows		<u>3,707,998,320.00</u>	<u>63,164,604.06</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(5,924,489.00)	(6,371,509.16)
Cash paid to acquire investments		(5,786,000,000.00)	(9,218,850.00)
Net cash paid by subsidiaries and other business units		—	(205,000,000.00)
Cash paid relating to other investing activities		<u>(3,755,624,794.85)</u>	<u>—</u>
Sub-total of cash outflows		<u>(9,547,549,283.85)</u>	<u>(220,590,359.16)</u>
Net cash flows used in investing activities		<u>(5,839,550,963.85)</u>	<u>(157,425,755.10)</u>

Item	Note	2015 Company	2014 Company
III. Cash flows from financing activities			
Cash received from capital contributions		5,889,998,320.00	—
Cash received relating to other financing activities		<u>4,657,485,733.48</u>	<u>—</u>
Sub-total of cash inflows		<u>10,547,484,053.48</u>	<u>—</u>
Cash repayments of borrowings		—	(800,000.00)
Cash payments for distribution of dividends, profits or interest expenses		—	(15,829,146.67)
Cash payments relating to other financing activities		<u>(4,598,662,497.95)</u>	<u>—</u>
Sub-total of cash outflows		<u>(4,598,662,497.95)</u>	<u>(16,629,146.67)</u>
Net cash flows generated from/(used in) financing activities		<u>5,948,821,555.53</u>	<u>(16,629,146.67)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>—</u>	<u>—</u>
V. Net increase/(decrease) in cash and cash equivalents		94,624,112.11	(85,918,531.13)
Add: Cash and cash equivalents at the beginning of the year		<u>19,473,573.91</u>	<u>105,392,105.04</u>
VI. Cash and cash equivalents at the end of the year		<u>114,097,686.02</u>	<u>19,473,573.91</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
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Person in charge of
accounting work:
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Person in charge of the
accounting firm:
Li Xingjian

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Equity attributable to owners of the Company				Undistributed profits	Minority interests	Total owners' equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve			
Opening balance at 1 January 2014		3,019,609,785.00	6,005,206,825.26	(451,776.00)	154,930,968.22	4,272,761,150.74	1,611,113,800.85	15,063,170,754.07
Movements for the year ended 31 December 2014								
Total comprehensive income						1,603,328,546.47	191,887,523.11	1,795,216,069.58
Net profit		—	—	—	—	1,603,328,546.47	191,887,523.11	1,795,216,069.58
Other comprehensive income		—	—	303,784.00	—	—	—	303,784.00
Total comprehensive income for the year		—	—	303,784.00	—	1,603,328,546.47	191,887,523.11	1,795,519,853.58
Capital contribution and withdrawal by owners								
Disposal or cancellation of companies		—	—	—	—	—	(1,993,716.73)	(1,993,716.73)
Profit distribution								
Transfer to surplus reserve		—	—	—	120,511,013.19	(120,511,013.19)	—	—
Profit distribution to equity owners		—	—	—	—	(692,750,000.00)	(117,322,754.47)	(810,072,754.47)
Others		—	(20,563,634.75)	—	—	—	(15,436,365.25)	(36,000,000.00)
Closing balance at 31 December 2014		3,019,609,785.00	5,984,643,190.51	(147,992.00)	275,441,981.41	5,062,828,684.02	1,668,248,487.51	16,010,624,136.45
Opening balance at 1 January 2015		3,019,609,785.00	5,984,643,190.51	(147,992.00)	275,441,981.41	5,062,828,684.02	1,668,248,487.51	16,010,624,136.45
Movements for the year ended 31 December 2015								
Total comprehensive income						1,988,341,217.32	130,131,560.59	2,118,472,777.91
Net profit		—	—	—	—	1,988,341,217.32	130,131,560.59	2,118,472,777.91
Other comprehensive income		—	—	(47,361.60)	—	—	—	(47,361.60)
Total comprehensive income for the year		—	—	(47,361.60)	—	1,988,341,217.32	130,131,560.59	2,118,425,416.31
Capital contribution and withdrawal by owners								
Capital contribution by owners		297,324,000.00	5,551,262,347.31	—	—	—	5,000,000.00	5,853,586,347.31
Others		350,000,000.00	(147,077,170.55)	—	—	—	8,961,862.11	211,884,691.56
Profit distribution								
Transfer to surplus reserve		—	—	—	6,217,453.70	(6,217,453.70)	—	—
Profit distribution to equity owners		—	—	—	—	—	(66,726,251.55)	(66,726,251.55)
Internal carry-forward of owners' equity								
Transfer of capital reserve to share capital		1,833,466,893.00	(1,833,466,893.00)	—	—	—	—	—
Others		—	(1,399,091,507.36)	—	—	—	(826,362,717.96)	(2,225,454,225.32)
Closing balance at 31 December 2015		5,500,400,678.00	8,156,269,966.91	(195,353.60)	281,659,435.11	7,044,952,447.64	919,252,940.70	21,902,340,114.76

The accompanying notes form an integral part of these financial statements.

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Person in charge of the
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COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in RMB Yuan unless otherwise stated)

Item	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
Opening balance at 1 January 2014	350,000,000.00	279,835,630.12	54,954,813.87	33,566,415.68	125,971,074.97	844,327,934.64
Movements for the year ended 31 December 2014						
Total comprehensive income						
Net profit	—	—	—	—	27,334,402.48	27,334,402.48
Other comprehensive income	—	—	(5,207,202.00)	—	—	(5,207,202.00)
Total comprehensive income for the year	—	—	(5,207,202.00)	—	27,334,402.48	22,127,200.48
Profit distribution						
Transfer to the surplus reserves	—	—	—	2,733,440.25	(2,733,440.25)	—
Profit distribution to equity owners	—	—	—	—	(15,823,500.00)	(15,823,500.00)
Closing balance at 31 December 2014	350,000,000.00	279,835,630.12	49,747,611.87	36,299,855.93	134,748,537.20	850,631,635.12
Opening balance at 1 January 2015	350,000,000.00	279,835,630.12	49,747,611.87	36,299,855.93	134,748,537.20	850,631,635.12
Movements for the year ended 31 December 2015						
Total comprehensive income						
Net profit	—	—	—	—	62,174,537.01	62,174,537.01
Other comprehensive income	—	—	(5,852,660.22)	—	—	(5,852,660.22)
Total comprehensive income for the year	—	—	(5,852,660.22)	—	62,174,537.01	56,321,876.79
Capital contribution and withdrawal by owners						
Capital contribution by owners	297,324,000.00	5,551,262,347.31	—	—	—	5,848,586,347.31
Others	3,019,609,785.00	19,824,076,700.19	—	—	—	22,843,686,485.19
Profit distribution						
Transfer to surplus reserve	—	—	—	6,217,453.70	(6,217,453.70)	—
Internal carry-forward of owners' equity						
Transfer of capital reserve to share capital	1,833,466,893.00	(1,833,466,893.00)	—	—	—	—
Closing balance at 31 December 2015	5,500,400,678.00	23,821,707,784.62	43,894,951.65	42,517,309.63	190,705,620.51	29,599,226,344.41

The accompanying notes form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

I CORPORATE INFORMATION

China Grand Automotive Services Co. Limited (formerly known as Merro Pharmaceutical Company Limited, hereinafter the “Company”) was established as a joint stock company on 30 July 1999 by Dalian Pharmaceutical Group Limited* (大連醫藥集團公司) (later known as Merro Group Limited* (美羅集團有限公司), hereinafter “Merro Group”) as the lead sponsor in conjunction with Kaifei High Tech Development Centre of Dalian Economic and Technological Development Zone* (大連經濟技術開發區凱飛高技術發展中心) (subsequently transformed into Dalian Kaifei Chemicals Company Limited* (大連凱飛化學股份有限公司)), Dalian Kingsman Pharmaceutical Technology Development Company Limited* (大連金斯曼醫藥科技開發有限公司), Desheng International Trading Limited* (德生國際經貿有限公司) in Dalian Bonded Area, and Dalian Tangxing Automobile Maintenance Limited* (大連唐興汽車維修有限公司), pursuant to the “Approval to the Establishment of Dalian Merro Pharmaceutical Company Limited” (Da Zheng [1999] No. 115) by the People’s Government of Dalian City.

As approved by China Securities Regulatory Commission (CSRC) under Zheng Jian Fa [2000] No. 132, the Company successfully issued 40 million ordinary shares of RMB1.00 each at Shanghai Stock Exchange on 12 October 2000. The outstanding shares were subsequently listed on Shanghai Stock Exchange on 16 November 2000. Upon completion of such issuance, the Company’s total share capital comprised 115 million shares.

Pursuant to the proposal for equity division reform considered and approved by the shareholders at the Company’s first extraordinary general meeting in 2006 and the relevant meetings and based on the total share capital as at the record date when the proposal was implemented, the Company declared a dividend payout, with the retained profits set forth in its audited financial statement for the five months ended 31 May 2006, to all the shareholders whose names appeared on the register as at the equity registration date for implementation of the proposal, of RMB0.068938504 (tax inclusive) in cash and a bonus issue of 1.913043478 bonus shares for every ten shares they held, amounting to a total of 22,000,000 shares and RMB792,792.80 in cash. Shareholders of the non-listed shares offered their dividends and bonus shares to the shareholders of listed shares as part of the consideration for the reform, for which the latter actually received 5.5 shares for every 10 shares they held, resulting in the Company’s total share capital growing to 137 million shares.

As considered by the shareholders of the Company at its first extraordinary general meeting in 2007 and approved by CSRC with the “Approval to Private Offering by Dalian Merro Pharmaceutical Company Limited” (Zheng Jian Xu Ke [2008] No. 441), the Company issued 38,000,000 A shares to its controlling shareholder Merro Group by way of private offering, for acquisition of the 96.4% equity interests in Dalian Merro TCP Factory Limited* (大連美羅中藥廠有限公司) held by Merro Group. On 15 April 2008, the Company completed the registration and lock-up procedures for the newly-issued shares under the private offering at China Securities Depository and Clearing Corporation Limited, Shanghai Branch. Upon completion of the private offering, the Company’s total share capital increased to 175 million shares.

Pursuant to the “2008 Proposal for Profit Distribution and Conversion of Capital Reserve to Share Capital” considered and approved by the shareholders of the Company at its 2008 annual general meeting, and based on its total share capital of 175 million shares as at the end of 2008, the shareholders of the Company received 10 new shares for every 10 shares they held. On 8 June 2009, the Company completed the registration of the new shares with the China Securities Depository and Clearing Corporation Limited, Shanghai Branch, upon which the total share capital of the Company increased to 350 million shares.

Pursuant to the “Resolution on Compliance of the Major Asset Swap and Asset Acquisition and Raising of Supporting Funds through Share Issuance and the Connected Transactions with the Relevant Laws” and the “Resolution on Entering into the Agreement on Major Asset Swap and Asset Acquisition through Share Issuance” and “Resolution on Raising of Supporting Funds” as considered and approved by the directors at the 8th meeting of the 5th session of the board of directors of the Company held on 5 December 2014 and the first extraordinary general meeting of the Company in 2014 held on 22 December 2014, the Company carried out a series of significant asset reorganisations as per the following schemes:

(1) Asset swap

In June 2015, the Company swapped all of its assets and liabilities (other than the available-for-sale financial assets and corresponding deferred tax liabilities) and the related rights and obligations as at the reference date (30 June 2014) for the 44.2531%, 33.3541%, 9.1765%, 6.5882%, 3.3002%, 3.2106% and 0.1173% equity interests in Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司) held by Xinjiang Guanghui Industry Investment Group Company Limited* (新疆廣匯實業投資(集團)有限責任公司, “Guanghui Group”), China Grand Automotive (Mauritius) Limited (“CGAML”), Yingtan Jinsheng Investment Partnership Limited* (鷹潭市錦勝投資有限合夥企業, “Yingtang Jinsheng”), Tianjin Zhenghe Shitong Equity Investment Fund Partnership* (天津正和世通股權投資基金合夥企業(有限合夥), “Zhenghe Shitong”), Xinjiang Youyuan Equity Investment LLP* (新疆友源股權投資合夥企業(有限合夥), “Xinjiang Youyuan”), Blue Chariot Investment Limited (“BCIL”) and Nanning Youngzhiquan Investment Management LLP* (南寧邕之泉投資管理中心(有限合夥), “Nanning Yongzhiquan”), respectively.

(2) Asset acquisition through share issuance

In June 2015, in order to cover the shortfall of the above-mentioned asset swap, the Company issued 3,019,609,785 ordinary shares (A Shares) of RMB1 each to Guanghui Group, CGAML, Yingtan Jinsheng, Zhenghe Shitong, Xinjiang Youyuan, BCIL and Nanning Yongzhiquan, respectively, at the issue price of RMB7.56 per Share. The difference between the value of the newly-issued shares and the original share capital, i.e. RMB19,808,640,189.60, was recognised as capital reserve.

The Company completed the registration of the newly-issued shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch on 16 June 2015, with its total share capital increased to 3,369,609,785 shares, upon which the equity interests of the Company were held by Guanghui Group, CGAML, Yingtan Jinsheng, Zhenghe Shitong, Merro Group and the other shareholders as to 39.65%, 29.89%, 8.22%, 5.90%, 5.02% and 11.32%, respectively.

(3) Raising of supporting funds through share issuance

In June 2015, the Company issued 297,324,000 ordinary shares (A Shares) by way of private offering to the specific targets at the issue price of RMB20.18 per share, which were listed on Shanghai Stock Exchange, raising a total of RMB5,999,998,320.00.

The Company completed the registration of the newly-issued shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch on 30 June 2015, with its total share capital increased to 3,666,933,785 shares, upon which the Company was held by Guanghui Group, CGAML, Yingtang Jingsheng, Zhenghe Shitong, Merro Group and the other shareholders as to 36.44%, 27.47%, 7.56%, 5.43%, 4.62% and 18.48%, respectively.

The above major asset swap and asset acquisition through share issuance was approved in principle by the Ministry of Commerce of the People’s Republic of China (“MOFCOM”) on 24 April 2015 with the Approval of MOFCOM to Introduction of Overseas Strategic Investors by Merro Pharmaceutical Company Limited (Shang Zi Pi [2015] No.280) and approved by CSRC on 2 June 2015 with the Approval to Major Asset Restructuring of Merro Pharmaceutical Company Limited and its Issuance of Shares to Xinjiang Guanghui Industry Investment Group Company Limited and Certain Other Companies for Assets Acquisition and Raising of Supporting Funds (Zheng Jian Xu Ke [2015] No. 1123).

(4) Share transfer

In September 2015, Merro Group, Guanghui Group, and Marry G-Bell Capital Venture (Limited Partnership* (瑪利潔貝創業投資企業(有限合夥)) (hereinafter referred to as “Marry G-Bell”) (which is based in Suzhou Industrial Park) entered into the equity transfer. Merro Group transferred the 4.62% equity interest in the Company as held by it, amongst which, 3.80% and 0.82% were transferred to Marry G-Bell and Guanghui Group, respectively. Following such equity transfer, Guanghui Group, CGAML, Yingtan Jinsheng, Zhenghe Shitong, Marry G-Bell, and other shareholders hold, 37.26%, 27.47%, 7.56%, 5.43%, 3.80%, and 18.48% equity interest in the Company, respectively.

In accordance with the Resolution on the Company’s Proposed Transfer of 2015 Mid-Term Capital Reserve to Share Capital passed at the fourth extraordinary general meeting of 2015 as convened by the Company on 23 September 2015, the Company transferred the capital reserve to share capital based on its total share capital of 3,666,933,785 shares as at 30 June 2015, with all shareholders receiving 5 shares for every 10 shares held by them, creating up to 1,833,466,893 additional shares. On 13 November 2015, the Company completed the registration of the additional shares with China Securities Depository and Clearing Corporation Limited, Shanghai Branch, following which the total capital of the Company increased to 5,500,400,678 shares.

The Company and its subsidiaries (the “Group”) are principally engaged in sales of imported automobile brands, sales of automobiles and related components, sales of pre-owned automobiles, automobile maintenance, automobile insurance agency, import and export of automobiles and related components, automobile decoration and styling, automobile leasing, and automobile information consultancy.

Please see Note VI for details of the major subsidiaries included in consolidation for the year, see Notes V(1), (2) and (4) for details of the subsidiaries newly included in the scope of consolidation and Note V(3) for the subsidiaries no longer included in the scope of consolidation.

Guanghui Group is the parent and ultimate holding company of the Company.

These financial statements were released upon approval of the board of directors of the Company on 28 April 2016.

II CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group determined its accounting policies and estimates in accordance with the nature of its operations, which was mainly reflected on the provision for bad debts in accounts receivable (Note II(10)), pricing for inventories and provision for inventory impairment (Note II(11)), judgment criteria for impairment of available-for-sale equity instruments (Note II(9)), depreciation of fixed assets and amortisation of intangible assets (Notes II(14) and (17)), measurement of investment properties (Note II(13)), timing for income recognition (Note II(23)), impairment of long-term assets (Note II (19)) and recognition of deferred tax assets (Note II (25)).

Please see Note II(28) for details of the key assumptions adopted by the Group in the application of critical accounting estimates.

(1) Basis of preparation of the financial statements

The financial statements were prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance of the PRC on 15 February 2006, and the specific accounting standards and the relevant regulations issued thereafter (hereafter collectively referred to as “Accounting Standards for Business Enterprises”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 — General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

These financial statements are prepared on a going concern basis.

Pursuant to the Notice on Proper Preparation of 2008 Annual Reports by the Enterprises Implementing Accounting Standards (Cai Kuai Han [2008] No. 60) and the Reply on Accounting Treatment for Indirect Listing of a Non-listed Company by Acquiring Equity Interests of a Listed Company (Cai Kuai Bian [2009] No. 17) issued by the Ministry of Finance of the PRC, the major asset swap and share issuance for asset acquisition constituted a non-business type reverse takeover, and thus should be dealt with in accordance with the principle of equity transaction. Accordingly, the Company prepared its consolidated financial statements for the reporting period in accordance with the principles set forth below.

- (a) The Group's consolidated financial statements represent the continuation of the financial statements of the acquirer in accounting terms (or a subsidiary in legal terms), and the related identifiable assets and liabilities are recognised and measured at its book value prior to the restructuring.
- (b) The identifiable assets and liabilities retained by the Company (or legally the parent company) are consolidated at the fair value as at the date of restructuring, the difference between the combination costs and the fair value of the identifiable assets of the Company is included in the capital reserve in the consolidated financial statements, with no goodwill recognised or included in the profit or loss for the period.
- (c) The share capital at the beginning of the year in the Group's consolidated financial statements reflects, in legal terms, the nominal value of the shares issued for the purpose of acquisition of the subsidiaries during the restructuring.
- (d) The comparative information in the consolidated financial statements of the Group is the comparative information of its subsidiaries in legal terms, and the comparative information in the financial statements of the Company is the comparative information in the individual financial statements of the Company.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2015 have complied with the requirements of the Accounting Standards for Business Enterprises, and have reflected truly and completely such relevant information as the consolidated financial conditions and those of the Company as at 31 December 2015 as well as the consolidated operating results and cash flows and those of the Company for the year then ended.

(3) Financial year

The financial year begins on 1 January and ends on 31 December in the Gregorian Calendar.

(4) Functional currency

The functional currency is RMB.

(5) Business combination

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the merging party in a business combination are measured at book value. The difference between the book value of the net assets obtained from and that of the consideration paid for the combination is used to adjust capital reserve (share premium). If the capital reserve (share premium) is not sufficient to cover the difference, the balance is adjusted against the retained earnings. Costs directly attributable to the combination are included in profit or loss in the period when incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations under non-common control

Combination costs incurred and the identifiable net assets acquired by the acquirer during combination are measured at the fair value as at the date of acquisition. The excess of the combination costs over the fair value of the identifiable net assets acquired at the date of acquisition is recognised as goodwill; the shortfall of the combination costs below the fair value of the identifiable net assets acquired at the date of acquisition is included in the profit or loss for the period. The directly related costs for the business combination will be included in the profit or loss for the period when incurred. The transaction costs for issuance of equity securities or debt securities for business combination are included in the initially recognized amount of the equity securities or debt securities.

(6) Preparation of the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date when such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, come under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and its subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and loss for the period as well as comprehensive income not attributable to the Company are recognised as minority interests, net profit and loss attributable to minority interests as well as and comprehensive income attributable to minority interests presented separately in the consolidated financial statements within equity and net profit as well as total comprehensive income respectively. The unrealised profit or loss arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit or loss arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company and minority interests in proportion to their respective shareholdings in the subsidiaries. The unrealised profit or loss arising from sales of assets between subsidiaries are eliminated against net profit attributable to owners of the Company and minority interests in proportion to their respective shareholdings in the subsidiaries selling assets.

The difference on recognising a same transaction between on the accounting subjects of the Group and of the Company or its subsidiaries would be adjusted on the accounting subject of the Group.

After the control over a subsidiary has been obtained, all or part of the minority interest in such subsidiary held by the minority shareholders are obtained from such minority shareholders. In the consolidated financial statements, the subsidiary's assets and liabilities shall be reflected by such amount as calculated continuously commencing from the purchase date or the merger date. The difference between the additional long-term equity investment acquired through the purchase of minority interest and the share of such net assets of the subsidiary in proportion to the additional shareholding as calculated continuously commencing from the purchase date or the merger date shall be included in the capital reserve (share premium). Should the capital reserve (share premium) be insufficient to cover the difference, the retained earnings are to be adjusted accordingly.

(7) Cash and cash equivalents

Cash and cash equivalents represent cash in hand, deposits repayable on demand, and short-term, highly liquid investments which are readily convertible to known amounts of cash with an insignificant risk of change in value.

(8) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the dates of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments**(a) Financial assets***(i) Classification of financial assets*

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified into any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable recoverable amounts that the management intends and is able to hold to maturity. Held-to-maturity investments with maturities over 12 months when the investments were made but are due within 12 months at the balance sheet date are included in the non-current assets due within one year; held-to-maturity investments with maturities no more than 12 months when the investments were made are included in other current assets.

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value, while investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Gain or loss arising from change in the fair value of financial assets at fair value through profit or loss is recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly in equity is recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(iii) Impairment of financial assets

The Group assesses the book values of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, provision for impairment loss will be made accordingly.

Objective evidence that a financial asset is impaired refers to events that occurred after the initial recognition of the asset, and have an effect on the estimated future cash flows of the financial asset, which can be reliably measured.

Objective evidence of impairment on available-for-sale investments includes that the fair value of those equity instruments is exposed to significant or prolonged decline. The Group has separately tested various available-for-sale equity instruments on the balance sheet date: if the fair value of an equity instrument as at the balance sheet date is lower than its cost by more than 50% (including 50%) or remains so for longer than twelve months (including twelve months), an impairment of the equity instrument has occurred; if it is lower by more than 20% (including 20%) but less than 50%, the Group will take into consideration other factors such as price fluctuation to determine whether the equity instrument has been impaired. The initial cost of an available-for-sale equity instrument is determined with the weighted average method.

When an impairment loss on a financial asset at amortised cost has occurred, the amount of loss is measured at the difference between the asset's book value and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset has recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If an available-for-sale financial asset measured at fair value has been impaired, the cumulative losses arising from the decline in fair value that had been recognised directly in equity are transferred out of equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

When an impairment loss on an available-for-sale financial asset has occurred, the amount of loss is measured at the difference between the asset's book value and the present value of its estimated future cash flows determined according to the market yield of similar financial assets and recognised in profit or loss. Once the impairment loss is recognised, it will not be reversed in subsequent periods.

(iv) Derecognition of financial assets

A financial asset is derecognised when one of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the book value and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and debentures payable.

Payables, including notes payable, accounts payable, other payables and long-term payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year of the balance sheet date are classified as non-current liabilities due within one year. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the present obligation under the liability is discharged or partly discharged. The difference between the book value of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(c) *Determination of fair value of financial instruments*

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, discounted cash flow analysis and option pricing model. When a valuation technique is used to establish the fair value of a financial instrument, it makes the maximum use of observable market inputs and relies as little as possible on entity-specific inputs. In case the relevant observable inputs are unable or impracticable to be obtained, the unobservable inputs would be used.

(d) *Dedicated asset management scheme*

The Group securities part of the automobile sales receivables and entrusts its assets to special purpose entities, which will issue senior asset-backed securities to investors, and the Group will hold certain subordinated asset-backed securities. In applying the accounting policies in respect of the financial assets under the dedicated asset management scheme, the Group has taken into account the risks of the assets transferred to other entities and the extent of transfer of rewards, as well as the extent to which the Group exercises control over the entity:

- The financial asset is derecognised when the Group transfers substantially all the risks and rewards of ownership of the financial asset;
- The financial asset is continued to be recognised when the Group retains substantially all the risks and rewards of ownership of the financial asset;
- When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group will consider whether it has control over the financial asset. When the Group does not retain control, it will derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. When the Group retains control, it continues to recognise the financial assets as well as the relevant liabilities according to the extent to which the Group is exposed to changes in the value of the transferred assets, i.e. the extent of its continuing involvement in the financial asset.

(10) Receivables

Receivables comprise accounts receivable, long-term receivables and other receivables. Receivable arising from sale of goods or rendering of financial lease services or labour are initially recognised at fair value of the contractual or agreed payments from the buyers or service recipients.

(a) *Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts*

Receivables with amounts that are individually significant are subject to impairment on the individual basis. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made.

The criterion for determining “individually significant” amounts is that any individual amount is more than RMB1,000,000.

The method of providing for bad debts for those individually significant amounts is as follows: the amount of the present value of the future cash flows expected to be derived from receivables below their book value.

(b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis for grouping is as follows:

Deposits due from manufacturers group	All deposits due from manufacturers
Due from related parties group	Amounts due from related parties not in the scope of consolidation
Due from subsidiaries group	Amounts due from related parties within the scope of consolidation
Due from financial lease business group	All long-term receivables generated from financial lease business
Other amounts	Short-term receivables, excluding deposits due from manufacturers and other amounts due from non-related parties

Methods of determining provision for bad debts by grouping are as follows:

Deposits due from manufacturers group	No provision is made based on the actual loss ratios for the previous years and according to the current conditions
Due from related parties group	No provision is made based on the actual loss ratios for the previous years and according to the current conditions
Due from subsidiaries group	No provision is made based on the actual loss ratios for the previous years and according to the current conditions
Due from financial lease business group	Provision is made for the bad debts of long-term receivables at a percentage based on the actual loss ratios for the previous years and according to the current conditions
Receivables not yet due	No provision is made based on the actual loss ratios for the previous years and according to the current conditions
Other receivables	Ageing analysis method

The provision ratios used under the ageing analysis method for the above groupings are as follows:

	Provision ratios used for accounts receivable	Provision ratios used for other receivables
Within three months	—	—
Three months to one year	3%	3%
One to two years	8%	8%
Two to three years	15%	15%
Three to four years	30%	30%
Four to five years	50%	50%
Over five years	100%	100%

- (c) *Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts:*

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its book value.

- (d) *When the Group transfers a receivable to a financial institution without recourse, the difference between the proceeds received from the transaction and the book value of the receivable and the related taxes is recognised in profit or loss for the current period.*

(11) Inventories

- (a) *Classification*

Inventories, including materials in transit, goods in stock, circulating materials and labour cost, are measured at the lower of cost and net realizable value.

- (b) *Valuation method of inventories upon delivery*

The Group's inventories mainly comprise vehicles and accessories (including spare parts and decorative accessories). The cost of a vehicle is determined using individual valuation method upon delivery, while the cost of accessories is determined using the weighted average method. Costs of inventories include the purchase prices, import duties and other taxes. Labor costs include direct labor and production capacity in the normal manner as an allocation of manufacturing costs.

- (c) *Determination of net realizable value and provision for diminution in value of inventories*

Provisions are determined at the excess amount of the costs of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated costs necessary to make the sale and related taxes.

- (d) The Group adopts perpetual inventory system as its inventory system.

- (e) *Amortization method of circulating materials*

Circulating materials include low-value consumables and packaging materials. Low-value consumables and packaging materials are amortized on a one-off write-off basis.

(12) Long-term Equity Investment

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, as well as the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are joint arrangements whereby the Group is able to exercise joint control together with other parties and the Group has rights to only the net assets of the arrangement based on legal form, contractual terms and other facts and circumstances. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

(a) Measurement of investment cost

For long-term equity investments acquired through business combinations: for a long-term equity investment acquired through business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the book value of owners' equity of the party being absorbed at the combination date; for a long-term equity investment acquired through business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through business combinations: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of investment income and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the book value of the long-term equity investment together with any long-term interests that, in substance, form part of the net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income and profit distribution, the Group adjusts the carrying value of the long-term equity investments and records it into capital reserve. The book value of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on intra-group transactions amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

(c) Basis of determining control, joint control and significant influence over investees

Control is the power over an investee, whereby the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Joint control is the contractually agreed sharing of control over an arrangement, and the decisions relating to the activity of the arrangement require the unanimous consent of the Group and other participating parties sharing that control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

For long-term equity investment in subsidiaries, joint ventures and associates, when its recoverable amount is less than its carrying value, the carrying value shall be reduced to its recoverable amount (Note II (19)).

(13) Investment properties

Investment properties, including buildings and structures that have been leased out, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and its cost can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings are depreciated to their estimated net residual value over their estimated useful lives. The estimated useful lives, the estimated net residual value expressed as a percentage of cost and the annual depreciation rate of investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation (amortization) rate
Buildings and structures	40 years	5%	2.38%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset at the date of the transfer. When an owner-occupied property changes its use and is held for earning rentals or for capital appreciation, the fixed asset is reclassified as investment property at its book value at the date of the transfer.

The estimated useful lives, net residual value and the depreciation method of investment properties applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its book value and related taxes and expenses is recognized in profit or loss for the current period.

If the recoverable amount of an investment property is less than its book value, the book value should be reduced to the recoverable amount (Note II (19)).

(14) Fixed assets*(a) Recognition and initial measurement of fixed assets*

Fixed assets comprise buildings and structures, machinery and equipment, office equipment, electronic equipment and motor vehicles, etc.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed are initially measured at cost at the time of acquisition.

Subsequent expenditure incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The book value of the replaced part is derecognised. All the other subsequent expenditure are recorded in profit or loss in the period in which they are incurred.

(b) Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets net of their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the book value net of the impairment provision over their remaining useful lives.

The estimated useful lives, the net residual value rates and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual value rates	Annual depreciation rates
Buildings and structures	10–40 years	5%	2.38% to 9.50%
Machinery and equipment	5–10 years	5%	9.50% to 19.00%
Office equipment	3–5 years	5%	19.00% to 31.67%
Electronic equipment	3–5 years	5%	19.00% to 31.67%
Motor vehicles	6–8 years	5%	11.88% to 15.83%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate, at each year end.

(c) The book value of a fixed asset shall be reduced to its recoverable amount if the recoverable amount is below the book value (Note II (19)).

(d) Basis for identification of fixed assets held under finance lease and related measurement methods

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. A fixed asset held under finance lease is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note II (26) (b)).

Fixed assets held under finance leases are depreciated on a basis consistent with the depreciation policy adopted for self-owned fixed assets. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the estimated useful life; otherwise, the leased fixed asset is depreciated over the shorter period of the lease term and the estimated useful life of the asset.

(e) Disposal of fixed assets

A fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its book value and related taxes and expenses is recognised in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at actual cost incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other expenses necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when ready for its intended use, and depreciation begins on the following month. The book value of construction in progress is reduced to the recoverable amount when the recoverable amount is below the book value (Note II (19)).

(16) Borrowing costs

The borrowing costs directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditure for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. Capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction of the asset is resumed.

For specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings used for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditure on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial recognised amount of the borrowings.

(17) Intangible assets

Intangible assets comprise land use rights, franchise rights granted by brand owners and software are measured at cost.

(a) Land use rights

Land use rights are stated at the actual consideration paid to obtain the land use rights, and are amortised on a straight-line basis over the estimated useful lives of land use rights. If the purchase costs of land use rights and buildings located thereon cannot be reliably allocated between the land use rights and buildings, all the purchase costs are recognised as fixed assets.

(b) Franchise rights granted by brand owners

Franchise rights granted by brand owners are intangible assets recognised in the process of business combination, being the franchise rights obtained from brand owners as a result of the Group's acquisition of branded automobile retail business of the acquirees. Franchise rights granted by brand owners are recorded at fair value at the time of acquisition, and are amortised on an average basis over the period during which it is expected to benefit.

(c) Purchased software

Purchased software are recorded at the actual consideration paid, and are amortised on an average basis over the period during which it is expected to benefit.

(d) Regular review of useful life and amortisation method

For an intangible asset with a finite useful life, review of and adjustment to estimated useful life and amortisation method are performed at each year end.

(e) Research and development

Costs of an internal research and development project is classified into costs incurred during the research phase and the development phase based on its nature and whether there is material uncertainty that the research and development activities can create an intangible asset at the end of the project.

All costs incurred in the research phase are charged to profit or loss as incurred. Costs incurred in the development phase will be capitalised if satisfying all of the following criteria:

- technical feasibility of completing the intangible asset so that it can be used or sold;
- intention to complete and use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate economic benefits;
- availability of adequate technical, financial, and other resources to complete the development of the intangible asset, and ability to use or sell the intangible asset; and
- expenses attributable to the development phase of the intangible asset can be measured reliably.

If any of the above criteria is not met then such costs will be charged to the profit or loss as incurred. Development costs previously expensed in prior periods will not be recognized as an asset in subsequent period. Development phase costs that have been capitalized will be presented as development expenses on balance sheet and transferred to intangible asset when the project gets ready for its intended use.

(f) Impairment of intangible assets

The book value of an intangible asset is reduced to its recoverable amount when its recoverable amount is below its book value (Note II (19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses comprise the expenditure for improvements to fixed assets held under operating leases, and other expenditure that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on an average basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured at cost method and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. The intangible assets not ready for intended use yet are tested at least annually for impairment, irrespective of whether there are any indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its book value, a provision for impairment is made and an impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the impairment test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or combination of asset groups, including the allocated goodwill, is lower than its book value, the corresponding impairment loss is recognised. The impairment loss is first deducted from the book value of goodwill that is allocated to the asset group or combination of asset groups, and then deducted from the book values of other assets within the asset groups or combination of asset groups in proportion to the book values of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits mainly include short-term employee benefits and post-employment benefits provided in various forms of remuneration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term compensated absences. Employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include defined contribution plans such as basic pensions and unemployment insurance.

Basic pension insurance

The employees of the Group participate in the basic social pension insurance organised and implemented by local labour and social security authorities. The Group makes monthly pension contributions for its employees to local basic social pension authorities based on the basic social pension contribution base and percentage required by local authorities. When the employees retire, local labour and social security authorities have an obligation to pay the entire basic social pensions. When an employee has rendered service to the Group during the accounting period, the Group recognises the payable amount calculated based on the above-mentioned provisions of social insurance as liabilities, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(21) Dividends distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by shareholders in general meeting.

(22) Estimated liabilities

Estimated liabilities for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The initial measurement of estimated liabilities is based on the best estimate of the outflow of present obligation by considering relevant risks, uncertainties and time value of money, etc. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The book value of estimated liabilities is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(23) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented net of discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) Sale of goods

The Group is engaged in branded automobile retail business. The Group recognises sales revenue when substantially all risks and rewards of ownership of vehicles are transferred to consumers after vehicles are delivered to consumers, and the costs relating to vehicles can be reliably measured.

(b) Rendering of services

The Group provides services such as vehicle maintenance and commission agency to customers. The related revenue is recognised using the percentage of completion method, with the stage of completion being determined based on proportion of costs incurred to date to the estimated total costs.

(c) Transfer of asset use rights

Interest income (including interest income from finance lease) is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

(24) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with by the Group and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Government grants related to income are government grants other than those related to assets.

Government grants related to assets are recognised as deferred income, and are allocated equally to profit or loss over the useful life of the related assets. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period.

(25) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences between the tax bases of assets and liabilities and their book values (temporary differences). Deferred tax assets are recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for assessable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures when it is probable that the temporary differences will be reversed in the foreseeable future and that taxable profit will be available in the future against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities can be offset and presented on a net basis when:

- the deferred taxes assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(26) Leases

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged to the profit or loss for the current period.

Retail income under an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases — lessee

A leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised over the period of the lease using the effective interest method. The balance of minimum lease payment less the unrealised finance expenses is presented as long-term payables.

(c) Finance leases — lessor

The sum of the minimum lease receipt and the initial direct costs is recognised as the entry value of the finance lease receivable and the unguaranteed residual value is recognised at the same time; the difference between the sum of the minimum lease receipt, the initial direct costs and the unguaranteed residual value and the sum of their present values is recognised as the unrealised finance income. The unrealised finance income shall be allocated over the lease term using effective interest method. The balance of minimum lease receipt less the unrealised finance income is presented as long-term receivables.

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) its operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) the information on its financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(28) Critical accounting estimates and judgments

The Group continually evaluates its critical accounting estimates and key judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next accounting year are outlined below:

(i) Accounting estimates on impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment. The recoverable amount of an asset group or combination of asset groups to which goodwill is allocated is the present value of the future cash flows expected to be derived from the assets. These calculations require use of estimates (Note IV(18)).

If management revises the gross profit margin adopted in the calculation of future cash flows of an asset group or combination of asset groups and the revised gross profit margin is lower than the gross profit margin currently adopted, the Group may need to increase its impairment provisions for goodwill.

If management revises the pre-tax discount rate adopted in the calculation of discounted cash flows and the revised pre-tax discount rate is higher than the discount rate currently adopted, the Group may need to increase its impairment provisions for goodwill.

If the actual gross profit margin is higher or pre-tax discount is lower than estimated by management, the Group cannot reverse the impairment provisions for goodwill previously made.

(ii) Impairment of receivables

Impairment of receivables is based on the assessment of the recoverability of receivables. The assessment of impairment of receivables requires the judgments and estimates to be made by management. These estimates are based on customers' creditworthiness and historical experience, and actual results may differ from previous estimates, which will affect the carrying value of receivables and the provision for impairment of bad debts of receivables or reversal thereof during the period in which the estimates are revised.

(iii) Income tax

The Group is subject to enterprise income tax in several jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each relevant jurisdiction. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the amount of income tax and deferred income tax in the period in which such determination is made.

(iv) Net realisable value of inventories

Net realisable value of inventories are determined based on the amount of the estimated selling prices of inventories during ordinary course of business less estimated selling costs and related taxes and expenses. These estimates are mainly based on then prevailing market conditions and past experience and may vary significantly due to

technical innovations, customers' preferences and the actions taken by competitors in response to changes in market conditions. Management reviews these estimates at each balance sheet date.

- (v) *Expected net residual value and useful life or expected benefit period of fixed assets and intangible assets (other than franchise rights granted by brand owners)*

The Group estimates expected net residual value and expected useful life of fixed assets and intangible assets. The estimates are based on historical experiences in the actual net residual value and expected useful life of investment properties, fixed assets and intangible assets of the same nature and functions, which may change significantly due to technical innovations or other reasons. When the net residual value or expected useful life is lower than previously estimated, the Group will increase depreciation and amortisation expenses.

- (vi) *Expected useful lives of franchise rights granted by brand owners*

The Group estimates useful lives of franchise rights granted by brand owners and resulting relevant amortisation expenses. The estimates are based on the actual useful lives of franchise rights granted by brand owners in the same industry and with similar brands. If the actual useful life is shorter than previously estimated, amortisation expenses will increase, and impairment may also arise due to the under-utilisation and obsolescence of intangible assets. Actual economic life may differ from estimates. If the expected useful life of intangible assets differs from previous estimates, amortisation expenses will be adjusted accordingly.

III TAXATION

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Enterprise income tax (b)	Taxable income	15% or 25%
Value added tax ("VAT")(a)	Taxable value added amount (Taxes payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of current period)	6% or 17%
Business tax	Taxable turnover amount	5%
Urban maintenance and construction tax	Amount of VAT and business tax paid	7% or 5% or 1%
Education surcharge	Amount of VAT and business tax paid	3%
Local education surcharge	Amount of VAT and business tax paid	2%
River management fees	Amount of VAT and business tax paid	1%

- (a) According to the Implementing Measures for the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax 《營業稅改徵增值稅試點實施辦法》 contained in the Notice of Including Railway Transport and Postal Service in the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax (Cai Shui [2013] No. 106) 《關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點的通知》 (財稅【2013】106號) jointly issued by the Ministry of Finance and the State Administration of Taxation, and other relevant regulations, value-added tax applies to the revenue of subsidiaries of the Group derived from finance leasing business from 1 August 2013 and the applicable tax rate is 17%.

(b) Preferential tax treatment and approvals

- (1) Certain subsidiaries of the Company operate in western China and their principal activities fall under the encouraged industries category in the Catalogue of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》). As such, they satisfy the requirements under the Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax Related with Enhancing the Western Region Development Strategy (《國家稅務總局關於深入實施西部大開發戰略有關企業所得稅問題的公告》) and thus are entitled to the reduced income tax rate of 15%. According to the Administration and Implementation Measures of Preferential Income Tax Treatment (《企業所得稅稅收優惠管理實施辦法》) and the Announcement on Issues Concerning Enterprise Income Tax Related with Enhancing the Western Region Development Strategy (SAT Announcement [2012] No.12) (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》) (國家稅務總局公告2012年第12號), preferential enterprise income tax policies for the development of western China fall within the scope of tax relief and exemption requiring approval, whereby the tax relief and exemption shall be reviewed and approved by competent taxation authorities for the first year and filing for record is required for the second and subsequent years.

As at the date of this Report, 148 subsidiaries within the Group in 2015 (2014: 172) have been approved by competent taxation authorities as having satisfied the conditions of the preferential tax treatment relating to the development of western China and are entitled to the reduced enterprise income tax rate of 15%.

- (2) Certain subsidiaries of the Company operate in Xinjiang, China and their business scopes are in line with sub-paragraph 5 Construction of Unified Delivery and Distribution Networks for Commercial and Trading Enterprises under paragraph 28 Commerce and Trade Services as set out in the Notice on Preferential Income Tax Policy for Startup Companies in Distressed Areas of Xinjiang (Cai Shui [2011] No.53) (《關於新疆困難地區新辦企業所得稅優惠政策的通知》)(財稅[2011]53號). During the period from 1 January 2010 to 31 December 2020, startup companies that operate in distressed areas of Xinjiang and fall within the business category in the Catalogue of Preferential Income Tax Treatment for Specially Encouraged Startup Businesses Operating in Distressed Areas of Xinjiang (《關於新疆困難地區重點鼓勵發展企業所得稅優惠目錄》) will be entitled to exemption from enterprise income tax for the first and second years and a 50% reduction in enterprise income tax for the third to fifth years commencing from the years when they record taxable operating income for the first time.

As at the date of this Report, four subsidiaries within the Group in 2015 (2014: one) have been approved by competent taxation authorities as having satisfied the conditions of the preferential tax treatment for specially encouraged startup businesses operating in distressed areas of Xinjiang and are entitled to exemption from enterprise income tax for the first and second years and a 50% reduction in enterprise income tax for the third to fifth years commencing from the years when they record taxable operating income for the first time.

IV NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	11,692,409.84	8,843,932.43
Bank deposits	3,974,779,067.83	4,696,575,487.80
Other cash balances	<u>13,385,251,354.27</u>	<u>6,998,407,547.48</u>
	<u>17,371,722,831.94</u>	<u>11,703,826,967.71</u>
Including: Deposits placed with overseas financial institutions	30,444,559.61	—

As at 31 December 2015, other cash balances in the amount of RMB7,947,841,353.19 was pledged to banks as deposits for bank acceptance bills (see note IV(24)); other cash balances in the amount of RMB311,582,924.51 was deposited with financial institutions as margin deposits for granting loans to the Group (see note IV(23)); other cash balances in the amount of RMB3,450,089.66 represented deposits kept with banks for granting mortgage loans to the Group; and other cash balances in the amount of RMB26,847,835.65 represented the outstanding principal amounts and interest accrued thereon due to the subscribers of trust products which was deposited in the escrow account of the special asset management plan set up by the Group.

As at 31 December 2015, other cash balances in the amount of RMB5,095,529,151.26 represented the margin deposits for obtaining bank borrowings up to HK\$11,558,579,965.30 to finance the offer of the Group to acquire not more than 75% equity interest in Baoxin Auto Group Limited (hereinafter “Baoxin Group”) (see note XI(3)).

As at 31 December 2014, other cash balances in the amount of RMB6,665,862,237.79 was pledged to banks as deposits for bank acceptance bills (see note IV(24)); other cash balances in the amount of RMB290,559,704.98 was deposited with financial institutions as margin deposits for granting loans to the Group (see notes IV(23)); other cash balances in the amount of RMB4,233,574.55 represented deposits kept with banks for granting mortgage loans to the Group; and other cash balances in the amount of RMB37,752,030.16 represented the outstanding principal amounts and interest accrued thereon due to the subscribers of trust products which was deposited in the escrow account of the special asset management plan set up by the Group.

(2) Notes receivable

	31 December 2015	31 December 2014
Bank acceptance notes	<u>8,969,896.00</u>	<u>84,186,358.31</u>

- (a) As at 31 December 2015, the Group had no pledged notes receivable (31 December 2014: Nil).
- (b) As at 31 December 2015, the Group had no notes receivable that had been endorsed but not due yet (31 December 2014: Nil).

(3) Dividends receivable

	31 December 2015	31 December 2014
Guilin Hongfan Guitong Auto Sales Service Limited* (桂林弘帆桂通汽車銷售服務有限公司)	1,620,000.00	—
Guilin Hongfan Auto Sales Service Limited* (桂林弘帆汽車銷售服務有限公司)	1,200,000.00	—
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	—	2,400,000.00
	<u>2,820,000.00</u>	<u>2,400,000.00</u>

(4) Interests receivable

	31 December 2015	31 December 2014
Interests receivable	<u>3,110,624.19</u>	<u>117,810.68</u>

(5) Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	1,675,252,933.68	1,167,218,053.94
Less: provision for bad debts	<u>(20,815,780.94)</u>	<u>(13,351,056.54)</u>
	<u>1,654,437,152.74</u>	<u>1,153,866,997.40</u>

(a) Aging analysis of accounts receivable is set out below:

	31 December 2015	31 December 2014
Within 1 year	1,602,081,289.75	1,117,048,397.63
1–2 years	47,783,359.43	35,927,186.94
2–3 years	14,733,634.91	7,277,518.99
Over 3 years	<u>10,654,649.59</u>	<u>6,964,950.38</u>
	<u>1,675,252,933.68</u>	<u>1,167,218,053.94</u>

As at 31 December 2015 and 31 December 2014, the Group had no accounts receivable that were past due but not impaired.

(b) Analysis of accounts receivable by categories is as follows:

	31 December 2015				31 December 2014			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Accounts receivable that are individually significant with provision for bad debts on individual basis	—	—	—	—	—	—	—	—
Accounts receivable with provision for bad debts on group basis								
Group 1: accounts receivable with provision for bad debts under ageing analysis	1,664,841,539.46	99.38%	(17,020,998.05)	1.02%	1,158,842,361.61	99.28%	(10,055,363.94)	0.87%
Group 2: accounts receivable due from related parties not within the scope of consolidation	6,616,611.33	0.39%	—	—	5,079,999.73	0.44%	—	—
Accounts receivable that are individually insignificant but with provision for bad debts on individual basis	<u>3,794,782.89</u>	<u>0.23%</u>	<u>(3,794,782.89)</u>	<u>100.00%</u>	<u>3,295,692.60</u>	<u>0.28%</u>	<u>(3,295,692.60)</u>	<u>100.00%</u>
	<u>1,675,252,933.68</u>	<u>100.00%</u>	<u>(20,815,780.94)</u>		<u>1,167,218,053.94</u>	<u>100.00%</u>	<u>(13,351,056.54)</u>	

(c) Analysis of accounts receivable with provision for bad debts made on group basis under ageing analysis is as follows:

	31 December 2015			31 December 2014		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Percentage	Amount	Amount	Percentage
Within 1 year	1,596,169,779.25	(4,877,227.34)	0.31%	1,113,613,195.95	(2,600,256.73)	0.23%
1-2 years	46,293,522.72	(3,703,481.82)	8.00%	34,465,001.51	(2,757,200.12)	8.00%
2-3 years	12,866,587.84	(1,929,988.18)	15.00%	4,478,972.71	(671,845.92)	15.00%
Over 3 years	<u>9,511,649.65</u>	<u>(6,510,300.71)</u>	<u>68.45%</u>	<u>6,285,191.44</u>	<u>(4,026,061.17)</u>	<u>64.06%</u>
	<u>1,664,841,539.46</u>	<u>(17,020,998.05)</u>		<u>1,158,842,361.61</u>	<u>(10,055,363.94)</u>	

(d) For the year ended 31 December 2015, provisions for bad debts of the Group amounted to RMB4,458,588.63.

(e) For the year ended 31 December 2015, the Group's accounts receivable amounting to RMB2,014,529.87 were written off, none of which was individually significant receivable.

- (f) As at 31 December 2015, top five debtors in terms of closing balances of accounts receivable were summarized and analyzed as follows:

	Balance	Provision for bad debts	As a percentage of total accounts receivable
Total accounts receivable due from top five debtors	<u>218,782,296.69</u>	<u>—</u>	<u>13.06%</u>

- (g) For the years ended 31 December 2015 and 2014, the Group had no accounts receivable which were derecognized due to transfers of financial assets.

(6) Other receivables

	31 December 2015	31 December 2014
Deposits and other cash collateral	181,769,963.54	141,444,248.38
Security deposits placed with manufacturers	439,761,781.30	203,668,788.76
Advances	82,898,771.52	37,022,645.31
Petty cash account	43,794,541.06	34,377,325.37
Amounts due from related parties	85,947,864.44	83,681,330.90
Amounts due from former shareholders and related parties of the entities acquired	401,918,409.44	117,664,788.33
Receivables in connection with disposal of buildings and land	138,320,710.83	117,671,599.50
Others	<u>65,832,013.84</u>	<u>101,970,031.75</u>
	1,440,244,055.97	837,500,758.30
Less: Provision for bad debts	<u>(29,393,249.08)</u>	<u>(24,408,918.39)</u>
	<u>1,410,850,806.89</u>	<u>813,091,839.91</u>

- (a) Ageing analysis of other receivables is as follows:

	31 December 2015	31 December 2014
Within 1 year	1,172,602,567.75	684,652,494.68
1–2 years	133,499,362.02	63,226,551.48
2–3 years	69,321,447.14	31,179,496.36
Over 3 years	<u>64,820,679.06</u>	<u>58,442,215.78</u>
	<u>1,440,244,055.97</u>	<u>837,500,758.30</u>

(b) Analysis of other receivables by categories is as follows:

	31 December 2015				31 December 2014			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Other receivables that are individually significant with provision for bad debts on individual basis	3,533,626.38	0.25%	(3,533,626.38)	100.00%	2,182,650.15	0.26%	(2,182,650.15)	100.00%
Other receivables with provision for bad debts on group basis								
Group 1: Other receivables with provision for bad debts made under ageing analysis	722,581,896.19	50.17%	(16,863,445.87)	2.33%	422,591,457.76	50.46%	(14,521,337.01)	3.44%
Group 2: Security deposits placed with manufacturers	439,761,781.30	30.53%	—	—	203,668,788.76	24.32%	—	—
Group 3: Other receivables due from related parties not within the scope of consolidation	85,947,864.44	5.97%	—	—	83,681,330.90	9.99%	—	—
Group 4: Other receivables not yet due	179,422,710.83	12.46%	—	—	117,671,599.50	14.05%	—	—
Other receivables that are individually insignificant but with provision for bad debts on individual basis	<u>8,996,176.83</u>	<u>0.62%</u>	<u>(8,996,176.83)</u>	<u>100.00%</u>	<u>7,704,931.23</u>	<u>0.92%</u>	<u>(7,704,931.23)</u>	<u>100.00%</u>
	<u>1,440,244,055.97</u>	<u>100.00%</u>	<u>(29,393,249.08)</u>		<u>837,500,758.30</u>	<u>100.00%</u>	<u>(24,408,918.39)</u>	

(c) As at 31 December 2015, analysis of other receivables that are individually significant with provision for bad debts on individual basis is as follows:

	Book balance	Provision for bad debts	Percentage	Reasons
Other receivables 1	2,182,650.15	(2,182,650.15)	100%	Uncollectible
Other receivables 2	<u>1,350,976.23</u>	<u>(1,350,976.23)</u>	100%	Uncollectible
	<u>3,533,626.38</u>	<u>(3,533,626.38)</u>		

(d) Analysis of other receivables with provision for bad debts made on group basis under ageing analysis is as follows:

	31 December 2015			31 December 2014		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Percentage	Amount	Amount	Percentage
Within 1 year	657,571,819.93	(2,448,334.14)	0.37%	368,133,145.76	(2,421,873.06)	0.66%
1–2 years	23,132,602.82	(1,850,608.23)	8.00%	16,123,561.13	(1,289,884.89)	8.00%
2–3 years	13,643,232.95	(2,046,484.94)	15.00%	11,920,292.75	(1,788,043.91)	15.00%
Over 3 years	<u>28,234,240.49</u>	<u>(10,518,018.56)</u>	<u>37.25%</u>	<u>26,414,458.12</u>	<u>(9,021,535.15)</u>	<u>34.15%</u>
	<u>722,581,896.19</u>	<u>(16,863,445.87)</u>		<u>422,591,457.76</u>	<u>(14,521,337.01)</u>	

- (e) For the year ended 31 December 2015, the Group's provisions for bad debts amounted to RMB5,882,313.09.
- (f) For the year ended 31 December 2015, the Group's other receivables amounting to RMB4,661,244.57 were written off, none of which was individually significant receivable.
- (g) As at 31 December 2015, top five other receivables aggregated by counterparties are analyzed follows:

	Nature	Balance	Age	As a percentage of total other receivables	Provision for bad debts
Other receivables 1	Consideration receivable on disposal of buildings and land	88,640,452.00	Not yet due	6.15%	—
Other receivables 2	Amounts due from related parties	46,158,726.47	Within 1 year	3.20%	—
Other receivables 3	Amounts due from former shareholders and related parties of the entities acquired	45,244,594.22	Within 1 year	3.14%	—
Other receivables 4	Security deposits	41,102,000.00	Within 1 year	2.85%	—
Other receivables 5	Amounts due from former shareholders and related parties of the entities acquired	40,918,977.00	Within 1 year	2.84%	—
		<u>262,064,749.69</u>		<u>18.20%</u>	<u>—</u>

(7) **Advances to suppliers**

- (a) Ageing analysis of advances to suppliers is as follows:

	31 December 2015		31 December 2014	
	Amount	Percentage	Amount	Percentage
Within 1 year	5,455,129,629.09	99.75%	3,663,352,773.10	99.62%
1–2 years	<u>13,591,790.63</u>	<u>0.25%</u>	<u>14,128,628.21</u>	<u>0.38%</u>
	<u>5,468,721,419.72</u>	<u>100.00%</u>	<u>3,677,481,401.31</u>	<u>100.00%</u>

As at 31 December 2015, advances to suppliers aged over one year amounted to RMB13,591,790.63 (31 December 2014: RMB14,128,628.21), which mainly related to payments for automobiles and spare parts.

- (b) As at 31 December 2015, top five debtors in terms of closing balances of advances to suppliers are summarized and analyzed as follows:

	Amount	As percentage of total advances to suppliers
Total advances to top five debtors	<u>2,756,061,330.85</u>	<u>50.40%</u>

(8) Inventories

(a) Inventories are classified as follows:

	31 December 2015			31 December 2014		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Materials in transit	1,983,455,614.53	—	1,983,455,614.53	1,181,132,702.09	—	1,181,132,702.09
Goods in stock	11,997,229,447.89	(94,843,303.34)	11,902,386,144.55	11,542,881,518.67	(39,713,790.13)	11,503,167,728.54
Revolving materials	1,484,287.47	—	1,484,287.47	1,450,881.82	—	1,450,881.82
Labor costs	56,612,140.04	—	56,612,140.04	47,099,181.09	—	47,099,181.09
	<u>14,038,781,489.93</u>	<u>(94,843,303.34)</u>	<u>13,943,938,186.59</u>	<u>12,772,564,283.67</u>	<u>(39,713,790.13)</u>	<u>12,732,850,493.54</u>

(b) Analysis of provision for inventory impairment is as follows:

	31 December 2014	Provision	Others decreases	31 December 2015
Goods in stock	<u>(39,713,790.13)</u>	<u>(123,469,335.12)</u>	<u>68,339,821.91</u>	<u>(94,843,303.34)</u>

(c) Particulars of provisions for inventory impairment are set out as follows:

	Basis for determining net realizable value	Reasons for reversal or write-off of impairment provisions in the period
Goods in stock	Estimated selling price less the costs	Subsequent disposal
Labor costs	estimated to be incurred until	N/A
Revolving materials	completion, estimated selling and distribution expenses and related taxes	N/A

(9) Non-current assets due within one year

	31 December 2015	31 December 2014
Finance lease receivables due within one year — total	7,774,884,345.78	7,624,850,789.50
Other long-term receivables due within one year — total	514,593,113.09	80,439,973.92
Less: unrecognized finance income-finance lease	(1,351,805,716.36)	(1,499,119,809.47)
Unrecognized finance income — others	(50,919,158.07)	(1,789,990.80)
Less: Provision for bad debts	<u>(85,135,741.41)</u>	<u>(58,736,280.76)</u>
	<u>6,801,616,843.03</u>	<u>6,145,644,682.39</u>

(10) Other current assets

	31 December 2015	31 December 2014
Deductible or withholding taxes	687,954,484.26	647,151,413.85
Entrusted loans	<u>99,040,000.00</u>	<u>130,000,000.00</u>
	<u><u>786,994,484.26</u></u>	<u><u>777,151,413.85</u></u>

(11) Available-for-sale financial assets

	31 December 2015	31 December 2014
(i) Measured at fair value		
— Available-for-sale equity instruments	<u>215,827,726.40</u>	<u>894,608.00</u>
(ii) Measured at cost		
— Available-for-sale equity instruments	<u>145,550,307.04</u>	<u>7,495,307.04</u>
Less: Provisions for impairment	<u>(2,635,374.27)</u>	<u>(2,635,374.27)</u>
	<u>358,742,659.17</u>	<u>5,754,540.77</u>
Less: Available-for-sale financial assets included in other current assets	<u>—</u>	<u>—</u>
	<u><u>358,742,659.17</u></u>	<u><u>5,754,540.77</u></u>

(a) Particulars of available-for-sale financial assets are set out as follows:

(i) Available-for-sale financial assets at fair value:

	31 December 2015	31 December 2014
Available-for-sale equity instruments		
— fair value	215,827,726.40	894,608.00
— Cost	216,023,080.00	1,042,600.00
— Accumulated amount included in other comprehensive income	(195,353.60)	(147,992.00)
— Accumulated provisions for impairment	—	—

(ii) Available-for-sale financial assets at cost:

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015	Shareholding percentage in the investee	Cash dividends for the year
Available-for-sale equity instruments — cost						
— Shanghai Aika Investment Centre (LLP)* (上海愛卡投資中心(有限合夥)) (Note 1)	—	138,000,000.00	—	138,000,000.00	6.00%	—
— Henan Prosperity Industry Limited* (河南創興實業有限公司)	2,035,374.27	—	—	2,035,374.27	9.00%	—
— Chengdu Rural Commercial Bank Co. Ltd.* (成都農村商業銀行股份有限公司)	1,030,301.00	—	—	1,030,301.00	<1.00%	—
— SAIC Volkswagen Zhengzhou Sales Service Limited* (上海大眾汽車鄭州銷售服務有限公司)	600,000.00	—	—	600,000.00	13.30%	—
— Others	3,829,631.77	55,000.00	—	3,884,631.77		16,026.60
	<u>7,495,307.04</u>	<u>138,055,000.00</u>	<u>—</u>	<u>145,550,307.04</u>		
Available-for-sale equity instruments — provisions for impairment						
— Henan Prosperity Industry Limited* (河南創興實業有限公司)	(2,035,374.27)	—	—	(2,035,374.27)		
— SAIC Volkswagen Zhengzhou Sales Service Limited* (上海大眾汽車鄭州銷售服務有限公司)	(600,000.00)	—	—	(600,000.00)		
	<u>(2,635,374.27)</u>	<u>—</u>	<u>—</u>	<u>(2,635,374.27)</u>		

Note 1: In December 2015, Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司), a wholly-owned subsidiary of the Company, acquired the 6% equity interest in Shanghai Aika Investment Centre (LLP)* (上海愛卡投資中心(有限合夥)) from Yin Xiaoliang (殷小亮), a natural persona, at the cash consideration of RMB138 million.

(b) Particulars of provisions for impairment of available-for-sale financial assets are set out as follows:

	31 December 2014	Provision for the years	Including: other comprehensive income	Decrease in the year	Including: subsequent reversal of fair value	31 December 2015
Available-for-sale equity instruments	<u>(2,635,374.27)</u>	<u>—</u>	<u>—</u>	<u>—</u>	N/A	<u>(2,635,374.27)</u>

(c) Available-for-sale financial assets at cost mainly represent unlisted equity investments held by the Group, which did not have quoted prices in active markets. As the reasonable estimates for fair value of these investments fall within a wider range and the probabilities of these estimates cannot be reliably determined, the fair value of these investments cannot be reliably measured. The Group has no current intention to dispose these investments.

(12) Long-term receivables

	31 December 2015	31 December 2014
Finance lease receivables — total	12,630,214,073.70	13,953,492,505.23
Other long-term receivables — total	1,011,152,446.77	520,501,896.35
Less: unrecognized finance income — finance lease	(1,967,188,835.09)	(2,360,639,644.96)
Unrecognized finance income — others	(148,357,205.40)	(108,333,943.75)
Less: Provision for bad debts	<u>(114,695,225.38)</u>	<u>(108,688,381.71)</u>
	11,411,125,254.60	11,896,332,431.16
Less: Finance lease receivables due within one year — total		
Other long-term receivables due within one year — total	(7,774,884,345.78)	(7,624,850,789.50)
Less: unrecognized finance income — finance lease	(514,593,113.09)	(80,439,973.92)
Unrecognized finance income — others	1,351,805,716.36	1,499,119,809.47
Provision for bad debts	50,919,158.07	1,789,990.80
	85,135,741.41	58,736,280.76
	(6,801,616,843.03)	(6,145,644,682.39)
	4,609,508,411.57	5,750,687,748.77

For the year ended 31 December 2015, long-term finance lease receivables (including the current portion due within one year) with book values of RMB2,009,040,926.00, RMB904,256,034.00, RMB509,086,874.08, RMB1,005,918,928.98, RMB1,010,806,463.00, RMB1,402,938,478.15 and RMB1,094,640,230.96 represented underlying assets of RMB1,813,000,000.00, RMB805,000,000.00, RMB454,000,000.00, RMB1,028,000,000.00, RMB900,000,000.00, RMB1,295,000,000.00 and RMB1,012,000,000.00 under the special asset management plan (see note IV(33)(c)), respectively.

As at 31 December 2015, long-term finance lease receivables (including the current portion due within one year) with book value of RMB2,436,113,582.57 were pledged to secure long-term borrowings of RMB2,137,033,147.61 (see note IV(33)).

As at 31 December 2014, long-term finance lease receivables (including the current portion due within one year) with book value of RMB6,114,213,829.48 were pledged to secure short-term borrowings of RMB670,000,000.00 and long-term borrowings of RMB4,593,826,704.27 (see note IV(33)), respectively.

(13) Long-term equity investments

	31 December 2015	31 December 2014
Joint ventures (a)	79,208,143.10	70,956,066.88
Associates (b)	157,906,930.15	131,058,966.85
Less: provision for impairment of long-term equity investments	<u>—</u>	<u>—</u>
	<u>237,115,073.25</u>	<u>202,015,033.73</u>

(a) Joint ventures

	Increase/Decrease in the year									31 December 2015	Provisions for impairment at the end of the year
	31 December 2014	Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Profit/cash dividends declared by joint ventures	Provision for impairment	Others		
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	24,092,817.18	—	—	3,104,215.98	—	—	—	—	—	27,197,033.16	—
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	17,444,379.68	—	—	1,654,534.65	—	—	—	—	—	19,098,914.33	—
Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	15,326,179.36	—	—	1,080,865.29	—	—	—	—	—	16,407,044.65	—
Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	14,092,690.66	—	—	2,412,460.30	—	—	—	—	—	16,505,150.96	—
	<u>70,956,066.88</u>	<u>—</u>	<u>—</u>	<u>8,252,076.22</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79,208,143.10</u>	<u>—</u>

Information on interests in joint ventures is disclosed in note VI (2).

(b) Associates

	Increase/Decrease in the year									31 December 2015	Provisions for impairment at the end of the year
	31 December 2014	Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Profit/cash dividends declared by associates	Provision for impairment	Other		
Chongqing Anbo Auto Sales Limited* (重慶安博汽車銷售有限公司)	25,121,547.51	—	—	2,869,984.81	—	—	(8,800,000.00)	—	—	19,191,532.32	—
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	12,867,302.74	—	—	1,235,390.18	—	—	—	—	—	14,102,692.92	—
Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司) (note 1)	5,064,552.41	—	(4,993,551.72)	(71,000.69)	—	—	—	—	—	—	—
Nanning Kangfu Transportation Limited* (南寧康福交通有限公司)	10,872,705.99	—	—	2,138,317.30	—	—	(1,743,565.40)	—	—	11,267,457.89	—
Zhengzhou Yuhua Toyota Sales Service Limited* (鄭州裕華豐田汽車銷售服務有限公司)	11,120,895.02	—	—	(3,043,360.87)	—	—	—	—	—	8,077,534.15	—
Henan New Hope Auto Sales Service Limited* (河南新希望汽車銷售服務有限公司)	12,980,480.35	—	—	2,555,986.89	—	—	(2,500,000.00)	—	—	13,036,467.24	—
Xuchang New Century Auto Sales Service Limited* (許昌新紀元汽車銷售服務有限公司)	10,843,517.14	—	—	2,345,652.43	—	—	(1,800,000.00)	—	—	11,389,169.57	—
Henan Yuhua Jiangnan Auto Sales Service Limited* (河南裕華江南汽車銷售服務有限公司)	20,130,120.12	—	—	2,329,715.35	—	—	(2,500,000.00)	—	—	19,959,835.47	—
Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	3,941,424.98	7,560,000.00	—	(3,973,648.56)	—	—	—	—	—	7,527,776.42	—
Jiahejia Auto Insurance Sales and Services Co., Ltd.* (江西佳和佳汽車保險銷售服務有限公司) (note 2)	—	12,339,183.46	—	296,631.12	—	—	—	—	—	12,635,814.58	—
Xinjiang Guanghui Auto Networking Investment Management Limited* (新疆廣匯車聯網投資管理有限公司)	—	4,000,000.00	—	—	—	—	—	—	—	4,000,000.00	—
Tianjin Liyigang Technology Limited* (天津利易廣科技有限公司)	—	2,500,000.00	—	(721.30)	—	—	—	—	—	2,499,278.70	—
Kaili Starlit Sky E-Commerce Limited* (開利星空電子商務有限公司)	—	20,000,000.00	—	(782,404.56)	—	—	—	—	—	19,217,595.44	—
Others	<u>18,116,420.59</u>	<u>2,160,000.00</u>	<u>—</u>	<u>(294,645.14)</u>	<u>—</u>	<u>—</u>	<u>(4,980,000.00)</u>	<u>—</u>	<u>—</u>	<u>15,001,775.45</u>	<u>—</u>
	<u>131,058,966.85</u>	<u>48,559,183.46</u>	<u>(4,993,551.72)</u>	<u>5,605,896.96</u>	<u>—</u>	<u>—</u>	<u>(22,323,565.40)</u>	<u>—</u>	<u>—</u>	<u>157,906,930.15</u>	<u>—</u>

Information on interests in associates is disclosed in note VI (2).

Note 1: In October 2014, Sichuan Shenrong Auto Limited* (四川申蓉汽車股份有限公司), a subsidiary of the Company, entered into an equity transfer agreement with a third party to acquire the 52% equity interest in Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司). The acquisition date of the transaction was 1 February 2015, from which date Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司) was no longer accounted for as an associate of the Group.

Note 2: In January 2015, Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司), a subsidiary of the Company, entered into an equity purchase agreement with a third party to acquire the 100% equity interest in Jiangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司). Jiahejia Auto Insurance Sales and Services Co., Ltd.* (江西佳和佳汽車保險銷售服務有限責任公司) is owned as to 25% by Jiangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司), and thus is an associate of the latter. The acquisition date of the transaction was 1 January 2015, from which date Jiahejia Auto Insurance Sales and Services Co., Ltd.* was accounted for as an associate of the Group.

(14) Investment properties

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Aggregate original cost				
Buildings and structures	4,718,689.46	—	—	4,718,689.46
Accumulated depreciation and amortization				
Buildings and structures	(1,248,341.38)	(102,139.32)	—	(1,350,480.70)
Aggregate net book value				
Buildings and structures	3,470,348.08	(102,139.32)	—	3,368,208.76
Aggregate provisions for impairment				
Buildings and structures	—	—	—	—
Aggregate book value				
Buildings and structures	3,470,348.08	(102,139.32)	—	3,368,208.76

For the year ended 31 December 2015, depreciation of investment properties was RMB102,139.32 (2014: RMB104,171.37), and no provision for impairment was made.

(15) Fixed assets

	Buildings and structures	Machinery and equipment	Office equipment	Electronic equipment	Motor vehicles	Total
Original cost						
31 December 2014	5,833,625,239.28	737,176,738.11	270,768,901.93	259,481,938.44	1,216,670,455.52	8,317,723,273.28
Increase in the year						
Purchases	154,896,429.67	120,757,937.54	40,256,497.62	42,183,548.51	616,043,547.91	974,137,961.25
Transfers from construction in progress	659,487,173.91	—	—	—	—	659,487,173.91
Business combinations not under common control	815,250,725.08	128,617,324.16	50,220,802.39	52,262,488.96	232,963,930.24	1,279,315,270.83
Decrease in the year						
Disposal and retirement in the year	(124,247,658.67)	(54,150,687.54)	(20,155,009.32)	(38,198,508.20)	(697,172,573.49)	(933,924,437.22)
Others	(113,061,696.01)	(8,534,080.23)	(1,722,698.19)	(1,640,612.88)	(1,307,806.34)	(126,266,893.65)
31 December 2015	<u>7,225,950,213.26</u>	<u>923,867,232.04</u>	<u>339,368,494.43</u>	<u>314,088,854.83</u>	<u>1,367,197,553.84</u>	<u>10,170,472,348.40</u>
Accumulated depreciation						
31 December 2014	(1,111,847,535.01)	(392,358,429.53)	(170,646,372.78)	(184,378,500.10)	(206,892,781.08)	(2,066,123,618.50)
Increase in the year						
Provisions	(251,894,870.74)	(100,633,398.67)	(41,992,175.98)	(46,574,492.41)	(155,943,827.65)	(597,038,765.45)
Business combination not under common control	(107,133,167.40)	(57,312,436.86)	(29,198,443.57)	(30,081,816.93)	(61,081,371.58)	(284,807,236.34)
Decrease in the year						
Disposal and retirement in the year	33,617,953.81	37,013,162.85	15,525,220.21	22,024,479.87	163,786,781.42	271,967,598.16
Others	3,929,979.97	1,180,587.16	356,466.37	622,728.99	195,816.55	6,285,579.04
31 December 2015	<u>(1,433,327,639.37)</u>	<u>(512,110,515.05)</u>	<u>(225,955,305.75)</u>	<u>(238,387,600.58)</u>	<u>(259,935,382.34)</u>	<u>(2,669,716,443.09)</u>
Provisions for impairment						
31 December 2014	(67,715,945.93)	(41,699.77)	(417,360.82)	(141,794.61)	(962,802.83)	(69,279,603.96)
Increase in the year						
Provisions	—	—	—	(9,000.00)	(147,586.68)	(156,586.68)
Business combination not under common control	—	—	—	—	(800,000.00)	(800,000.00)
Decrease in the year						
Disposal and retirement in the year	1,006,245.44	—	—	—	909,325.85	1,915,571.29
31 December 2015	<u>(66,709,700.49)</u>	<u>(41,699.77)</u>	<u>(417,360.82)</u>	<u>(150,794.61)</u>	<u>(1,001,063.66)</u>	<u>(68,320,619.35)</u>
Book value						
31 December 2015	5,725,912,873.40	411,715,017.22	112,995,827.86	75,550,459.64	1,106,261,107.84	7,432,435,285.96
31 December 2014	4,654,061,758.34	344,776,608.81	99,705,168.33	74,961,643.73	1,008,814,871.61	6,182,320,050.82

For the year ended 31 December 2015, buildings and structures with book value of RMB443,103,760.47 (original cost of RMB510,616,120.00) and land use rights with book value of RMB58,476,758.12 (original cost of RMB73,611,624.42) were collateralized to secure short-term borrowings of RMB563,964,500.00 (see note IV(23)) and long-term borrowings of RMB25,000,000.00 (see note IV(33)), respectively.

As at 31 December 2014, buildings and structures with book value of approximately RMB119,553,071.83 (original cost of RMB179,524,356.65) and land use rights with book value of RMB28,764,819.29 (original cost of RMB32,655,135.47) were collateralized to secure short-term borrowings of RMB200,000,000.00 (see note IV(23)) and long-term borrowings of RMB49,000,000.00 (see note IV(33)), respectively.

For the year ended 31 December 2015, depreciation expenses of fixed assets amounted to RMB597,038,765.45 (2014: RMB515,353,500.12), of which RMB190,223,515.92, RMB226,183,801.20 and RMB180,631,448.33 were charged to operating costs, selling and distribution expenses and general and administrative expenses respectively (2014: RMB152,476,758.27, RMB209,670,258.60 and RMB153,206,483.25).

For the year ended 31 December 2015, construction in progress with original cost of RMB659,487,173.91 (2014: RMB372,466,813.00) was transferred to fixed assets (see note IV(16)).

(a) *Temporarily idle fixed assets*

As at 31 December 2015, the Group had no temporarily idle buildings and structures and machinery (31 December 2014: Nil).

(b) *Fixed assets with certificates of titles yet to be obtained:*

	Book value	Reasons
Buildings and structures	<u>1,755,356,645.64</u>	In the process of application

(16) Construction in progress

	31 December 2015		31 December 2014		31 December 2014	
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
4S store construction	283,712,018.41	—	283,712,018.41	281,882,433.67	—	281,882,433.67
Construction projects of auto town and auto industrial park	731,402,288.26	—	731,402,288.26	477,653,129.65	—	477,653,129.65
Construction projects of complex and office buildings	23,739,915.30	—	23,739,915.30	14,691,390.89	—	14,691,390.89
Fitting-out works	9,518,645.67	—	9,518,645.67	9,319,478.36	—	9,319,478.36
Others	<u>86,577,054.92</u>	—	<u>86,577,054.92</u>	<u>81,597,162.67</u>	—	<u>81,597,162.67</u>
	<u>1,134,949,922.56</u>	—	<u>1,134,949,922.56</u>	<u>865,143,595.24</u>	—	<u>865,143,595.24</u>

(a) Changes in major construction projects in progress

Project name	Budget (RMB'000)	31 December 2014	Increase in the year	Transfer-out to fixed assets	Other decreases	31 December 2015	Investment as a percentage of budget	Project progress	Cumulative amount of borrowing costs capitalized	Including: amount of borrowing costs capitalized for the year	Capitalization rate of borrowing costs incurred in the year	Funding sources
Mengguan Auto Mall Project of Guizhou Qiantong Dexin Auto Investment* (貴州乾通德新汽車投資)	51,920	354,516,056.67	42,885,227.07	—	—	397,401,263.74	95.00%	95.00%	77,012,240.02	36,115,641.89	6.91%	Intra-group borrowings
Guizhou Huatong Xia Auto Mall Project* (貴州華通亞汽車場項目)	30,000	—	281,482,892.58	—	—	281,482,892.58	94.00%	94.00%	1,372,333.33	1,372,333.33	7.16%	Intra-group borrowings + bank loans
EPR Project Midong Auto Mall Construction Project of Xinjiang Tianhui* (新疆天匯東汽車場建設項目)	38,000	49,067,761.60	60,021,378.01	(4,858,034.09)	(63,113,669.06)	41,117,436.46	30.00%	30.00%	—	—	—	Internal resources
Baohu Plant and Office Building Renovation Project of Anhui Windstar	53,618	50,794,160.92	18,164,200.19	(30,412,169.76)	—	38,546,191.35	86.00%	86.00%	643,294.98	—	—	Internal resources
4S Store of Inner Mongolia Huidi Auto* (內蒙古匯迪汽車)	8,329	27,140,356.24	4,905,242.00	(969,538.00)	—	31,076,060.24	94.00%	94.00%	3,779,265.09	—	—	Internal resources
4S Store of Xinjiang Kashgar Tianhui Auto* (新疆喀什天匯汽車)	3,000	6,572,704.00	20,510,488.00	—	—	27,083,192.00	90.28%	90.28%	—	—	—	Internal resources
4S Store Project of Xinjiang Karamay Tianhui Huawei* (新疆克拉瑪依天匯華威)	4,750	26,785,870.50	208,100.00	(1,716,833.43)	—	25,277,137.07	80.00%	80.00%	—	—	—	Internal resources
4S Store of Hebei CGA Auto Showroom* (河北廣匯車展廳店)	3,000	19,929,236.94	534,940.27	—	—	20,464,177.21	70.00%	70.00%	763,735.21	282,334.72	6.00%	Internal resources + intra-group borrowings
4S Store Project of Xinjiang Tianhui Huachi Benz* (新疆天匯華馳奔馳4S店項目)	14,350	6,890,168.61	10,887,776.23	—	—	17,777,944.84	99.00%	99.00%	—	—	—	Internal resources
4S Store Project of Xinjiang Tianhui Huachi Benz* (新疆天匯華馳奔馳4S店項目)	4,100	36,085,566.47	5,552,339.85	(37,621,004.47)	—	4,016,901.85	99.00%	99.00%	—	—	—	Internal resources

Project name	Budget (RMB'000)	31 December 2014	Increase in the year	Transfer-out to fixed assets	Other decreases	31 December 2015	Investment as a percentage of budget	Project progress	Cumulative amount of borrowing costs capitalized	Including: amount of borrowing costs capitalized for the year	Capitalization rate of borrowing costs incurred in the year	Funding sources
Baisha Auto Mall of Yibin Guangxin* (宜宾威信白沙汽車城)	6,502	40,580,252.64	10,097,253.28	(50,677,505.92)	—	—	100.00%	100.00%	1,152,664.00	145,159.00	6.90%	Internal resources + intra-group borrowings
4S Store of Hanchi Benz* (哈爾濱馳奔馳4S店)	1,300	13,332,751.80	292,075.05	(13,624,826.85)	—	—	100.00%	100.00%	—	—	—	Internal resources
4S Store Construction Project of Chongqing Shangbo* (重慶尚博)	5,600	42,763,085.06	16,092,119.94	(58,855,205.00)	—	—	100.00%	100.00%	7,144,074.52	3,142,115.49	4.35%	Internal resources + intra-group borrowings
Bengbu Tianyuan Auto Mall Project* (蚌埠市天元汽車城項目)	2,000	11,524,992.67	4,399,145.05	(15,924,137.72)	—	—	100.00%	100.00%	65,072.00	65,072.00	6.00%	Internal resources + intra-group borrowings
Berhai Grand Star 4S Store* (北海弘之星4S店)	2,157	15,863,800.00	5,682,200.00	(21,546,000.00)	—	—	100.00%	100.00%	—	—	—	Internal resources
Skycity Store of Shaanxi Baijia* (陝西百佳航天城新華店)	5,200	—	51,195,432.73	(51,195,432.73)	—	—	100.00%	100.00%	2,900,783.00	2,900,783.00	6.90%	Intra-group borrowings
Other projects		<u>163,296,851.12</u>	<u>489,637,131.26</u>	<u>(372,086,485.94)</u>	<u>(30,140,771.22)</u>	<u>250,706,725.22</u>			<u>8,986,019.27</u>	<u>606,339.37</u>		
		<u>865,143,595.24</u>	<u>1,022,547,941.51</u>	<u>(659,487,173.91)</u>	<u>(93,254,440.28)</u>	<u>1,134,949,922.56</u>			<u>103,819,481.42</u>	<u>44,629,778.80</u>		

For the year ended 31 December 2015, the Group's construction in progress with an original value of RMB659,487,173.91 (2014: RMB372,466,813.00) were transferred to fixed assets. For the year ended 31 December 2015, other decrease in construction in progress was mainly due to transfers to intangible assets and long-term prepaid expenses of RMB63,113,669.06 and RMB27,365,468.35 respectively (2014: Nil).

(17) Intangible assets

	Land use rights	Software	Franchise rights	Others	Total
Original cost					
31 December 2014	2,866,879,547.63	51,093,849.99	1,854,650,000.00	1,401,928.20	4,774,025,325.82
Increase in the year					
Transfers from construction in progress	—	63,113,669.06	—	—	63,113,669.06
Purchases	41,731,091.71	13,446,429.36	—	—	55,177,521.07
Business combination not under common control	304,428,646.28	1,981,952.60	586,746,000.00	—	893,156,598.88
Decrease in the year					
Disposals	(94,674,570.12)	(215,582.62)	—	—	(94,890,152.74)
31 December 2015	3,118,364,715.50	129,420,318.39	2,441,396,000.00	1,401,928.20	5,690,582,962.09
Accumulated amortization					
31 December 2014	(358,648,940.58)	(29,008,730.92)	(280,861,410.81)	(323,987.95)	(668,843,070.26)
Increase in the year					
Provisions	(78,868,807.68)	(13,740,347.07)	(77,685,591.67)	(128,194.28)	(170,422,940.70)
Business combination not under common control	(21,292,555.81)	(682,573.91)	—	—	(21,975,129.72)
Decrease in the year					
Disposals	9,222,193.78	124,597.06	—	—	9,346,790.84
31 December 2015	(449,588,110.29)	(43,307,054.84)	(358,547,002.48)	(452,182.23)	(851,894,349.84)
Provisions for impairment					
31 December 2014	(14,604,448.62)	—	—	—	(14,604,448.62)
31 December 2015	(14,604,448.62)	—	—	—	(14,604,448.62)
Book value					
31 December 2015	2,654,172,156.59	86,113,263.55	2,082,848,997.52	949,745.97	4,824,084,163.63
31 December 2014	2,493,626,158.43	22,085,119.07	1,573,788,589.19	1,077,940.25	4,090,577,806.94

For the year ended 31 December 2015, amortization of intangible assets amounted to RMB170,422,940.70 (2014: RMB138,899,839.07).

As at 31 December 2015, land use rights with book value of RMB121,758,434.23 (original cost of RMB145,860,040.85) and buildings and structures with book value of RMB115,456,463.47 (original cost of RMB164,048,805.36) were collateralized to secure short-term borrowings of RMB301,000,000.00 (see note IV(23)) and long-term borrowings of RMB25,000,000.00 (see note IV(33)), respectively.

As at 31 December 2014, land use rights with book value of RMB70,948,305.88 (original cost of RMB87,107,014.99) were collateralized to secure short-term borrowings of RMB134,000,000.00 (see note IV(23)) and long-term borrowings of RMB49,000,000.00 (see note IV(33)), respectively.

As at 31 December 2015, certificates of titles for the land use rights with book value of RMB50,478,788.28 (original cost of RMB51,835,632.20) (31 December 2014: book value of RMB5,215,276.58 and original cost of RMB6,466,310.00) were under application.

(18) Goodwill

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Goodwill				
Northwestern region	1,508,784,754.20	199,885,006.10	(12,373,128.10)	1,696,296,632.20
Northern China	868,275,633.94	727,977,162.35	—	1,596,252,796.29
Sichuan	820,107,362.65	143,572,569.97	—	963,679,932.62
Northern region	1,256,676,590.91	324,912,370.22	—	1,581,588,961.13
Shaanxi	557,820,384.67	12,835,445.75	—	570,655,830.42
Southwestern region	341,017,439.26	107,520,190.32	—	448,537,629.58
Central China	248,113,354.70	9,955,086.83	—	258,068,441.53
Guangxi	85,387,078.73	—	—	85,387,078.73
Jiangxi	—	396,167,088.50	—	396,167,088.50
	<u>5,686,182,599.06</u>	<u>1,922,824,920.04</u>	<u>(12,373,128.10)</u>	<u>7,596,634,391.00</u>
Less: provisions for impairment (a)				
Northwestern region	(4,340,000.00)	—	—	(4,340,000.00)
Northern China	(22,774,987.72)	—	—	(22,774,987.72)
Central China	(1,600,000.00)	—	—	(1,600,000.00)
	<u>(28,714,987.72)</u>	<u>—</u>	<u>—</u>	<u>(28,714,987.72)</u>
	<u><u>5,657,467,611.34</u></u>	<u><u>1,922,824,920.04</u></u>	<u><u>(12,373,128.10)</u></u>	<u><u>7,567,919,403.28</u></u>

(a) Impairment

The goodwill of the Group's asset groups and combinations of asset groups comprises the operating segment of auto sales and services.

The recoverable amount of an asset group or combination of asset groups is calculated using cash flow forecast method in accordance with the five year budget approved by management. The cash flows beyond five years are extrapolated using the estimated growth rates below.

Key assumptions of the discounted future cash flow method are as follows:

Growth rate	The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rate of each product.
Gross margin	Management determines budgeted gross margin based on past experience and forecast on future market development.
Discount rate	15%-19%

The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and combinations of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and combination of asset groups within the corresponding operating segment.

(19) Long-term prepaid expenses

	31 December 2014	Increase in the year	Amortization for the year	Other decreases	31 December 2015
Leasehold improvement	115,663,324.27	14,531,254.44	(23,170,640.07)	(2,623,519.81)	104,400,418.83
Prepaid rentals	17,021,899.19	51,854,378.18	(8,059,423.15)	(801,721.87)	60,015,132.35
Improvement expenses of leased fixed assets	135,070,554.69	70,706,146.79	(32,055,135.50)	(6,671,180.30)	167,050,385.68
Others	55,243,888.34	59,597,512.59	(54,803,217.69)	(6,655,963.30)	53,382,219.94
	<u>322,999,666.49</u>	<u>196,689,292.00</u>	<u>(118,088,416.41)</u>	<u>(16,752,385.28)</u>	<u>384,848,156.80</u>

(20) Deferred tax assets and deferred tax liabilities*(a) Deferred tax assets before offsetting*

	31 December 2015		31 December 2014	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for bad debts of accounts receivable	3,369,720.05	17,010,823.67	2,924,058.59	13,009,033.28
Provision for bad debts of other receivables	5,507,632.99	23,371,813.83	5,481,748.09	22,676,164.13
Provision for impairment of inventories	10,426,915.83	53,185,762.01	8,683,368.66	37,533,241.05
Employee benefits payable	—	—	4,919,391.27	27,329,951.49
Provision for impairment of fixed assets	3,556,660.60	20,185,627.80	4,931,443.57	19,739,007.07
Provision for impairment of intangible assets	836,181.82	4,769,223.52	836,181.82	4,769,223.52
Provision for bad debts of long-term receivables	17,387,323.83	114,695,225.38	23,515,949.79	108,688,381.71
Accrued expenses	18,322,212.32	79,661,792.71	13,874,452.90	60,323,708.21
Eliminations of internal unrealized profits	1,614,324.45	6,457,297.82	1,114,324.45	4,457,297.82
Deductible losses	—	—	14,897,541.38	59,590,165.50
	<u>61,020,971.89</u>	<u>319,337,566.74</u>	<u>81,178,460.52</u>	<u>358,116,173.78</u>
Including:				
Amount expected to be reversed within one year (inclusive)	52,147,033.43		64,603,138.12	
Amount expected to be reversed after one year	<u>8,873,938.46</u>		<u>16,575,322.40</u>	
	<u>61,020,971.89</u>		<u>81,178,460.52</u>	

(b) Deferred tax liabilities before offsetting

	31 December 2015		31 December 2014	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Difference between fair value and book value of identifiable assets of the acquiree acquired through business combination not under common control	680,500,241.77	2,980,642,421.39	523,185,679.23	2,342,247,463.66
Changes in fair value of available-for-sale financial assets	14,631,650.55	58,526,602.20	—	—
Depreciation of fixed assets	<u>3,035,946.91</u>	<u>18,103,436.95</u>	<u>2,588,424.75</u>	<u>12,644,285.61</u>
	<u>698,167,839.23</u>	<u>3,057,272,460.54</u>	<u>525,774,103.98</u>	<u>2,354,891,749.27</u>
Including:				
Amount expected to be reversed within one year (inclusive)	28,004,023.20		20,195,929.57	
Amount expected to be reversed after one year	<u>670,163,816.03</u>		<u>505,578,174.41</u>	
	<u>698,167,839.23</u>		<u>525,774,103.98</u>	

(c) Deductible temporary differences and deductible losses for which the Group did not recognize deferred tax assets are analyzed as follows:

	31 December 2015	31 December 2014
Deductible losses	<u>1,520,549,248.61</u>	<u>1,158,082,790.91</u>

(d) Deductible losses for which no deferred tax assets were unrecognized will expire in the following years:

	31 December 2015	31 December 2014
2015	—	6,624,034.12
2016	11,966,226.49	45,980,031.83
2017	307,963,552.55	384,373,745.70
2018	219,766,504.65	269,436,308.18
2019	368,542,133.38	451,668,671.08
2020	<u>612,310,831.54</u>	<u>—</u>
	<u>1,520,549,248.61</u>	<u>1,158,082,790.91</u>

(e) Deferred tax assets offset against deferred tax liabilities

	31 December 2015	31 December 2014
Deferred tax assets	—	—
Deferred tax liabilities	—	—

(21) Other non-current assets

	31 December 2015	31 December 2014
Prepayments for equity transfer	296,132,700.00	317,654,000.00
Prepayments for land acquisition	734,025,204.15	635,487,139.02
Prepayments for engineering equipment	191,037,868.14	229,867,688.61
Assets under continuing involvement — special asset management plan (a)	<u>523,110,218.24</u>	<u>54,605,000.00</u>
	<u>1,744,305,990.53</u>	<u>1,237,613,827.63</u>

- (a) In March 2014, the Group transferred its creditor's rights and other rights of certain finance lease receivables and the security interest attached thereto (hereafter referred to as the "Target Assets of Trust Plan I") to the CITIC Trust Plan for Trust and Investment Collective Fund* (中信匯信投資集合資金信托計劃) (hereafter referred to as the "Trust Plan I") set up by CITIC Trust Company Limited (中信信托有限責任公司). Trust Plan I raised a total amount of RMB1,000,000,000.00 through the issuance of securitized asset products, amongst which, senior trust units and subordinated trust units were RMB900,000,000.00 and RMB100,000,000.00, respectively. As the transferor of the Target Assets of Trust Plan I, the Group transferred substantially all risks and returns pertaining to the ownership of the Target Assets of Trust Plan I under senior trust units, therefore derecognizing such part of the Target Assets of Trust Plan I.

The Group subscribed for 54.60% of subordinated trust units under the Trust Plan I, and retained the right to control over finance lease receivables that corresponds to subordinated trust units by holding more than 50% of the voting rights, which entitles it to the variable returns arising from the said subordinated trust units. Therefore, the Group recognized relevant financial assets based on the extent of its continuing involvement in such finance lease receivables. As at 31 December 2015, the Group determined the risk exposure arising from its continuing involvement in the Trust Plan I on the best estimate basis, and the accrued assets and liabilities under continuing involvement were both RMB54,605,000.00.

In December 2015, the Group transferred its creditor's rights and other rights of certain finance lease receivables and the security interest attached thereto (hereafter referred to as the "Target Assets of Huitong Plan IV") to Huitong Asset-Backed Special Plan IV* (匯通四期資產支持專項計劃) (hereafter referred to as the "Huitong Plan IV") set up by Sinolink Securities Co., Ltd.* (國金證券股份有限公司). Huitong Plan IV raised a total amount of RMB1,329,000,000.00 through the issuance of securitized asset products, amongst which, senior asset-backed securities and subordinated asset-backed securities were RMB1,198,000,000.00 and RMB131,000,000.00, respectively. As the transferor of the target assets, the Group transferred substantially all risks and returns pertaining to the ownership of the Target Assets of Huitong Plan IV, therefore derecognizing such part of the Target Assets of Huitong Plan IV.

The Group subscribed for 36.90% of the securitized asset products issued under the Huitong Plan VI, including 31.64% of the senior asset-backed securities and 96.34% of the subordinated asset-backed securities. Furthermore, as the asset service provider for the Huitong Plan IV, the Group is entitled to service fees as agreed during the period of rendering such services. As such, the Group did not give up its control over the Target Assets of Huitong Plan IV and retained partial risks and returns pertaining to the ownership of the Target Assets of Huitong Plan IV. Accordingly, the Group recognized financial assets and financial liabilities based on the extent of its continuing involvement in corresponding finance lease receivables. As at 31 December 2015, the Group determined the risk exposure arising from its continuing involvement in the special plan on the best estimate basis, and the accrued assets and liabilities under continuing involvement were both RMB468,505,218.24.

(22) Provisions for impairment of assets

	31 December 2014	Increase in the year	Other changes	31 December 2015
Provision for bad debts	146,448,356.64	258,209,578.43	(239,753,679.67)	164,904,255.40
Including: accounts receivable	13,351,056.54	4,458,588.63	3,006,135.77	20,815,780.94
Other receivables	24,408,918.39	5,882,313.09	(897,982.40)	29,393,249.08
Long-term receivables	108,688,381.71	247,868,676.71	(241,861,833.04)	114,695,225.38
Provision for impairment of inventories	39,713,790.13	123,469,335.12	(68,339,821.91)	94,843,303.34
Provision for impairment of available-for-sale financial assets	2,635,374.27	—	—	2,635,374.27
Provision for impairment of fixed assets	69,279,603.96	156,586.68	(1,115,571.29)	68,320,619.35
Provision for impairment of intangible assets	14,604,448.62	—	—	14,604,448.62
Provision for impairment of goodwill	28,714,987.72	—	—	28,714,987.72
	<u>301,396,561.34</u>	<u>381,835,500.23</u>	<u>(309,209,072.87)</u>	<u>374,022,988.70</u>

(23) Short-term borrowings

	Currency	31 December 2015	31 December 2014
Secured loans (a)	RMB	2,810,736,666.60	1,481,372,811.24
Pledged loans (b)	RMB	—	670,000,000.00
Guaranteed loans (b)	RMB	2,591,120,000.00	1,227,100,000.00
Credit loans	RMB	3,052,531,311.61	3,800,252,472.14
Short-term commercial papers (b)	RMB	<u>4,750,000,000.00</u>	<u>3,050,000,000.00</u>
		<u>13,204,387,978.21</u>	<u>10,228,725,283.38</u>

- (a) As at 31 December 2015, secured loans amounting to RMB566,964,500.00 were secured by buildings and structures with book value of RMB435,708,331.86 (original value of RMB500,843,897.47) (see note IV(15)) and the land use rights with book value of RMB114,269,695.79 (original value of RMB136,360,063.38) (see note IV(17)); secured loans amounting to RMB7,953,711.01 were secured by motor vehicles of RMB7,953,711.01; and secured loans amounting to RMB2,235,818,455.59 were secured by both the collaterals over auto quality certificates and deposit of RMB311,582,924.51 in other cash balances (see note IV(1)).

As at 31 December 2014, secured loans amounting to RMB304,000,000.00 were secured by buildings and structures with book value of RMB111,962,071.83 (original value of RMB169,752,134.12) (see note IV(15)) and the land use rights with book value of RMB63,217,305.88 (original value of RMB77,607,037.52) (see note IV(17)); secured loans amounting to RMB7,791,436.62 were secured by motor vehicles of RMB7,791,436.62; and secured loans amounting to RMB1,169,581,374.62 were secured by both the collaterals over auto quality certificates and deposit of RMB290,559,704.98 in other cash balances (see note IV(1)).

- (b) As at 31 December 2014, pledged loans amounting to RMB670,000,000.00 were pledged by long-term finance lease receivables with book value of RMB891,133,767.34 (see note IV(12)).
- (c) As at 31 December 2015, guaranteed loans amounting to RMB2,525,000,000.00 were secured by the guarantees as provided by the parent of the Company, and guaranteed loans amounting to RMB66,120,000.00 were secured by the guarantees as provided by third parties. As at 31 December 2014, guaranteed loans amounting to RMB1,203,000,000.00 were secured by the guarantees as provided by the Parent of the Company, and guaranteed loans amounting to RMB24,100,000.00 were secured by the guarantees as provided by third parties.
- (d) As at 31 December 2015 and 31 December 2014, the Group filed registration with National Association of Financial Market Institutional Investors for the purposes of issuing short-term commercial papers to investors in the interbank bond market in the PRC, details of which are analyzed as follows:

	Issue date	Term of short-term commercial papers	Issue amount
Creditors-14CGA PPN002	17 April 2014	1 year	750,000,000.00
Creditors-14CGA CP1	13 October 2014	1 year	2,300,000,000.00
Creditors-15CGA PPN001	21 April 2015	1 year	750,000,000.00
15 CGA SCP001	1 September 2015	1 year	1,000,000,000.00
15 CGA SCP002	21 September 2015	1 year	1,000,000,000.00
15 CGA SCP003	25 September 2015	1 year	1,000,000,000.00
15 CGA SCP004	22 October 2015	1 year	1,000,000,000.00

- (e) As at 31 December 2015, the interest rates range of short-term borrowings falls in between 0.00% and 8.10% (31 December 2014: between 0.00% and 8.50%).

(24) Notes payable

	31 December 2015	31 December 2014
Bank acceptance notes	<u>18,694,248,241.46</u>	<u>15,756,571,853.01</u>

(25) Accounts payable

	31 December 2015	31 December 2014
Accounts payable	<u>986,940,727.45</u>	<u>781,893,110.95</u>

As at 31 December 2015 and 31 December 2014, the Group had no accounts payable that were individually significant and aged over one year.

(26) Advances from customers

	31 December 2015	31 December 2014
Advances from customers	<u>1,744,942,173.45</u>	<u>1,162,620,369.51</u>

As at 31 December 2015, advances from customers aged over one year totalled RMB91,691,118.58 (31 December 2014: RMB88,897,801.85).

(27) Employee benefits payable

	31 December 2015	31 December 2014
Short-term employee benefits payable (a)	238,130,319.34	264,943,683.72
Contributions payable under defined contribution plans (b)	<u>3,476,271.36</u>	<u>1,133,291.23</u>
	<u>241,606,590.70</u>	<u>266,076,974.95</u>

(a) Short-term employee benefits

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Salaries, bonus, allowances, and subsidies	258,117,888.53	2,288,102,392.39	(2,316,628,198.41)	229,592,082.51
Staff welfare	—	142,525,399.08	(142,525,399.08)	—
Social insurance premiums	612,297.49	106,629,239.33	(105,876,981.50)	1,364,555.32
Including: Medical insurance	496,191.16	92,331,954.42	(91,676,222.19)	1,151,923.39
Work injury insurance	73,754.76	6,984,874.37	(6,940,579.06)	118,050.07
Maternity insurance	42,351.57	7,312,410.54	(7,260,180.25)	94,581.86
Housing provident fund	699,248.95	62,175,159.06	(61,648,318.43)	1,226,089.58
Union dues and staff training fees	5,113,205.00	26,081,780.05	(25,621,006.28)	5,573,978.77
Other short-term benefits	<u>401,043.75</u>	<u>12,249,378.43</u>	<u>(12,276,809.02)</u>	<u>373,613.16</u>
	<u>264,943,683.72</u>	<u>2,637,763,348.34</u>	<u>(2,664,576,712.72)</u>	<u>238,130,319.34</u>

(b) Defined contribution plans

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Basic pension insurance	991,359.21	208,378,029.01	(206,165,684.26)	3,203,703.96
Unemployment insurance	<u>141,932.02</u>	<u>17,631,835.48</u>	<u>(17,501,200.10)</u>	<u>272,567.40</u>
	<u>1,133,291.23</u>	<u>226,009,864.49</u>	<u>(223,666,884.36)</u>	<u>3,476,271.36</u>

(c) Termination benefits payable

For the years ended 31 December 2015 and 2014, the Group did not provide any termination benefits for the purposes of terminating employment relationship.

(28) Taxes payable

	31 December 2015	31 December 2014
Enterprise income taxes payable	268,388,876.33	175,273,620.34
Value-added taxes payable	115,488,049.12	95,008,968.71
Business taxes payable	29,727,984.82	29,163,757.98
Water infrastructure fund payable	17,805,020.62	16,802,279.74
Urban maintenance and construction taxes payable	10,167,700.83	8,308,126.50
Education surcharges payable	4,591,423.84	3,677,216.64
Individual income taxes payable	44,708,263.79	8,467,308.99
Property taxes payable	5,448,213.73	5,370,540.03
Land use taxes payable	4,181,338.03	6,491,677.81
Others	<u>33,308,525.56</u>	<u>29,744,164.43</u>
	<u>533,815,396.67</u>	<u>378,307,661.17</u>

(29) Interests payable

	31 December 2015	31 December 2014
Interest payable on long-term borrowings with interest payable in instalments and principal payable upon maturity	164,226,649.77	104,481,234.82
Interest payable on debentures	278,700,566.69	203,793,228.69
Interest payable on short-term borrowings	<u>95,743,502.46</u>	<u>94,299,450.78</u>
	<u>538,670,718.92</u>	<u>402,573,914.29</u>

(30) Dividends payable

	31 December 2015	31 December 2014
Former Shareholders of Jiangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司)	37,058,888.47	—
Former Shareholders of Beijing Huanyu Hengtong Auto Limited* (北京寰宇恒通汽車有限公司)	15,000,000.00	—
Minority interests of Handan Aohua Auto Sales Service Limited* (邯鄲市奧華汽車銷售服務有限公司)	—	2,500,000.00
Minority interests of Henan Yuhua Shanglian Auto Sales Service Limited* (河南裕華上聯汽車銷售服務有限公司)	—	1,200,000.00
Dividends payable with respect to ordinary shares	22,862,364.07	23,674,872.41
Others	<u>1,382,610.29</u>	<u>1,346,668.62</u>
	<u><u>76,303,862.83</u></u>	<u><u>28,721,541.03</u></u>

(31) Other payables

	31 December 2015	31 December 2014
Deposits payable	908,034,968.59	698,568,226.96
Consideration payable for acquisition of equity interests	792,829,471.57	184,396,599.94
Accrued expenses	184,261,116.53	216,115,192.97
Amounts due to former shareholders and related parties of entities acquired	301,587,744.54	49,624,820.29
Construction costs payable	206,474,243.42	161,359,208.36
Amounts collected and paid on behalf of clients under finance leases	182,196,623.28	222,569,930.85
Amounts due to holders of trust units under special asset management plans	154,441,858.23	37,752,030.16
Others	<u>181,398,884.53</u>	<u>186,989,212.16</u>
	<u><u>2,911,224,910.69</u></u>	<u><u>1,757,375,221.69</u></u>

(a) Other payables aged over one year are as follows:

	31 December 2015	31 December 2014
Other payables aged over one year	<u><u>532,999,145.67</u></u>	<u><u>539,757,307.24</u></u>

Other payables aged over one year mainly represent deposits payable and consideration payable for acquisition of equity interests, remaining to be settled as relevant transactions are pending completion.

(32) Non-current liabilities due within one year

	31 December 2015	31 December 2014
Long-term borrowings due within one year (note IV(33))	5,332,745,450.93	4,664,095,442.00
Debentures payable due within one year (note IV(34))	4,150,000,000.00	1,800,000,000.00
Long-term payables due within one year (note IV(35))	<u>87,564,456.14</u>	<u>24,758,155.56</u>
	<u>9,570,309,907.07</u>	<u>6,488,853,597.56</u>

(33) Long-term borrowings

	Currency	31 December 2015	31 December 2014
Secured loans (a)	RMB	25,000,000.00	49,000,000.00
Pledged loans (b)	RMB	2,183,533,147.61	4,739,076,704.27
Credit loans	RMB	735,400,000.00	771,500,000.00
Asset securitization (c)	RMB	4,405,500,000.00	2,367,000,000.00
Guaranteed loans (d)	RMB	<u>99,500,000.00</u>	<u>—</u>
		<u>7,448,933,147.61</u>	<u>7,926,576,704.27</u>
Less: long-terms borrowings due within one year			
Secured loans	RMB	(25,000,000.00)	(24,000,000.00)
Pledged loans	RMB	(1,658,185,450.93)	(2,980,595,442.00)
Credit loans	RMB	(388,360,000.00)	(331,500,000.00)
Asset securitization	RMB	(3,260,200,000.00)	(1,328,000,000.00)
Guaranteed loans	RMB	<u>(1,000,000.00)</u>	<u>—</u>
		<u>(5,332,745,450.93)</u>	<u>(4,664,095,442.00)</u>
		<u>2,116,187,696.68</u>	<u>3,262,481,262.27</u>

(a) As at 31 December 2015, long-term borrowings amounting to RMB25,000,000.00 were secured by buildings and structures with book value of RMB7,395,428.61 (original value of RMB9,772,222.53) (note IV(15)) and land use rights with book value of RMB7,488,738.44 (original value of RMB9,499,977.47) (note IV(17)).

As at 31 December 2014, long-term borrowings amounting to RMB49,000,000.00 were secured by buildings and structures with book value of RMB7,591,000.00 (original value of RMB9,772,222.53) (note IV(15)) and land use rights with book value of RMB7,731,000.00 (original value of RMB9,499,977.47) (note IV(17)).

(b) As at 31 December 2015, long-term borrowings amounting to RMB2,137,033,147.61 were secured by long-term finance lease receivables with book value of RMB2,436,113,582.57 (note IV(12)), and long-term borrowings amounting to RMB46,500,000.00 were secured by equity interests in certain subsidiaries within the Group.

As at 31 December 2014, long-term borrowings amounting to RMB4,593,826,704.27 were secured by long-term finance lease receivables with book value of RMB5,223,080,062.14 (note IV(12)), and long-term borrowings amounting to RMB145,250,000.00 were secured by equity interests in certain subsidiaries within the Group.

- (c) In August 2014, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued Special Asset Management Plan Phase I operated by Shanghai Lujiazui International Financial Asset Exchange Co., Ltd, including senior A-grade asset-backed securities amounting to RMB1,697,000,000.00, senior B-grade asset-backed securities amounting to RMB116,000,000.00, and subordinated asset-backed securities amounting to RMB196,040,926.00. The subordinated asset-backed securities were fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 36 months. As at 31 December 2015, the underlying assets of the asset management plan were the long-term finance lease receivables with an aggregate book value of RMB692,190,602.84. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the asset management plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB676,000,000.00 under the long-term borrowings, including liabilities of RMB676,000,000.00 due within one year.

In November 2014, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued Special Asset Management Plan Phase II operated by Shanghai Lujiazui International Financial Asset Exchange Co., Ltd., including senior asset-backed securities amounting to RMB805,000,000.00 and subordinated asset-backed securities amounting to RMB99,256,034.00. The subordinated asset-backed securities were fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 40 months. As at 31 December 2015, the underlying assets of the asset management plan were the long-term finance lease receivables with an aggregate book value of RMB458,824,980.99. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the asset management plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB363,000,000.00 under the long-term borrowings, including liabilities of RMB326,000,000.00 due within one year.

In January 2015, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued the Collective Trust Plan for Rights to Receive Leasing Income of Shanghai Trust Huitong Xincheng Auto (Huiguo No.1)* (《上海信託匯通信誠汽車應收租賃收益權集合資金信託計劃》(匯國1號)), including senior trust amounting to RMB454,000,000.00 and subordinated trust amounting to RMB55,060,261.00. The subordinated trust was fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 40 months. As at 31 December 2015, the underlying assets of the trust plan were the long-term finance lease receivables with an aggregate book value of RMB278,305,000.51. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the trust plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB250,000,000.00 under the long-term borrowings, including liabilities of RMB173,000,000.00 due within one year.

In May 2015, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued Huitong Phase I Special Plan for Asset-backed Securities* (匯通一期資產支持專項計劃), including senior asset-backed securities amounting to RMB1,028,000,000.00 and subordinated asset-backed securities amounting to RMB124,015,398.07. Trading in the senior asset-backed securities on Shanghai Stock Exchange was approved by China Securities Regulatory Commission. The subordinated asset-backed securities were fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 36 months. As at 31 December 2015, the underlying assets of the asset management plan were the long-term finance lease receivables with an aggregate book value of RMB690,983,783.46. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the asset management plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB678,000,000.00 under the long-term borrowings, including liabilities of RMB416,000,000.00 due within one year.

In June 2015, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued the Collective Trust Plan for Rights to Receive Leasing Income of Shanghai Trust Huitong Xincheng Auto (Huitong No.1)* (《上海信託匯通信誠汽車應收租賃收益權集合資金信託計劃》(匯通1號)), including senior trust amounting to RMB900,000,000.00 and subordinated trust amounting to RMB110,806,607.72. The subordinated trust was fully subscribed by

Huitong Xincheng* (匯通信誠) with a maturity period of 23 months. As at 31 December 2015, the underlying assets under the trust plan were the long-term finance lease receivables with an aggregate book value of RMB688,202,150.85. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the trust plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB581,500,000.00 under the long-term borrowings, including liabilities of RMB478,200,000.00 due within one year.

In August 2015, Huitong Xincheng* (匯通信誠), a subsidiary of the Group, issued Huitong Phase II Special Plan for Asset-backed Securities* (匯通二期資產支持專項計劃), including senior asset-backed securities amounting to RMB1,295,000,000.00 and subordinated asset-backed securities amounting to RMB105,000,000.00. Trading in the senior asset-backed securities on Shanghai Stock Exchange was approved by China Securities Regulatory Commission. The subordinated asset-backed securities were fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 34 months. As at 31 December 2015, the underlying assets of the asset management plan were the long-term finance lease receivables with an aggregate book value of RMB1,129,551,340.92. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the asset management plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB1,010,000,000.00 under the long-term borrowings, including liabilities of RMB623,000,000.00 due within one year.

In September 2015, Huitong Xincheng* (匯通信誠), as a subsidiary of the Group, issued Huitong Phase III Special Plan for Asset-backed Securities* (匯通三期資產支持專項計劃), including senior asset-backed securities amounting to RMB1,012,000,000.00 and subordinated asset-backed securities amounting to RMB82,000,000.00. Trading in the senior asset-backed securities on Shanghai Stock Exchange was approved by China Securities Regulatory Commission. The subordinated asset-backed securities were fully subscribed by Huitong Xincheng* (匯通信誠) with a maturity period of 35 months. As at 31 December 2015, the underlying assets of the asset management plan were the long-term finance lease receivables with an aggregate book value of RMB910,859,019.77. As the Group retains almost all risks and returns pertaining to the ownership of all underlying assets of the asset management plan, the Group continues to recognize the long-term finance lease receivables, and recognized the relevant liabilities of RMB847,000,000.00 under the long-term borrowings, including liabilities of RMB568,000,000.00 due within one year.

- (d) As at 31 December 2015, guaranteed loans amounting to RMB99,500,000.00 were secured by the guarantees as provided by the parent of the Company.
- (e) As at 31 December 2015, the interest rates range of long-term borrowings falls in between 5.05% and 8.00% (31 December 2014: between 5.05% and 8.00%).

(34) Debentures payable

	31 December 2015	31 December 2014
Debentures payable	5,950,000,000.00	5,950,000,000.00
Less: debentures payable due within one year	<u>(4,150,000,000.00)</u>	<u>(1,800,000,000.00)</u>
	<u>1,800,000,000.00</u>	<u>4,150,000,000.00</u>

Information on debentures is set out below:

	Par value	Issue date	Term	Issue amount
MTN-12 CGA MTN1 (a)	100	19/06/2012	5 years	700,000,000.00
MTN-13 CGA MTN1 (b)	100	10/01/2013	3 years	500,000,000.00
MTN-13 CGA MTN2 (c)	100	22/05/2013	3 years	1,900,000,000.00
MTN-14 CGA PPN001 (d)	100	28/01/2014	2 years	500,000,000.00
MTN-14-CGA PPN003 (e)	100	08/07/2014	2 years	1,250,000,000.00
MTN-15-CGA MTN1 (f)	100	11/03/2015	3 years	1,100,000,000.00

- (a) In 2012, the Company issued the first tranche of 2012 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2012] MTN No. 128, with a par value of RMB100 each for a term of five years and an issue amount of RMB1 billion. These notes were issued on 19 June 2012 without guarantees and carried interest from 21 June 2012 at a fixed rate of 4.83% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose. As at 18 June 2015, the Company extended the term of part of the notes in the amount of RMB700 million by two years.
- (b) In 2013, the Company issued the first tranche of 2013 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2012] MTN No. 398, with a par value of RMB100 each for a term of three years and an issue amount of RMB500 million. These notes were issued on 10 January 2013 without guarantees and carried interest from 11 January 2013 at a fixed rate of 5.52% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose.
- (c) In 2013, the Company issued the second tranche of 2013 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2012] MTN No. 398, with a par value of RMB100 each for a term of three years and an issue amount of RMB1,900 million. These notes were issued on 22 May 2013 without guarantees and carried interest from 24 May 2013 at a fixed rate of 5.23% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose.
- (d) In 2014, the Company issued the first tranche of 2014 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2012] PPN No. 398, with a par value of RMB100 each for a term of two years and an issue amount of RMB500 million. These notes were issued on 28 January 2014 without guarantees and carried interest from 29 January 2014 at a fixed rate of 7.90% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose.
- (e) In 2014, the Company issued the third tranche of 2014 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2014] PPN No2, with a par value of RMB100 each for a term of two years and an issue amount of RMB1.25 billion. These notes were issued on 8 July 2014 without guarantees and carried interest from 9 July 2014

at a fixed rate of 7.60% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose.

- (f) In 2015, the Company issued the first tranche of 2015 medium-term notes at par value in accordance with the document titled Zhong Shi Xie Zhu [2015] MTN No.1, with a par value of RMB100 each for a term of three years and an issue amount of RMB1.1 billion. These notes were issued on 11 March 2015 without guarantees and carried interest from 13 March 2015 at a fixed rate of 7.40% per annum, with interest payable annually and principal payable on a one-off basis upon maturity. These notes have been registered with China Government Securities Depository Trust & Clearing Co. Ltd. for custody purpose.

(35) Long-term payables

	31 December 2015	31 December 2014
Original value of deposits payable under finance leases	<u>445,936,712.65</u>	<u>368,449,108.04</u>
Unrecognized finance costs	<u>(118,130,198.98)</u>	<u>(124,990,353.34)</u>
Net value of deposits payable under finance leases	<u>327,806,513.67</u>	<u>243,458,754.70</u>
Less: original value of deposits payable under finance leases due within one year	<u>(101,555,012.26)</u>	<u>(29,178,321.04)</u>
Unrecognized finance costs due within one year	<u>13,990,556.12</u>	<u>4,420,165.48</u>
Net value of deposits payable under finance leases due within one year	<u>(87,564,456.14)</u>	<u>(24,758,155.56)</u>
	<u><u>240,242,057.53</u></u>	<u><u>218,700,599.14</u></u>

As at 31 December 2015 and 31 December 2014, the deposits payable under finance leases refer to the deposits related to finance leases received by the Group from clients, and is presented at the balance of deposits payable after deducting unrecognized finance costs.

(36) Other non-current liabilities

	31 December 2015	31 December 2014
Liabilities under continuing involvement of securitized asset products	523,110,218.24	54,605,000.00
Others	<u>18,573,536.26</u>	<u>15,942,026.05</u>
	<u><u>541,683,754.50</u></u>	<u><u>70,547,026.05</u></u>

(37) Share capital

		Changes for the year (note 1)					
31 December 2014		Issuance of new shares	Bonus shares	Shares converted from reserve	Others	Sub-total	31 December 2015
RMB-denominated							
ordinary shares	3,019,609,785.00	297,324,000.00	—	1,833,466,893.00	350,000,000.00	2,480,790,893.00	5,500,400,678.00

		Changes for the year					
31 December 2013		Issuance of new shares	Bonus shares	Shares converted from reserve	Others	Sub-total	31 December 2014
RMB-denominated							
ordinary shares	3,019,609,785.00	—	—	—	—	—	3,019,609,785.00

(38) Capital reserve

	31 December 2014	Increase for the year	Decrease for the year	31 December 2015
Share premium (a)	5,983,907,143.76	5,551,262,347.31	(3,379,635,570.91)	8,155,533,920.16
Other capital reserve	736,046.75	—	—	736,046.75
	<u>5,984,643,190.51</u>	<u>5,551,262,347.31</u>	<u>(3,379,635,570.91)</u>	<u>8,156,269,966.91</u>

	31 December 2013	Increase for the year	Decrease for the year	31 December 2014
Share premium (a)	6,004,470,778.51	—	(20,563,634.75)	5,983,907,143.76
Other capital reserve	736,046.75	—	—	736,046.75
	<u>6,005,206,825.26</u>	<u>—</u>	<u>(20,563,634.75)</u>	<u>5,984,643,190.51</u>

- (a) For the year ended 31 December 2015, changes in the share premium were mainly attributable to: (1) the difference of RMB147,077,170.55 between the aggregate par value of the shares issued by the Company (as the legal parent company) and the fair value of the assets acquired by the Company through major assets swap and asset acquisition by way of issuance of shares in June 2015 (Note V(1)); (2) the difference of RMB5,551,262,347.31 between the share premium and the issue costs arising from the Company's private placement of new shares in June 2015 (Note I); (3) the total converted shares of 1,833,466,893 from the conversion of the Company's capital reserve into share capital on the basis of five shares for every ten shares held by shareholders based on the share capital as at 30 June 2015 (Note I); and (4) the difference of RMB1,398,314,289.65 between the consideration of RMB2,224,613,831.00 paid by the Group for the acquisition of minority interests and the book value of RMB826,299,541.35 of the acquired minority interests (Note VI(3)).

For the year ended 31 December 2014, changes in the share premium were mainly attributable to the difference of RMB20,563,634.75 between the consideration of RMB36,000,000.00 paid by the Group for acquisition of minority interests and the book value of RMB15,436,365.25 of the acquired minority interests.

(39) Other comprehensive income

	Other comprehensive income on the balance sheet			Other comprehensive income on the income statement for the year ended 31 December 2015				
	31 December 2014	Attributable to the Company, net of tax	31 December 2015	Balance before income tax for the year	Less: other comprehensive income for the previous year included in profit or loss for the year	Less: income tax expenses	Attributable to the Company, net of tax	Attributable to minority interests, net of tax
Other comprehensive income that will be subsequently reclassified to profit or loss								
Gain or loss on changes in fair value of available-for-sale financial assets	(147,992.00)	(47,361.60)	(195,353.60)	(47,361.60)	—	—	(47,361.60)	—

	Other comprehensive income on the balance sheet			Other comprehensive income on income statement for the year ended 31 December 2014				
	31 December 2013	Attributable to the Company, net of tax	31 December 2014	Balance before income tax for the year	Less: other comprehensive income for the previous year included in profit or loss for the year	Less: income tax expenses	Attributable to the Company, net of tax	Attributable to minority interests, net of tax
Other comprehensive income that will be subsequently reclassified to profit or loss								
Gain or loss on changes in fair value of available-for-sale financial assets	(451,776.00)	303,784.00	(147,992.00)	303,784.00	—	—	303,784.00	—

(40) Surplus reserve

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Statutory surplus reserve	275,441,981.41	6,217,453.70	—	281,659,435.11
	31 December 2013	Increase in the year	Decrease in the year	31 December 2014
Statutory surplus reserve	154,930,968.22	120,511,013.19	—	275,441,981.41

In accordance with the Company Law of the People's Republic of China and the articles of association of the Company, the Company is required to appropriate 10% of its annual net profit as the statutory surplus reserve to the extent that the total accumulative amount of such statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve, upon approval, may be utilized to make up for losses or increase share capital. In 2015, the Company transferred a total of RMB6,217,453.70 (2014: a total of RMB120,511,013.19 based on 10% of the net profit) to the surplus reserves based on 10% of the net profit for the year.

(41) Undistributed profits

	2015	2014
Undistributed profits at the beginning of the year	5,062,828,684.02	4,272,761,150.74
Less: net profit attributable to the shareholders of the Company for the year	1,988,341,217.32	1,603,328,546.47
Less: appropriation to statutory surplus reserve	(6,217,453.70)	(120,511,013.19)
Dividends payable for ordinary shares	<u>—</u>	<u>(692,750,000.00)</u>
Undistributed profits at the end of the year	<u>7,044,952,447.64</u>	<u>5,062,828,684.02</u>

In 2014, according to the sixth extraordinary general meeting held in November 2014, the Company distributed cash dividends of RMB692,750,000.00 to the remaining shareholders due to waiver by certain shareholders of their right to dividend distribution.

(42) Operating revenue and operating costs

	2015	2014
Revenue from principal operations	93,342,620,638.75	86,106,867,876.31
Other operating revenue	<u>357,414,562.35</u>	<u>250,004,233.68</u>
	<u>93,700,035,201.10</u>	<u>86,356,872,109.99</u>
	2015	2014
Cost of principal operations	84,928,372,215.20	78,957,990,211.62
Other operating costs	<u>125,695,804.27</u>	<u>99,992,338.51</u>
	<u>85,054,068,019.47</u>	<u>79,057,982,550.13</u>

(a) Revenue from principal operations and cost of principal operations

	2015		2014	
	Revenue from principal operations	Cost of principal operations	Revenue from principal operations	Cost of principal operations
Auto sales	82,602,210,624.57	79,124,230,766.09	76,330,099,234.81	73,406,900,283.50
Maintenance services	7,342,129,856.24	4,916,670,773.47	7,022,593,908.75	4,770,209,458.67
Commission agent	1,530,941,800.22	349,255,616.59	1,117,667,231.17	286,378,160.04
Auto leasing	<u>1,867,338,357.72</u>	<u>538,215,059.05</u>	<u>1,636,507,501.58</u>	<u>494,502,309.41</u>
	<u>93,342,620,638.75</u>	<u>84,928,372,215.20</u>	<u>86,106,867,876.31</u>	<u>78,957,990,211.62</u>

(b) Other operating revenue and other operating costs

	2015		2014	
	Other operating revenue	Other operating costs	Other operating revenue	Other operating costs
Lease and property	100,240,503.90	28,426,030.82	37,565,868.45	11,462,351.34
Consultation service fees	82,200,115.85	7,435,550.41	64,049,949.81	4,507,850.80
Default penalties	69,484,133.89	61,128,619.76	50,669,449.77	40,066,605.93
Advertising income	33,288,826.61	20,374,487.28	56,613,266.62	28,766,856.04
Membership income	6,419,788.30	767,422.25	3,092,928.62	476,623.77
Others	65,781,193.80	7,563,693.75	38,012,770.41	14,712,050.63
	<u>357,414,562.35</u>	<u>125,695,804.27</u>	<u>250,004,233.68</u>	<u>99,992,338.51</u>

(43) Taxes and surcharges

	2015	2014	Calculation standards
	Business taxes	116,712,060.52	112,549,490.67
Urban maintenance and construction taxes	92,992,615.82	66,376,100.17	See Note III
Education surcharges	69,137,445.39	49,830,496.93	See Note III
Others	<u>6,210,438.40</u>	<u>5,538,268.47</u>	
	<u>285,052,560.13</u>	<u>234,294,356.24</u>	

(44) Selling and distribution expenses

	2015	2014
Employee benefits and labor service fees	1,135,228,544.12	1,059,169,051.75
Depreciation and amortization	328,065,366.51	275,043,864.91
Marketing and service fees	472,242,510.97	401,769,929.72
Leased property management fees	202,868,124.94	170,900,412.91
Office and travel expenses	70,573,369.53	76,016,262.78
Transportation fees	25,511,724.43	38,409,414.47
Business entertainment fees	28,211,440.85	30,339,188.87
Others	<u>224,311,172.98</u>	<u>209,022,159.30</u>
	<u>2,487,012,254.33</u>	<u>2,260,670,284.71</u>

(45) General and administrative expenses

	2015	2014
Employee benefits	703,147,741.03	711,845,823.67
Depreciation and amortization	300,902,663.75	275,992,308.95
Office and travel expenses	83,036,938.03	86,512,067.29
Taxes	156,394,786.16	137,273,797.87
Leased property management fees	94,540,670.25	80,328,464.04
Business entertainment expenses	28,233,433.27	29,292,920.52
Vehicle utilization expenses	34,073,069.24	35,122,669.04
Consultation fees	85,465,118.30	34,993,640.75
Others	<u>93,378,242.83</u>	<u>73,617,212.66</u>
	<u>1,579,172,662.86</u>	<u>1,464,978,904.79</u>

(46) Financial expenses – net

	2015	2014
Interest expense	1,237,392,889.16	920,197,388.42
Less: interest income	(125,311,034.11)	(86,866,725.85)
Discounted interest	99,256,240.94	111,122,261.31
Handling fees	<u>166,510,319.02</u>	<u>134,212,171.69</u>
	<u><u>1,377,848,415.01</u></u>	<u><u>1,078,665,095.57</u></u>

(47) Categorization of expenses by nature

Operating costs, selling and distribution expenses, and general and administrative expenses on the income statement are categorized by nature as follows:

	2015	2014
Changes in finished products and other inventories	624,085,248.99	(1,741,987,541.81)
Inventories including purchased commodities	82,877,704,326.94	79,218,418,258.99
Employee benefits expenses	2,932,052,209.31	2,776,396,220.70
Depreciation and amortization expenses	885,652,261.88	751,534,255.44
Leased property management fees	364,176,598.51	322,332,337.53
Marketing and service fees	472,242,510.97	401,769,929.72
Office and travel expenses	154,002,207.38	162,725,495.47
Taxes	156,394,786.16	137,273,797.87
Others	<u>653,942,786.52</u>	<u>755,168,985.72</u>
	<u><u>89,120,252,936.66</u></u>	<u><u>82,783,631,739.63</u></u>

(48) Investment income

	2015	2014
Investment income derived from long-term equity investments using equity method	13,857,973.18	24,765,358.83
Investment (loss)/income derived from disposal of long-term equity investments (a)	(392,761.06)	106,605,764.90
Investment income derived from the period of holding the available-for-sale financial assets	18,675,382.84	1,742,500.41
Others	<u>6,252,767.88</u>	<u>10,808,649.13</u>
	<u><u>38,393,362.84</u></u>	<u><u>143,922,273.27</u></u>

The Group is not subject to any material restrictions on repatriation of investment income.

- (a) In 2014, the Group disposed the 30% equity interest in an associate it held at a consideration of RMB177,576,300.00. The gain arising from such disposal was RMB100,496,163.26.

(49) Asset impairment losses

	2015	2014
Losses on bad debts, including accounts and other receivables	10,340,901.72	58,524,389.51
Losses on impairment of inventories	123,469,335.12	105,329,000.28
Impairment losses on long-term receivables	247,868,676.71	159,779,384.89
Impairment losses on fixed assets	<u>156,586.68</u>	<u>2,616,867.55</u>
	<u>381,835,500.23</u>	<u>326,249,642.23</u>

(50) Non-operating income

	2015	2014	Amount of non-recurring profit or loss for 2015
Gains on disposal of non-current assets	48,858,291.00	194,398,215.84	48,858,291.00
Including: Gains on disposal of fixed assets	24,405,562.20	89,011,682.87	24,405,562.20
Gains on disposal of intangible assets	23,735,771.72	99,493,422.62	23,735,771.72
Gains on disposal of other assets	716,957.08	5,893,110.35	716,957.08
Government grants (a)	184,383,802.84	50,141,427.51	184,383,802.84
Cancelled payables	8,140,693.94	7,528,380.87	8,140,693.94
Income from default compensations	2,787,631.56	6,318,648.32	2,787,631.56
Others	<u>7,171,630.31</u>	<u>32,059,081.63</u>	<u>7,171,630.31</u>
	<u>251,342,049.65</u>	<u>290,445,754.17</u>	<u>251,342,049.65</u>

(a) Breakdown of government grants

	2015	2014	Related to assets/ income
Tax rebate	4,393,382.14	18,914,728.31	Related to income
Fiscal subsidies	<u>179,990,420.70</u>	<u>31,226,699.20</u>	Related to assets/ income
	<u>184,383,802.84</u>	<u>50,141,427.51</u>	

(51) Non-operating expenses

	2015	2014	Amount of non-recurring profit or loss for 2015
Losses on disposal of non-current assets	100,105,735.04	54,367,846.85	100,105,735.04
Including: losses on disposal of fixed assets	90,403,993.19	54,287,274.58	90,403,993.19
Losses on disposal of intangible assets	53,969.21	—	53,969.21
Losses on disposal of long-term prepaid expenses	7,125,712.16	—	7,125,712.16
Losses on disposal of other assets	2,522,060.48	80,572.27	2,522,060.48
Others	<u>24,213,995.72</u>	<u>19,283,945.97</u>	<u>24,213,995.72</u>
	<u>124,319,730.76</u>	<u>73,651,792.82</u>	<u>124,319,730.76</u>

(52) Income tax expenses

	2015	2014
Current income tax calculated according to applicable tax law and regulations	578,351,331.18	545,390,135.82
Deferred income tax	<u>3,637,361.71</u>	<u>(45,858,694.46)</u>
	<u>581,988,692.89</u>	<u>499,531,441.36</u>

Reconciliation of income tax expense from income tax calculated based on the total profit in the consolidated income statement using applicable tax rate:

	2015	2014
Total profit	2,700,461,470.80	2,294,747,510.94
Income tax calculated with applicable tax rate	675,115,367.70	573,686,877.74
Impact of preferential tax rate	(226,959,675.88)	(150,568,778.45)
Non-taxable income	(4,113,969.18)	(6,304,343.24)
Non-deductible costs, expenses and losses	47,330,355.82	39,426,262.94
Utilization of deductible losses not recognized as deferred income tax asset in previous year	(62,461,093.46)	(69,625,745.40)
Deductible losses not recognized as deferred tax assets for the year	<u>153,077,707.89</u>	<u>112,917,167.77</u>
Income tax expense	<u>581,988,692.89</u>	<u>499,531,441.36</u>

(53) Earnings per share**(a) Basic earnings per share**

Basic earnings per share were calculated based on the consolidated net profit attributable to the ordinary shareholders of the Company divided by the weighted average number of outstanding ordinary shares of the Company:

	2015	2014
Consolidated net profit attributable to the ordinary shareholders of the Company	1,988,341,217.32	1,603,328,546.47
Weighted average number of outstanding ordinary shares of the Company	<u>5,047,881,630.92</u>	<u>4,529,414,677.50</u>
Basic earnings per share	<u>0.3939</u>	<u>0.3540</u>

(b) Diluted earnings per share

Diluted earnings per share were calculated based on the adjusted Consolidated net profit of potential dilutive ordinary shares attributable to the ordinary shareholders of the Company divided by the adjusted weighted average number of outstanding ordinary shares of the Company. In 2015, the Company had no potential dilutive ordinary shares (2014: nil), therefore, diluted earnings per share equal to basic earnings per share.

(54) Notes to the cash flow statement**(a) Cash received relating to other operating activities**

	2015	2014
Current accounts	2,533,131,575.06	1,946,432,394.72
Interest income	109,528,797.01	87,841,632.08
Subsidy income	<u>179,990,420.70</u>	<u>31,226,699.20</u>
	<u>2,822,650,792.77</u>	<u>2,065,500,726.00</u>

(b) Cash paid relating to other operating activities

	2015	2014
Current accounts	1,527,808,205.27	1,612,725,076.99
Staff loans	285,427,114.83	262,606,303.18
Daily staff cash reimbursement	<u>2,135,244,691.03</u>	<u>1,404,394,576.40</u>
	<u>3,948,480,011.13</u>	<u>3,279,725,956.57</u>

(c) Cash received relating to other financing activities

	2015	2014
Margin for establishment	129,271,148.00	144,688,354.88
Others	<u>291,286,869.74</u>	<u>208,862,152.09</u>
	<u>420,558,017.74</u>	<u>353,550,506.97</u>

(d) Cash paid relating to other investing activities

	2015	2014
Prepayments for equity	87,234,700.00	317,654,000.00
Net change in security deposits	611,761,277.73	1,444,509,110.78
Others	<u>640,044,754.43</u>	<u>468,635,447.89</u>
	<u><u>1,339,040,732.16</u></u>	<u><u>2,230,798,558.67</u></u>

(e) Cash received relating to other financing activities

	2015	2014
Investments in asset securitization	421,822,005.79	—
Margin for borrowings	80,439,973.92	—
Others	<u>50,000,000.00</u>	<u>65,596,687.70</u>
	<u><u>552,261,979.71</u></u>	<u><u>65,596,687.70</u></u>

(f) Cash payments relating to other financing activities

	2015	2014
Agency service fees	54,998,308.56	38,647,414.36
Margin expenses of loans	5,108,387,725.77	177,471,104.50
Repurchase of minority interests	2,199,560,130.00	38,000,000.00
Repayments to former shareholders and related parties of the entities acquired	318,578,969.21	—
Deinvestment in asset securitization	421,822,005.79	—
Others	<u>53,490,968.14</u>	<u>1,032,817.12</u>
	<u><u>8,156,838,107.47</u></u>	<u><u>255,151,335.98</u></u>

(55) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation of net profit to cash flows from operating activities

	2015	2014
Net profit	2,118,472,777.91	1,795,216,069.58
Add: Provisions for asset impairment	381,835,500.23	326,249,642.23
Depreciation of investment properties	102,139.32	104,171.37
Depreciation of fixed assets	597,038,765.45	515,353,500.12
Amortization of intangible assets	170,422,940.70	138,899,839.07
Amortization of long-term prepaid expenses	118,088,416.41	97,280,916.25
Gains/(losses) on disposal of fixed assets, intangible assets and other long-term assets	51,247,444.04	(140,030,368.99)
Financial expenses	1,237,392,889.16	920,197,388.42
Investment income	(38,393,362.84)	(143,922,273.27)
Decrease/(increase) in deferred tax assets	32,414,987.52	(24,996,938.04)
Decrease in deferred tax liabilities	(28,777,625.81)	(20,914,417.96)
Decrease/(increase) in inventories	624,085,248.99	(1,741,987,541.81)
Increase in receivables from operating activities	(677,786,456.81)	(2,633,968,669.74)
Increase in payables from operating activities	<u>977,288,143.56</u>	<u>2,104,068,840.96</u>
Net cash flow from operating activities	<u><u>5,563,431,807.83</u></u>	<u><u>1,191,550,158.19</u></u>

In 2015, significant fund raising activities not involving cash receipts and payment included certain transactions under the major asset swap and asset acquisition through share issuance, details of which are set out in Note I.

Net changes in cash and cash equivalents

	2015	2014
Cash balance at the end of the year	3,986,471,477.67	4,705,419,420.23
Less: cash balance at the beginning of the year	<u>(4,705,419,420.23)</u>	<u>(5,655,434,823.28)</u>
Net increase in cash and cash equivalents	<u><u>(718,947,942.56)</u></u>	<u><u>(950,015,403.05)</u></u>

(b) Acquisition or disposal of subsidiaries

(i) Acquisition of subsidiaries

	2015	2014
Cash and cash equivalents paid for business combinations in the year	<u>2,015,032,443.56</u>	<u>12,612,300.00</u>
Including:		
Acquisition of subsidiaries by Guanghui Limited (note 1)	328,976,285.60	—
Acquisition of subsidiaries by Xinjiang Longze (note 1)	1,185,175,225.27	—
Acquisition of subsidiaries by Xinjiang Tianhui (note 1)	201,909,246.20	12,612,300.00
Other acquisition of subsidiaries (note 1)	298,971,686.49	—
Less: cash and cash equivalents held by subsidiaries at the acquisition dates	<u>(496,534,343.81)</u>	<u>(337,486.57)</u>
Including:		
Subsidiaries acquired by Guanghui Limited	(108,310,222.13)	—
Subsidiaries acquired by Xinjiang Longze	(235,514,896.57)	—
Subsidiaries acquired by Xinjiang Tianhui	(106,206,096.96)	(337,486.57)
Subsidiaries acquired by other members of the Group	<u>(46,503,128.15)</u>	<u>—</u>
Add: Cash and cash equivalents paid in the year for business combinations took place in previous year	<u>62,303,640.21</u>	<u>264,826,268.71</u>
Including:		
Joint acquisition of subsidiaries by Xinjiang Longze and Shanghai Dexin in 2012	12,200,000.00	—
Acquisition of subsidiaries by Xi'an Guanghui in 2012	14,077,547.72	—
Acquisition of subsidiaries by Xinjiang Longze in 2013	36,026,092.49	173,763,515.51
Acquisition of subsidiaries by Lanzhou Saichi in 2013	—	2,000,000.00
Acquisition of subsidiaries by other members of the Group in 2013	—	19,662,846.67
Acquisition of subsidiaries by Lanzhou Saichi in 2012	—	2,260,000.00
Acquisition of subsidiaries by Shanghai Dexin in 2012	—	15,000,000.00
Acquisition of subsidiaries by Xinjiang Longze in 2012	—	20,775,000.00
Acquisition of subsidiaries by Henan Yuhua in 2012	—	20,664,906.53
Acquisition of subsidiaries by Xi'an Guanghui in 2012	<u>—</u>	<u>10,700,000.00</u>
Net cash paid for acquisitions of subsidiaries	<u>1,580,801,739.96</u>	<u>277,101,082.14</u>

Note 1: For details, please refer to Note V (2).

Net assets of subsidiaries acquired

	2015	2014
Current assets	5,230,984,625.71	35,037,517.12
Non-current assets	2,299,465,560.59	21,343,160.75
Current liabilities	(6,361,864,796.63)	(39,374,639.19)
Non-current liabilities	<u>(247,326,621.73)</u>	<u>(2,291,273.52)</u>
	<u>921,258,767.94</u>	<u>14,714,765.16</u>

(ii) Disposal of subsidiaries

	2015	2014
Cash and cash equivalents received from disposal of subsidiaries in the year	<u>32,227,725.46</u>	<u>18,306,474.62</u>
Including:		
Hebei Zongtan Auto Trading Limited* (河北眾壇汽車貿易有限公司)	19,904,170.52	—
Sichuan Shenrong Hongtai Insurance Agency Limited* (四川申蓉泓泰保險代理有限公司)	2,410,000.00	—
Jiangxi Yuntong Auto Sales Services Limited* (江西運通汽車銷售服務有限公司)	9,913,554.94	—
Sichuan Shenrong Guangrui Auto Sales Service Limited* (四川申蓉廣瑞汽車銷售服務有限公司)	—	13,046,474.62
Shaanxi Fuhui Heavy-Duty Truck Sales Service Limited* (陝西福匯重卡汽車銷售服務有限公司)	—	30,000.00
Sichuan Shenrong Time Auto Chain Services Limited* (四川申蓉時代汽車服務連鎖有限公司) and Sichuan Shenrong Shuxin Auto Sales Service Limited* (四川申蓉蜀新汽車銷售服務有限公司)	—	5,230,000.00
Less: cash and cash equivalents held by subsidiaries at the dates of loss of control	<u>(2,034,258.07)</u>	<u>(379,741.86)</u>

	2015	2014
Including:		
Hebei Zongtan Auto Trading Limited* (河北眾壇汽車貿易有限公司)	(1,000,000.00)	—
Sichuan Shenrong Hongtai Insurance Agency Limited* (四川申蓉泓泰保險代理有限公司)	(502,001.17)	—
Jiangxi Yuntong Auto Sales Services Limited* (江西運通汽車銷售服務有限 公司)	(532,256.90)	—
Sichuan Shenrong Guangrui Auto Sales Service Limited* (四川申蓉廣瑞汽車銷售服務有限公司)	—	(98,461.65)
Shaanxi Fuhui Heavy-Duty Truck Sales Service Limited* (陝西福匯重卡汽車銷售服務有限公司)	—	(18,928.14)
Sichuan Shenrong Time Auto Chain Services Limited* (四川申蓉時代汽車服務連鎖有限公司) and Sichuan Shenrong Shuxin Auto Sales Service Limited* (四川申蓉蜀新汽車銷售服務有限公司)	—	(152,617.63)
Zhangye Jinfukang Auto Sales Service Limited* (張掖市金阜康汽車銷售服務有限公司)	—	(109,734.44)
Add: Cash and cash equivalents received in the year from disposal of subsidiaries in the previous year	2,769,300.00	31,858,155.74
Including:		
Sichuan Shenrong Guangrui Auto Sales Service Limited* (四川申蓉廣瑞汽車銷售服務有限公司)	<u>2,769,300.00</u>	<u>—</u>
Handan Baohe Auto Sales Service Limited* (邯鄲市寶和汽車銷售服務有限公司)	<u>—</u>	<u>11,858,155.74</u>
Ningxia Yinfu Auto Sales Service Limited* (寧夏銀福汽車銷售服務有限公司)	<u>—</u>	<u>20,000,000.00</u>
Net cash received from disposal of subsidiaries	<u><u>32,962,767.39</u></u>	<u><u>49,784,888.50</u></u>

Consideration received from disposal of subsidiaries in the year ended 31 December 2015

Hebei Zongtan Auto Trading Limited* (河北眾壇汽車貿易有限公司)	19,904,170.52
Sichuan Shenrong Hongtai Insurance Agency Limited* (四川申蓉泓泰保險代理有限公司)	2,410,000.00
Jiangxi Yuntong Auto Sales Services Limited* (江西運通汽車銷售服務有限公司)	9,913,554.94
Ningxia Aolisheng Nuode Auto Sale Services Limited (寧夏奧立升諾得汽車銷售服務有限公司)	1.00
Ningxia Zonglisheng Auto Sales Service Limited* (寧夏眾立升汽車銷售服務有限公司)	1.00
	32,227,727.46

Consideration received from disposal of subsidiaries in the year ended 31 December 2014

Sichuan Shenrong Guangrui Auto Sales Service Limited* (四川申蓉廣瑞汽車銷售服務有限公司)	15,826,200.00
Shaanxi Fuhui Heavy-Duty Truck Sales Service Limited* (陝西福匯重卡汽車銷售服務有限公司)	3,680,000.00
Sichuan Shenrong Time Auto Chain Services Limited* (四川申蓉 時代汽車服務連鎖有限公司) and Sichuan Shenrong Shuxin Auto Sales Service Limited* (四川申蓉蜀新汽車銷售服務有限 公司)	8,413,697.40
Zhangye Jinfukang Auto Sales Service Limited* (張掖市金阜康汽車銷售服務有限公司)	—
	27,919,897.40

Net assets of subsidiaries disposed

	2015	2014
Current assets	117,980,299.54	27,899,605.28
Non-current assets	190,303,923.36	6,315,142.18
Current liabilities	(248,733,530.25)	(8,296,869.32)
Non-current liabilities	(39,303,332.23)	—
	20,247,360.42	25,917,878.14

(c) *Proceeds from fundraising activities*

	2015	2014
Proceeds from issue of shares	5,889,998,320.00	—

(d) *Cash and cash equivalents*

	2015	2014
Cash	3,986,471,477.67	4,705,419,420.23
Including: Cash on hand	11,692,409.84	8,843,932.43
Bank deposits that are readily available for payment	3,974,779,067.83	4,696,575,487.80
Balance of cash and cash equivalents at the end of the year	3,986,471,477.67	4,705,419,420.23

V CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Reverse Acquisition

Pursuant to the Notice on Proper Preparation of 2008 Annual Reports by Enterprises Implementing Accounting Standards (Cai Kuai Han [2008] No. 60) (《關於做好執行會計準則企業2008年年報工作的通知》(財會函[2008]60號)) and the Reply on the Accounting Treatment for Indirect Listing of a Non-listed Company by Acquiring Equity Interests of a Listed Company (Cai Kuai Bian [2009] No. 17) (《關於非上市公司購買上市公司股權實現間接上市會計處理的覆函》(財會便[2009]17號)) issued by the Ministry of Finance of the PRC, the transactions under the major asset swap and asset acquisition through share issuance, as carried out by the Company and completed in June 2015 (see Note I), constituted a non-business type reverse acquisition and should be treated in accordance with the principles for equity transactions.

The identifiable assets and liabilities retained by the Company (the legal parent company) were consolidated according to their fair value at the restructuring date, while the difference between the business combination costs and the fair value of the identifiable net assets acquired by the Company was credited or charged to capital reserve in the consolidated financial statements instead of recognizing as goodwill or including in profit or loss.

- (a) The recognition of capital reserve set out as follows:

Combination costs

Fair value of the identifiable net assets acquired	202,922,829.45
Less: Aggregate par value of the shares issued	<u>(350,000,000.00)</u>
Capital reserve recognized in the consolidated financial statements	<u><u>(147,077,170.55)</u></u>

(b) The assets and liabilities of acquirees at the acquisition date were set out as follows:

	Acquisition date Fair value	Acquisition date Book value	31 December 2014 Book value
Cash at bank and on hand	2,574,000.00	2,574,000.00	19,473,573.91
Notes receivable	—	—	5,830,038.26
Accounts receivable	—	—	3,400,537.18
Advances to suppliers	—	—	2,046,290.80
Other receivables	—	—	5,929,384.39
Inventories	—	—	12,712,201.34
Other current assets	—	—	403,979.74
Available-for-sale financial assets	214,980,480.00	214,980,480.00	214,980,480.00
Long-term equity investments	—	—	523,730,113.12
Investment properties	—	—	19,903,441.80
Fixed assets	—	—	362,971,137.86
Intangible assets	—	—	31,112,984.40
Long-term prepaid expenses	—	—	395,994.80
Deferred tax assets	—	—	6,025,026.81
Less: Accounts payable	—	—	(12,937,971.08)
Advances from customers	—	—	(1,169,589.09)
Employee benefits payable	—	—	(56,313.68)
Taxes payable	—	—	(1,216,406.79)
Other payables	—	—	(12,715,653.81)
Other current liabilities	—	—	(11,818,897.99)
Deferred tax liabilities	(14,631,650.55)	(14,631,650.55)	(8,778,990.33)
Other non-current liabilities	—	—	(309,589,726.52)
Net assets	202,922,829.45		
Less: minority interests	—		
Net assets acquired	<u>202,922,829.45</u>		
Considerations paid in cash	—		
Less: cash and cash equivalents held by subsidiaries acquired		<u>(2,574,000.00)</u>	
Net cash from acquisition of subsidiaries		<u>(2,574,000.00)</u>	

(2) Business combinations not under common control

(a) Business combinations not under common control during the year ended 31 December 2015

	Acquisition cost	Income of the acquiree from the acquisition date to the end of the year	Net profit of the acquiree from the acquisition date to the end of the year	Cash flow from the operating activities of the acquiree from the acquisition date to the end of the year	Net cash flow of the acquiree from the acquisition date to the end of the year
Acquisition of subsidiaries by					
Guanghui Automotive Services Company Limited*					
(廣匯汽車服務有限責任公司) (i)	362,740,000.00	4,503,794,837.20	68,603,076.40	34,375,957.85	(65,000,375.05)
Acquisition of subsidiaries by Xinjiang					
Longze Auto Service Management Limited*					
(新疆龍澤汽車服務管理有限責任公司) (ii)	1,781,759,089.94	4,188,204,253.60	229,858,212.14	520,547,629.86	166,525,793.41
Acquisition of subsidiaries by Xinjiang					
Tianhui Auto Service Limited*					
(新疆天匯汽車服務有限公司) (iii)	313,854,931.89	954,132,245.45	134,681,541.27	(44,587,920.34)	(58,929,409.88)
Acquisition of subsidiaries by Hebei					
Huaan Investments Limited*					
(河北華安投資有限責任公司) (iv)	276,171,028.42	816,726,047.63	42,123,843.28	49,207,021.71	(40,453,089.69)
Other acquisitions (v)	100,596,775.62	237,478,844.30	13,125,640.83	(5,072,578.08)	(24,080,459.21)
	<u>2,835,121,825.87</u>	<u>10,700,336,228.18</u>	<u>488,392,313.92</u>	<u>554,470,111.00</u>	<u>(21,937,540.42)</u>

(i) Subsidiaries acquired by Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司) (“Guanghui Limited”) are set forth as below:

(1): Jiangxi Yuntong Project, i.e. the 100% equity interests of Jiangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司) including Jiangxi Yuntong Auto Tech Service Limited* and its 40 direct and indirect wholly-owned or non-wholly owned subsidiaries (including Shangrao Xinyuntong Auto Tech Service Limited* (上饒新運通汽車技術服務有限公司)), and 25% equity interests of Jiangxi Jiahejia Auto Insurance Sales and Service Co., Ltd* (江西佳和佳汽車保險銷售服務有限責任公司) acquired by Guanghui Limited on 1 January 2015.

(ii) Subsidiaries acquired by Xinjiang Longze Auto Service Management Limited* (新疆龍澤汽車服務管理有限責任公司) (“Xinjiang Longze”) are set forth as below:

(1) Yunnan Yunqi Project, i.e. the 100% equity interests of Yunnan Yunqi Automobile Sales Co., Ltd.* (雲南雲汽汽車銷售服務有限公司), Yunnan Dirui Auto Trading Limited* (雲南迪瑞汽車貿易有限公司) and Yunnan Yiqi Industry & Trade Auto Sales & Service Company Limited* (雲南一汽工貿汽車銷售服務有限公司) acquired by Xinjiang Longze on 1 January 2015;

(2) Xuzhou Hupeng Project, i.e. the 100% equity interests of Xuzhou Hupeng Yadi Auto Sales Service Limited* (徐州滬彭雅迪汽車銷售服務有限公司), Xuzhou Hupeng Zongda Auto Sales Service Limited* (徐州滬彭眾達汽車銷售服務有限公司) and Xuzhou Hupeng Rongsheng Auto Sales Service Limited* (徐州滬彭榮盛汽車銷售服務有限公司) acquired by Xinjiang Longze on 28 February 2015;

- (3) Anhui Aoxiang Project, i.e. the 100% equity interests of Anhui Aoxiang Auto Sales Service Limited* (安徽奧祥汽車銷售服務有限公司), Hefei Ouya Auto Service Limited* (合肥歐亞汽車服務有限公司) and Liuan Aotong Auto Sales Service Limited* (六安奧通汽車銷售服務有限公司) acquired by Xinjiang Longze on 28 February 2015;
 - (4) Beijing Huanyu Project, i.e. the 95% equity interests of Beijing Huanyu Hengtong Auto Limited* (北京寰宇恒通汽車有限公司) acquired by Xinjiang Longze on 31 March 2015;
 - (5) Inner Mongolia Aojie Project, i.e. the 100% equity interests of Inner Mongolia Aojie Auto Sales Limited* (內蒙古奧捷汽車銷售有限公司), Inner Mongolia New Aojie Auto Sales Service Limited* (內蒙古新奧捷汽車銷售服務有限公司) and Inner Mongolia Aojie Star Auto Sales Service Limited* (內蒙古奧捷之星汽車銷售服務有限公司) acquired by Xinjiang Longze on 31 August 2015;
 - (6) Guizhou Huatong Project, i.e. the 100% equity interests of Guizhou Huatong Auto Trading Services Limited* (貴州華通汽車貿易服務有限公司), including Guizhou Huatong Auto Trading Services Limited* (貴州華通汽車貿易服務有限公司) and its 12 direct wholly-owned subsidiaries (including Guizhou Huatong Huate Auto Trading Services Limited* (貴州華通華特汽車貿易服務有限公司)), acquired by Xinjiang Longze on 30 September 2015.
- (iii) Subsidiaries acquired by Xinjiang Tianhui Auto Service Limited* (新疆天匯汽車服務有限公司) (“Xinjiang Tianhui”) are set forth as below:
- (1) Xinjiang Yongtai Xiang Project, i.e. the 100% equity interests of Xinjiang Yongtai Xiang Auto Trading Limited* (新疆永泰祥車業貿易有限責任公司) and Urumqi Jiezhong Auto Trade Limited* (烏魯木齊捷眾汽車貿易有限責任公司) acquired by Xinjiang Tianhui on 1 January 2015;
 - (2) Ningxia Zhonglisheng Project, i.e. the 100% equity interests of Ningxia Zhonglisheng Auto Sales Service Limited* (寧夏眾立升汽車銷售服務有限公司) acquired by Xinjiang Tianhui on 1 April 2015;
 - (3) Ningxia Aolisheng Project, i.e. the 100% equity interests of Ningxia Aolisheng Nuode Auto Sale Services Limited* (寧夏奧立升諾得汽車銷售服務有限公司) acquired by Xinjiang Tianhui on 1 May 2015;
 - (4) Ningxia Heyuan Project, i.e. the 100% equity interests of Ningxia Heyuan Auto Sales Service Limited* (寧夏和源汽車銷售服務有限公司), Ningxia Jindakang Auto Sales Service Limited* (寧夏金達康汽車銷售服務有限公司), Ningxia Jinfuyuan Auto Sales Service Limited* (寧夏金富源汽車銷售服務有限公司) and Ningxia Hezong Import Auto Sales Service Limited* (寧夏和眾進口汽車銷售服務有限公司) acquired by Xinjiang Tianhui on 31 May 2015;
 - (5) Xinjiang Xinxu Project, i.e. the 100% equity interests of Xinjiang Xinxu Auto Trading Limited* (新疆新旭汽車貿易有限公司) acquired by Xinjiang Tianhui on 1 July 2015;
 - (6) Qinghai Sanjiangyuan Project, i.e. the 100% equity interests of Qinghai Sanjiangyuan Auto Trading Limited* (青海三江源汽車貿易有限公司) acquired by Xinjiang Tianhui from Qinghai Agricultural Products Group* (青農集團) on 31 August 2015;

- (7) Ningxia Chichuan Project, i.e. the 100% equity interests of Ningxia Chichuan Auto Sales Service Limited* (寧夏馳川汽車銷售服務有限公司) acquired by Xinjiang Tianhui on 30 November 2015;
 - (8) Ningxia Jingsheng Project, i.e. the 100% equity interests of Ningxia Jingsheng Auto Sales Limited* (寧夏京勝汽車銷售服務有限公司) acquired by Xinjiang Tianhui on 30 November 2015.
- (iv) Subsidiaries acquired by Hebei Huaan Investments Limited* (河北華安投資有限責任公司) (“Hebei Huaan”) are set forth as below:
- (1) Hebei Lianrun Project, i.e. the 100% equity interests of Hebei Lianrun Meidi Auto Trading Limited* (河北聯潤美迪汽車貿易有限公司) acquired by Hebei Huaan on 1 January 2015;
 - (2) Shandong Weifang Project, i.e. the 100% equity interests of Weifang Xuanwu Toyota Auto Sales Service Limited* (濰坊玄武豐田汽車銷售服務有限公司), Shouguang Xuanwu Toyota Auto Sales Service Limited* (壽光玄武豐田汽車銷售服務有限公司), Weifang Xinda Auto Trading Limited* (濰坊市鑫達汽車貿易有限公司) and Anqiu Guangli Auto Trading Limited* (安丘廣利汽車貿易有限公司) acquired by Hebei Huaan on 30 September 2015.
- (v) Other acquisitions are set forth as below:
- (1) Bengbu Hua Cheng Project, i.e. the 100% equity interests of Bengbu Huacheng Passenger Vehicle Sales Service Limited* (蚌埠市華誠轎車銷售服務有限公司) acquired by Anhui Windstar Investment Holding Company Limited* (安徽風之星投資控股有限公司) on 1 January 2015;
 - (2) Dazhou Rongyuan Project, i.e. the 52% equity interests of Sichuan Dazhou Rongyuan Auto Sales Service Limited* (四川達州蓉源汽車銷售服務有限公司) acquired by Sichuan Shenrong Auto Limited* (四川申蓉汽車股份有限公司) on 1 February 2015. Upon completion of the acquisition, the equity interests held by Sichuan Shenrong Auto Limited* (四川申蓉汽車股份有限公司) in Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司) increased from 45% to 97%;
 - (3) Yuntong Zhiheng Project, i.e. the 100% equity interests of Jiangxi Yuntong Zhiheng Auto Service Limited* (江西運通致恒汽車服務有限公司) acquired by Juangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司) on 30 November 2015;
 - (4) Xi’an Huiqun Project, i.e. the 100% equity interests of Xi’an Huiqun Auto Sales Limited* (西安匯群汽車銷售有限公司) acquired by Xi’an Guanghui Auto Development Limited* (西安廣匯汽車實業發展有限公司) on 1 December 2015.

(b) The recognition of combination costs and goodwill is set out as follows:

Combination costs	
Cash	2,828,371,825.87
Fair value of non-cash assets transferred	<u>6,750,000.00</u>
Total combination costs	2,835,121,825.87
Less: fair value of identifiable net assets acquired	<u>(912,296,905.83)</u>
Goodwill	<u><u>1,922,824,920.04</u></u>

The Group adopted valuation techniques to determine the fair value of non-cash assets transferred.

(c) Assets and liabilities of acquirees as at acquisition date are set out as follows:

	Acquisition date Fair value	Acquisition date Book value	31 December 2014 Book value
Cash at bank and on hand	1,177,746,188.61	1,177,746,188.61	1,155,336,791.35
Accounts receivable	467,825,266.83	467,825,266.83	592,666,643.75
Advances to suppliers	408,947,209.13	408,947,209.13	562,308,028.28
Other receivables	1,106,374,807.66	1,106,374,807.66	2,318,579,108.85
Inventories	1,981,701,529.26	1,981,701,529.26	2,077,978,330.34
Other current asset	88,389,624.22	88,389,624.22	69,105,132.26
Available-for-sale financial assets	55,000.00	55,000.00	55,000.00
Long-term equity investments	12,339,183.46	12,339,183.46	69,160,000.00
Fixed assets	993,708,034.49	898,117,631.40	776,163,573.51
Construction in progress	368,323,576.76	319,150,710.15	83,109,625.34
Intangible assets	871,181,469.16	211,503,075.27	266,529,480.02
Long-term prepaid expenses	40,597,832.45	40,597,832.45	32,278,373.49
Deferred tax assets	12,583,770.94	12,583,770.94	1,618,714.40
Other non-current assets	676,693.33	676,693.33	2,233,751.50
Less: Short-term borrowings	(1,954,040,658.98)	(1,954,040,658.98)	(2,237,443,455.77)
Notes payable	(1,452,136,099.94)	(1,452,136,099.94)	(1,394,263,800.76)
Accounts payable	(382,423,509.73)	(382,423,509.73)	(348,541,201.24)
Advances from customers	(555,518,873.21)	(555,518,873.21)	(604,886,238.86)
Other payables	(1,404,823,426.06)	(1,404,823,426.06)	(2,208,117,488.32)
Employee benefits payable	(17,620,859.85)	(17,620,859.85)	(13,218,116.47)
Taxes payable	(26,485,239.93)	(26,485,239.93)	(5,240,235.26)
Dividends payable	(568,816,128.93)	(568,816,128.93)	(459,081,779.24)
Long-term borrowings	(60,100,000.00)	(60,100,000.00)	(114,172,176.00)
Deferred tax liabilities	<u>(187,226,621.73)</u>	<u>—</u>	<u>—</u>
Net assets	921,258,767.94	304,043,726.08	622,158,061.17
Less: minority interests	<u>(8,961,862.11)</u>	<u>(2,787,004.60)</u>	
Net assets acquired	<u><u>912,296,905.83</u></u>	<u><u>301,256,721.48</u></u>	
Considerations paid in cash	2,015,032,443.56		
Less: cash and cash equivalents held by subsidiaries acquired	<u>(493,960,343.81)</u>		
Net cash paid for acquisition of subsidiaries	<u><u>1,521,072,099.75</u></u>		

For the year ended 31 December 2015, the Group adopted valuation techniques to determine the fair value of assets and liabilities of companies acquired at the acquisition dates. The evaluation methods of major assets and the key assumptions are set out as follows:

- Fixed assets and intangible assets were mainly appraised using asset-based approach;
- The assets subject to valuation were determined based on the actual balances as at the valuation base date, while the prevailing market prices of the assets were based on the domestic ruling prices as at the valuation base date;
- When an enterprise's entire assets are subject to valuation, it's assumed that the Group can continue to operate according to the business objectives in the external environment where it operates. Management is responsible and competent for the operations in compliance with laws and regulations and has the ability to gain appropriate profits to sustain continuing operations;
- No significant changes in the state's existing laws, regulations and policies as well as the state's macroeconomic situation; no significant changes in political, economic and social environment in which the relevant parties operate; no material and adverse impacts caused by other unpredictable factors and force majeure;
- The valuation was based on the assumption that the valuation results would be applied to accounting treatment and report of business combinations not under common control under the Accounting Standards for Business Enterprises.

(3) Disposal of subsidiaries

- (a) Information about disposal of major subsidiaries in the year ended 31 December 2015 was summarized as follows:

Name of subsidiaries	Consideration	Disposal proportion	Disposal method	Date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the net assets of such subsidiary attributable to the Company in the consolidated financial statements	Transfer of other comprehensive income relating to the equity investment the subsidiary disposed to profit or loss
Hebei Zongtan Auto Trading Limited* (河北眾壇汽車貿易有限公司)	19,904,170.52	100%	sale of equity	31 May 2015	transfer of control	88,082.66	—
Jiangxi Yuntong Auto Sales Services Limited* (江西運通汽車銷售服務有限公司)	9,913,554.94	100%	sale of equity	31 December 2015	transfer of control	(1,833,934.04)	—
Sichuan Shenrong Hongtai Insurance Agency Limited* (四川申蓉泓泰保險代理有限公司)	2,410,000.00	100%	sale of equity	31 August 2015	transfer of control	14,475.40	—
Ningxia Aulisheng Nuode Auto Sales Service Limited* (寧夏奧立升諾得汽車銷售服務有限公司)	1.00	100%	sale of equity	31 August 2015	transfer of control	—	—
Ningxia Zhonglisheng Auto Sales Service Limited* (寧夏眾立升汽車銷售服務有限公司)	1.00	100%	sale of equity	31 August 2015	transfer of control	—	—

(b) Calculations of gains or losses on disposal of major subsidiaries are set out as follows:

	Amount
Disposal consideration	32,227,727.46
Less: share of net assets in the consolidated financial statements	<u>(33,959,103.44)</u>
Investment income from disposal	<u>(1,731,375.98)</u>

(4) Other reasons for the changes in the scope of consolidation

The major wholly-owned subsidiaries established by the Group with cash investments during the year ended 31 December 2015 are set out as follows:

Company name	Actual investment	Methods
Shanghai Huiyong Auto Sales Limited* (上海匯涌汽車銷售有限公司)	71,100,000.00	establishment
Jiangxi Yuntong Dachuan Auto Sales Service Limited* (江西運通大創汽車銷售服務有限公司)	43,000,000.00	establishment
China Grand Automotive Services (Hong Kong) Limited	35,100,000.00	establishment
Chongqing Zhongqi Southwest Liyang Auto Sales Limited* (重慶中汽西南驪洋汽車銷售有限公司)	15,000,000.00	establishment
Wuwei Golden Toyota Auto Sales Service Limited* (武威金色豐田汽車銷售服務有限公司)	10,000,000.00	establishment
Shandong Huadehui New Auto Sales Service Limited* (山東華德匯新汽車銷售服務有限公司)	10,000,000.00	establishment
Chuzhou Windstar Toyoto Auto Sales Service Limited* (滁州風之星豐田汽車銷售服務有限公司)	10,000,000.00	establishment
Xinjiang Korla Tianhui Huaao Auto Sales Service Limited* (新疆庫爾勒天匯華奧汽車銷售服務有限公司)	9,662,700.00	establishment
Cangzhou Delian Huiyuan Auto Trading Limited* (滄州市德聯匯源汽車貿易有限公司)	8,000,000.00	establishment
Hami Huatong Toyota Auto Sales Service Limited* (哈密市華通豐田汽車銷售服務有限公司)	7,075,214.00	establishment
Xinjiang Tianhui Hualong Auto Sales Service Limited (新疆天匯華龍汽車銷售服務有限公司)	2,624,000.00	establishment
Guizhou Huihe Kaili Auto Service Limited* (貴州匯和開利汽車服務有限公司)	2,000,000.00	establishment
Guangxi Guanghui Pre-owned Vehicle Evaluation Limited* (廣西廣匯二手車鑒定評估有限公司)	2,000,000.00	establishment

VI EQUITY INTEREST IN OTHER MAJOR ENTITIES

(1) Equity interests in key subsidiaries

(a) Subsidiaries now comprising the Group

Name of subsidiary	Principal place of business	Place of registration	Business nature	Percentage of shareholdings		Capacity
				Direct	Indirect	
Xinjiang Huaao Auto Sales Service Limited* (新疆華奧汽車銷售服務有限責任公司)	Urumqi, Xinjiang	Urumqi, Xinjiang	Commodity circulation provider	—	100%	Major subsidiaries under common control or acquired by the promoter through capital contribution
Henan New Century Auto Sales Service Limited* (河南新紀元汽車銷售服務有限公司)	Zhengzhou, Henan	Zhengzhou, Henan	Commodity circulation provider	—	67.60%	
Henan Yuhua Shanglian Auto Sales Service Limited* (河南裕華上聯汽車銷售服務有限公司)	Zhengzhou, Henan	Zhengzhou, Henan	Commodity circulation provider	—	82.18%	
Guangxi Hongkai Auto Sales Service Limited* (廣西弘凱汽車銷售服務有限公司)	Nanning, Guangxi	Nanning, Guangxi	Commodity circulation provider	—	55%	
Henan Yuhujin Sunshine Auto Sales Service Limited* (河南裕華金陽光汽車銷售服務有限公司)	Zhengzhou, Henan	Zhengzhou, Henan	Commodity circulation provider	—	95.80%	
Guangxi Guantong Auto Sales Service Limited* (廣西冠通汽車銷售服務有限公司)	Nanning, Guangxi	Nanning, Guangxi	Commodity circulation provider	—	85%	
Chongqing Xingshun Auto Limited* (重慶星順汽車有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	90%	
Hebei Liantuo Auto Trading Limited* (河北聯拓汽車貿易有限公司)	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Commodity circulation provider	—	90%	
Anhui Andy Auto Limited* (安徽安迪汽車有限公司)	Hefei, Anhui	Hefei, Anhui	Commodity circulation provider	—	80%	
Chongqing Bozong Auto Sales Service Limited* (重慶博眾汽車銷售服務有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	90.20%	
Sichuan Shenrong Shengfei Auto Sales Service Limited* (四川申蓉聖飛汽車銷售服務有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation provider	—	100%	
Anhui Star Auto Sales Service Limited* (安徽之星汽車銷售服務有限公司)	Hefei, Anhui	Hefei, Anhui	Commodity circulation provider	—	80%	
Guizhou Qiantong De'ao Automobile Sale Services Company Limited (貴州乾通德奧汽車銷售服務有限公司)	Guiyang, Guizhou	Guiyang, Guizhou	Commodity circulation provider	—	100%	

APPENDIX III

FINANCIAL INFORMATION OF THE CGA GROUP

Name of subsidiary	Principal place of business	Place of registration	Business nature	Percentage of shareholdings		Capacity
				Direct	Indirect	
Hebei Shengwen Auto Trading Limited* (河北盛文汽車貿易有限公司)	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Commodity circulation provider	—	95%	Major subsidiaries acquired through business combinations not under common control
Henan Yugang Huacheng Auto Sales Service Limited* (河南豫港華誠汽車銷售服務有限公司)	Zhengzhou, Henan	Zhengzhou, Henan	Commodity circulation provider	—	100%	
Sichuan Shenrong Hehao Auto Sales Service Limited* (四川申蓉和浩汽車銷售服務有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Handan Aohua Auto Sales Service Limited* (邯鄲市奧華汽車銷售服務有限公司)	Handan, Hebei	Handan, Hebei	Commodity circulation provider	—	75%	
Shaanxi Fuda Auto Service Limited* (陝西福達汽車服務有限公司)	Xi'an Shaanxi	Xi'an Shaanxi	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Chongqing Liye Auto Limited* (重慶驪業汽車有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	91.10%	
Anhui Wuhua Auto Service Limited* (安徽物華汽車服務有限公司)	Hefei, Anhui	Hefei, Anhui	Commodity circulation provider	—	80%	Major subsidiaries acquired through business combinations not under common control
Xinjiang Tianshu Auto Sales Service Limited* (新疆天樞汽車銷售服務有限公司)	Urumqi, Xinjiang	Urumqi, Xinjiang	Commodity circulation provider	—	100%	
Sichuan Shenrong Jiuxing Auto Sales Service Limited* (四川申蓉九興汽車銷售服務有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Henan Yugang Huaxiang Auto Sales Service Limited* (河南豫港華翔汽車銷售服務有限公司)	Zhengzhou, Henan	Zhengzhou, Henan	Commodity circulation provider	—	100%	
Xinjiang Fuling Auto Sales Service Limited* (新疆福凌汽車銷售服務有限公司)	Urumqi, Xinjiang	Urumqi, Xinjiang	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Hebei Shengda Auto Trading Limited* (河北盛達汽車貿易有限公司)	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Commodity circulation provider	—	100%	
Lanzhou Saifu Auto Sales Service Limited* (蘭州賽福汽車銷售服務有限公司)	Lanzhou, Gansu	Lanzhou, Gansu	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Chongqing Zhongqi Southwest Duling Auto Limited* (重慶中汽西南都靈汽車有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	90.20%	
Jiangxi Yuntong Auto Tech Service Limited* (江西運通汽車技術服務有限公司)	Jiangxi	Jiangxi	Commodity circulation provider	—	100%	Major subsidiaries acquired through business combinations not under common control
Sichuan Shenrong Yufeng Auto Sales Service Limited* (四川申蓉裕豐汽車銷售服務有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation provider	—	100%	
Guizhou Qiantong Auto Sales Limited* (貴州乾通汽車銷售有限責任公司)	Guiyang, Guizhou	Guiyang, Guizhou	Commodity circulation provider	—	100%	

APPENDIX III
FINANCIAL INFORMATION OF THE CGA GROUP

Name of subsidiary	Principal place of business	Place of registration	Business nature	Percentage of shareholdings		Capacity
				Direct	Indirect	
Mianyang Xinchuan Xiwu Auto Sales Service Limited* (綿陽市新川西物汽車銷售服務有限公司)	Mianyang, Sichuan	Mianyang, Sichuan	Commodity circulation provider	—	100%	
Gansu Saiya Auto Sales Service Limited* (甘肅賽亞汽車銷售服務有限公司)	Lanzhou, Gansu	Lanzhou, Gansu	Commodity circulation provider	—	100%	
Hebei Lianrun Meidi Auto Trading Limited* (河北聯潤美迪汽車貿易有限公司)	Hebei	Shijiazhuang, Hebei	Commodity circulation provider	—	100%	
Shandong Hongfa Shenyue Auto Sales Service Limited* (山東鴻發森岳汽車銷售服務有限公司)	Shandong	Jinan, Shandong	Commodity circulation provider	—	100%	
Beijing Huanyu Hengtong Auto Limited* (北京寰宇恒通汽車有限公司)	Beijing	Beijing	Commodity circulation provider	—	100%	
Anhui Aoxiang Auto Sales Service Limited* (安徽奧祥汽車銷售服務有限公司)	Anhui	Hefei, Anhui	Commodity circulation provider	—	100%	
Yunnan Yiqi Industry & Trade Auto Sales & Service Company Limited* (雲南一汽工貿汽車銷售服務有限公司)	Yunnan	Kunming, Yunnan	Commodity circulation provider	—	100%	
Urumuqi Huatong Toyota Auto Sales Service Limited* (烏魯木齊華通豐田汽車銷售服務有限公司)	Xinjiang	Urumuqi, Xinjiang	Commodity circulation provider	—	60%	Major subsidiaries acquired through business combinations not under common control
Xinjiang Tianzhong Auto Trading Limited* (新疆天中汽車貿易有限責任公司)	Xinjiang	Urumuqi, Xinjiang	Commodity circulation provider	—	100%	
Shenzhen Xinao Auto Trading Limited* (深圳市新奧汽車貿易有限公司)	Guangdong	Shenzhen, Guangdong	Commodity circulation provider	—	100%	
Chongqing Zhongqi Hutong Auto Limited* (重慶中汽滬通汽車有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	98.00%	
Chongqing Zhongqi Southwest Dangdai Automobile Company Limited* (重慶中汽西南當代汽車有限公司)	Chongqing	Chongqing	Commodity circulation provider	—	80.02%	
Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司) (“Guanghui Limited”)	Guilin, Guangxi	Guilin, Guangxi	Investment management	100%	—	
Shanghai Huiyong Auto Sales Limited* (上海匯涌汽車銷售有限公司)	Shanghai	Shanghai	Commodity circulation provider and leasing service	50.63%	49.37%	
Shanghai Dexin Auto Service Limited* (上海德新汽車服務有限公司) (“Shanghai Dexin”)	Shanghai	Shanghai	Investment management	—	100%	

Name of subsidiary	Principal place of business	Place of registration	Business nature	Percentage of shareholdings		Capacity
				Direct	Indirect	
China Grand Automotive Services (Hong Kong) Limited	Hong Kong	Hong Kong	Investment management	—	100%	
Hebei Deliankai New Auto Trading Limited* (河北德聯開新汽車貿易有限公司)	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Commodity circulation provider	—	90%	
Xinjiang Longze Auto Service Management Limited* (新疆龍澤汽車服務管理有限責任公司) (“Xinjiang Longze”)	Urumqi, Xinjiang	Urumqi, Xinjiang	Consultation and services	—	100%	Major subsidiaries acquired through establishment
Shanghai CGA Detai Insurance Agency Limited* (上海廣匯德太保險代理有限公司)	Shanghai	Shanghai	Insurance agent	—	100%	
Shanghai CGA Detai Insurance Brokerage Limited* (上海廣匯德太保險經紀有限公司)	Shanghai	Shanghai	Insurance Brokerage	—	100%	
Shanghai CGA Detai Assessment Limited* (上海廣匯德太保險公估有限公司)	Shanghai	Shanghai	Insurance loss assessment	—	100%	
Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) (formerly known as “CGA Huitong Lease Limited* (廣匯匯通租賃有限公司)”, “Huitong Xincheng* (匯通信誠)”)	Urumqi, Xinjiang	Urumqi, Xinjiang	Leasing services	—	100%	
Shanghai Huitu Finance Lease Limited* (上海匯途融資租賃有限公司)	Shanghai	Shanghai	Leasing services	—	100%	

(b) *Subsidiaries with significant minority interests*

Name of subsidiary	Percentage of the shares held by minority interests	Minority interests for the year ended 31 December 2015	Dividends distributable to minority interests for the year ended 31 December 2015	Minority interests as at 31 December 2015
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	10.00%	13,139,811.38	17,500,000.00	80,339,200.11

Name of subsidiary	Percentage of the shares held by minority interests	Minority interests for the year ended 31 December 2014	Dividends distributable to minority interests for the year ended 31 December 2014	Minority interests as at 31 December 2014
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	10.00%	19,356,245.00	27,777,200.00	84,699,388.73
Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) (i)	16.67%	92,609,347.62	58,420,000.00	747,287,767.02

- (i) In May 2015, Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司), a subsidiary of the Company, entered into an equity transfer agreement with Xinjiang Tonghe Yunrui Equity Investment Partnership Limited* (新疆同和雲瑞股權投資合夥企業(有限合夥)) (hereinafter referred to as "Xinjiang Tonghe Yunrui") to acquired the 16.67% equity interest in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) from Xinjiang Tonghe Yunrui at the consideration of

RMB2,182,000,000.00. Upon completion of the transaction on 1 May 2015, the Company indirectly holds the 100% equity interest in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) (Note VI (3)).

	As at 31 December 2015					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	<u>2,625,578,895.87</u>	<u>653,239,141.42</u>	<u>3,278,818,037.29</u>	<u>(2,390,733,710.17)</u>	<u>(11,238,697.92)</u>	<u>(2,401,972,408.09)</u>
	As at 31 December 2014					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	2,352,018,576.28	681,154,013.95	3,033,172,590.23	(2,082,260,414.06)	(36,661,822.92)	(2,118,922,236.98)
Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司)	<u>7,657,217,837.69</u>	<u>5,777,121,874.22</u>	<u>13,434,339,711.91</u>	<u>(5,950,931,248.42)</u>	<u>(2,999,681,861.41)</u>	<u>(8,950,613,109.83)</u>
For the year ended 31 December 2015						
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities		
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	<u>8,466,292,654.25</u>	<u>150,200,886.81</u>	<u>131,398,113.82</u>	<u>133,144.22</u>		
For the year ended 31 December 2014						
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities		
Chongqing Zhongqi Southwest Auto Limited* (重慶中汽西南汽車有限公司)	9,410,418,091.02	212,574,679.01	212,574,679.01	273,463,667.80		
Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司)	<u>1,688,417,135.50</u>	<u>555,656,085.71</u>	<u>555,656,085.71</u>	<u>(1,144,484,551.08)</u>		

(2) Equity interests in joint ventures and associates**(a) Summary information on minor joint ventures**

	2015	2014
Total book value of investments	79,208,143.10	70,956,066.88
Followings represent aggregate amounts as calculated based on shareholdings:		
Net profit (i)	8,252,076.22	6,475,174.24
Other comprehensive income (i)	<u>—</u>	<u>—</u>
Total comprehensive income	<u><u>8,252,076.22</u></u>	<u><u>6,475,174.24</u></u>

(b) Summary information on minor associates

	2015	2014
Total book value of investments	157,906,930.15	131,058,966.85
Followings represent aggregate amounts as calculated based on shareholdings:		
Net profit (i)	5,605,896.96	18,290,184.59
Other comprehensive income (i)	<u>—</u>	<u>—</u>
Total comprehensive income	<u><u>5,605,896.96</u></u>	<u><u>18,290,184.59</u></u>

(i) For both net profit and other comprehensive income, the fair values of identifiable assets and liabilities derived from investments and the adjustments to the uniform accounting policies are both taken into consideration.

(c) As at 31 December 2015 and 31 December 2014, none of the Group's joint ventures and associates recorded any excessive losses.

(3) Major transactions involving changes in share of owners' equity but not resulting in loss of control over subsidiaries**(a) Acquisition of minority interests in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司)****(i) Descriptions of major changes in share of owners' equity of subsidiaries**

During 2015, the Group acquired the 16.67% equity interest in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) from a third party at the consideration of RMB2,182,000,000.00. Following completion of the said transaction, the Group holds the 100% equity interest in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司).

- (ii) *Effects arising from acquisition of minority interests in Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司) on minority interests and owners' equity attributable to the Company*

Acquisition costs	
— Cash	<u>2,182,000,000.00</u>
Less: share of net assets of subsidiaries based on equity interest acquired	<u>(790,780,380.92)</u>
Difference: adjustments to capital reserve	<u>1,391,219,619.08</u>

VII EQUITY INTEREST IN STRUCTURED ENTITIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015, the Group did not hold any equity interest in any structured entities not included in the consolidated financial statements.

VIII SEGMENT INFORMATION

The Group's reportable segments refer to business units that provide different products or services. In light of technologies and marketing strategies required for different business operations, the Group separately manages the production and operations of its various reportable segments, and evaluate their operating results on an individual basis, before determining resource allocation for such segments and evaluating their performance.

The Group has two reportable segments, namely:

- Auto sales service segment, which mainly provides sales of automobiles and aftersales services
- Auto leasing service segment, which mainly provide various services related to automobile financing and leasing.

Pricing for transactions amongst segments will be subject to negotiations by reference to prices adopted by third-party sales.

Assets, liabilities and expenditure will be allocated based on the segment operations.

- (a) Segment information for the year ended 31 December 2015 and as at 31 December 2015 is set out as follows:

	Auto sales service	Auto leasing service	Intersegment elimination	Total
Operating revenue	91,845,982,407.20	1,968,475,431.13	(114,422,637.23)	93,700,035,201.10
Including: Income from external transactions	91,732,431,395.43	1,967,603,805.67	—	93,700,035,201.10
Income from intersegment transactions	113,551,011.77	871,625.46	(114,422,637.23)	—
Less: Operating costs	(84,454,724,340.66)	(599,343,678.81)	—	(85,054,068,019.47)
Taxes and surcharges	(253,254,549.37)	(31,798,010.76)	—	(285,052,560.13)
Selling and distribution expenses	(2,466,804,481.21)	(133,758,784.89)	113,551,011.77	(2,487,012,254.33)
General and administrative expenses	(1,502,265,395.91)	(76,907,266.95)	—	(1,579,172,662.86)
Financial expenses- net	(1,378,868,793.98)	148,753.51	871,625.46	(1,377,848,415.01)
Impairment loss on assets				(381,835,500.23)
Investment income				38,393,362.84
Operating profits				2,573,439,151.91
Assets	64,374,818,959.19	14,684,800,567	(3,342,978,289.60)	75,716,641,236.59
Unallocated:				
Deferred tax assets				61,020,971.89
Other current assets — Prepaid income tax				33,818,284.28
Total assets				75,811,480,492.76
Liabilities	(47,043,138,264.80)	(9,240,075,540.36)	3,340,630,142.72	(52,942,583,662.44)
Unallocated:				
Deferred tax liabilities				(698,167,839.23)
Taxes payable				(268,388,876.33)
Total liabilities				(53,909,140,378.00)
Depreciation and amortization expenses	839,576,144.70	46,076,117.18	—	885,652,261.88
Capital expenditure	1,788,402,787.04	51,228,519.58	—	1,839,631,306.62
Net cash flow from operating activities	3,658,000,537.78	1,906,302,895.51	(871,625.46)	5,563,431,807.83

- (b) Segment information for the year ended 31 December 2014 and as at 31 December 2014 is set out as follows:

	Auto sales service	Auto leasing service	Intersegment elimination	Total
Operating revenue	84,816,192,940.08	1,695,749,800.85	(155,070,630.94)	86,356,872,109.99
Including: income from external transactions	84,664,361,469.48	1,692,510,640.51	—	86,356,872,109.99
Income from intersegmental transactions	151,831,470.60	3,239,160.34	(155,070,630.94)	—
Less: Operating costs	(78,535,703,048.60)	(580,851,458.94)	58,571,957.41	(79,057,982,550.13)
Taxes and surcharges	(194,613,643.13)	(39,680,713.11)	—	(234,294,356.24)
Selling and distribution expenses	(2,235,080,253.83)	(118,253,651.58)	92,663,620.70	(2,260,670,284.71)
General and administrative expenses	(1,397,165,986.12)	(67,812,918.67)	—	(1,464,978,904.79)
Financial expenses- net	(1,086,234,483.84)	4,330,227.93	3,239,160.34	(1,078,665,095.57)
Impairment loss on assets				(326,249,642.23)
Investment income				143,922,273.27
Operating profit				2,077,953,549.59
Assets	49,201,157,233.51	13,527,366,427.68	(1,349,319,392.19)	61,379,204,269.00
Unallocated:				
Deferred tax assets				81,178,460.52
Other current assets —				
Prepaid income tax				29,463,925.91
Total assets				61,489,846,655.43
Liabilities	(37,112,051,309.14)	(9,012,498,838.33)	1,346,375,352.81	(44,778,174,794.66)
Unallocated:				
Deferred tax liabilities				(525,774,103.98)
Taxes payable				(175,273,620.34)
Total liabilities				(45,479,222,518.98)
Depreciation and amortization expenses	735,093,393.31	16,440,862.13	—	751,534,255.44
Capital expenditure	1,634,838,852.18	51,072,004.13	—	1,685,910,856.31
Net cash flow from/(used in) operating activities	2,336,043,709.27	(1,144,484,551.08)	—	1,191,559,158.19

IX RELATED PARTIES AND RELATED PARTY TRANSACTIONS**(1) Information about the controlling shareholder****(a) General information of the controlling shareholder**

	Business type	Place of registration	Legal representative	Business nature	Organizational code
Guanghui Group	Limited liability company	Urumqi	Sun Guangxin	Investments in real estate, auto assembly and modification, chemical and mechanical manufacturings	62553147-7

The ultimate controller of the Company is Guanghui Group.

(b) Registered capital and changes in registered capital of the controlling shareholder

	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
Guanghui Group	<u>RMB3,555,700,400</u>	<u>—</u>	<u>—</u>	<u>RMB3,555,700,400</u>

(c) The percentages of shareholding and voting rights in the Company held by the controlling shareholder

	31 December 2015		31 December 2014	
	Shareholding percentage	Voting percentage	Shareholding percentage	Voting percentage
Guanghui Group	<u>37.26%</u>	<u>37.26%</u>	<u>44.25%</u>	<u>44.25%</u>

(2) Information about subsidiaries

Basic information about subsidiaries and the relevant information are set out in Note VI.

(3) Information about joint ventures and associates

Basic information about joint ventures and associates and the relevant information are set out in Note IX(4).

(4) Information about other related parties

	Relationship with the Group
Guanghui Group	Controlling shareholder
Guanghui Energy Company Limited* (廣匯能源股份有限公司) ("Guanghui Energy")	under common control of the ultimate controller of the Company
Xinjiang CGA Property Development Limited* (新疆廣匯房地產開發有限公司)	under common control of the ultimate controller of the Company
Urumqi High-Tech Development Zone Heating Company Limited* (烏魯木齊高新技術產業開發區熱力公司)	under common control of the ultimate controller of the Company
Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限責任公司)	Subsidiary of Guanghui Real Estate

	Relationship with the Group
Xinjiang Guanghui Heating Company Limited* (新疆廣匯熱力有限公司)	Subsidiary of Guanghui Real Estate
Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	Subsidiary of Guanghui Real Estate
Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	subsidiary of Guanghui Energy
Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	subsidiary of Guanghui Energy
Yiwu Guanghui Mineral Company Limited* (伊吾廣匯礦業有限公司)	Subsidiary of Guanghui Energy
Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	Subsidiary of Guanghui Energy
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	joint venture
Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	joint venture
Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	joint venture
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	joint venture
Guilin Hongfan Guitong Auto Sales Service Limited* (桂林弘帆桂通汽車銷售服務有限公司)	associate
Jiangxi Jiahejia Auto Insurance Sales and Services Co., Ltd* (江西佳和佳汽車保險銷售服務有限責任公司)	associate
Nanning Kangfu Transportation Limited* (南寧康福交通有限公司)	associate
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	associate
Xuchang New Century Auto Sales Service Limited* (許昌新紀元汽車銷售服務有限公司)	associate
Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	associate
Henan New Hope Auto Sales Service Limited* (河南新希望汽車銷售服務有限公司)	associate

(5) Connected transactions

(a) Purchase and sales of products, and provision and acceptance of services

Purchase of goods and acceptance of services:

Related party	Connected transaction	Pricing policies	2015	2014
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	Purchase of goods	Market price	963,303.00	—
Guilin Hongfan Guitong Auto Sales Service Limited* (桂林弘帆桂通汽車銷售服務有限公司)	Purchase of goods	Market price	969,200.54	879,480.55
Xuchang New Century Auto Sales Service Limited* (許昌新紀元汽車銷售服務有限公司)	Purchase of goods	Market price	726,492.94	665,669.09
Xinjiang Guanghui Heating Company Limited* (新疆廣匯熱力有限公司)	Purchase of goods	Market price	440,870.99	553,012.43
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	Purchase of goods	Market price	337,094.02	579,045.60
Urumuqi High-Tech Development Zone Heating Company Limited* (烏魯木齊高新技術產業開發區熱力公司)	Purchase of goods	Market price	199,817.59	127,977.41
Ningxia Yihai Auto Sales Service Limited* (寧夏怡海汽車銷售服務有限公司)	Purchase of goods	Market price	—	9,288,678.44
Others			<u>471,021.88</u>	<u>6,724,262.00</u>
Total			<u>4,107,800.96</u>	<u>18,818,125.52</u>

Sales of goods and provision of services:

Related party	Connected transaction	Pricing policies	2015	2014
Guanghui Group	Sales of goods	Market price	24,400,981.15	4,731,751.28
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	Sales of goods	Market price	11,922,783.93	1,790,013.29
Jiangxi Jiahejia Auto Insurance Sales and Services Co., Ltd* (江西佳和佳汽車保險銷售服務有限責任公司)	Provision of services	Market price	10,502,690.28	—
Yiwu Guanghui Mineral Company Limited* (伊吾廣匯礦業有限公司)	Sales of goods	Market price	2,169,939.91	—
Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	Sales of goods	Market price	919,300.01	—
Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	Sales of goods	Market price	2,204,013.45	3,456,453.21
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	Sales of goods	Market price	2,692,129.29	1,693,250.30
Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	Sales of goods	Market price	760,951.31	—
Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	Sales of goods	Market price	285,682.05	—
Xinjiang CGA Property Development Limited* (新疆廣匯房地產開發有限公司)	Sales of goods	Market price	1,184,128.31	—
Guilin Hongfan Guitong Auto Sales Service Limited* (桂林弘帆桂通汽車銷售服務有限公司)	Sales of goods	Market price	1,051,668.43	1,954,868.94
Ningxia Yihai Auto Sales Service Limited* (寧夏怡海汽車銷售服務有限公司)	Sales of goods	Market price	—	81,844,368.40
Nanning Kangfu Transportation Limited* (南寧康福交通有限公司)	Sales of goods	Market price	—	13,152,564.10
Others			<u>4,379,892.64</u>	<u>2,968,135.55</u>
Total			<u><u>62,474,160.76</u></u>	<u><u>111,591,405.07</u></u>

(b) Interest expense

Related party	2015	2014
Ningxia Yihai Auto Sales Service Limited* (寧夏怡海汽車銷售服務有限公司)	<u>—</u>	<u>306,539.17</u>

(c) *Interest income*

Related party	2015	2014
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	1,494,778.39	953,976.97
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	1,672,604.42	1,735,653.35
Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	446,331.45	552,977.27
Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	201,257.00	191,868.33
Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司)	70,496.10	382,355.80
Ningxia Yihai Auto Sales Service Limited* (寧夏怡海汽車銷售服務有限公司)	—	992,417.11
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	—	92,000.01
Total	<u>3,885,467.36</u>	<u>4,901,248.84</u>

(d) *Leasing*

The Group as the lessor:

Lessee's name	Classification of leasing	2015	2014
Guanghai Group	Vehicle — Operating lease	2,807,648.72	3,757,900.00
Guanghai Group	Vehicle — Finance lease	2,369,439.12	789,981.57
Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	Vehicle — Operating lease	2,087,148.24	3,109,146.00
Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	Vehicle — Finance lease	478,485.00	—
Guanghai Energy	Vehicle — Operating lease	1,983,826.27	2,185,384.11
Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	Vehicle — Operating lease	1,586,890.00	2,097,580.00
Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	Vehicle — Finance lease	97,110.04	—
Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	Vehicle — Operating lease	826,750.11	394,200.00
Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	Vehicle — Finance lease	110,291.77	—
Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	Vehicle — Operating lease	102,360.00	587,495.56
Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	Vehicle — Finance lease	182,367.81	143,403.75
Yiwu Guanghai Mineral Company Limited* (伊吾廣匯礦業有限公司)	Vehicle — Finance lease	64,041.81	—

Lessee's name	Classification of leasing	2015	2014
Xinjiang CGA Property Development Limited* (新疆廣匯房地產開發有限公司)	Vehicle — Finance lease	136,795.70	145,979.44
Others	Vehicle — Operating lease	5,669,175.81	2,973,729.92
Others	Vehicle — Finance lease	<u>440,134.25</u>	<u>—</u>
		<u>18,942,464.65</u>	<u>16,184,800.35</u>

The Group as the lessee:

Lessor's name	Classification of leasing	2015	2014
Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限責任公司)	Buildings — Operating lease	2,982,675.08	1,411,126.04

(e) *Guarantees*

The Group as the guarantor

Guarantee	Guarantee amount	Date of grant	Expiry date	Completion of guarantee performance
Henan New Hope Auto Sales Service Limited* (河南新希望汽車銷售服務有限公司)	30,000,000.00	13 November 2006	14 November 2016	No

The Group as the guaranteee

Guarantor	Guarantee	Guarantee amount	Date of grant	Expiry date	Completion of guarantee performance
Guanghui Group	Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司)	490,000,000.00	10 February 2015	10 February 2016	No
Guanghui Group	Huitong Xincheng Lease Limited* (匯通信誠租賃有限公司)	480,000,000.00	28 January 2015	28 January 2016	No
Guanghui Group	Guanghui Limited	380,000,000.00	16 March 2015	16 March 2016	No
Guanghui Group	Guanghui Limited	300,000,000.00	28 September 2015	2 June 2016	No
Guanghui Group	Guanghui Limited	250,000,000.00	24 March 2015	24 March 2016	No
Guanghui Group	Guanghui Limited	200,000,000.00	17 June 2015	2 June 2016	No
Guanghui Group	Guanghui Limited	200,000,000.00	27 August 2015	2 June 2016	No
Guanghui Group	Guanghui Limited	135,000,000.00	18 September 2015	17 September 2016	No
Guanghui Group	Guanghui Limited	98,000,000.00	3 December 2015	2 December 2016	No
Guanghui Group	Guanghui Limited	97,500,000.00	19 May 2015	19 May 2018	No
Guanghui Group	Shaanxi Fuda Auto Service Limited* (陝西福達汽車服務有限公司)	90,000,000.00	5 November 2014	1 March 2016	No
Guanghui Group	Hebei Shengwen Auto Trading Limited* (河北盛文汽車貿易有限公司)	85,000,000.00	27 July 2015	27 July 2016	No
Guanghui Group	Xuzhou Hupeng Dongyuan Auto Sales Service Limited* (徐州滬彭東源汽車銷售服務有限公司)	80,000,000.00	23 April 2015	31 March 2016	No

Guarantor	Guarantee	Guarantee amount	Date of grant	Expiry date	Completion of guarantee performance
Guanghui Group	Xi'an Qinchuan Tangdu Electromechanic Auto Accessory Sales Limited* (西安秦川唐都機電汽車配件銷售有限公司)	75,000,000.00	13 November 2014	1 March 2016	No
Guanghui Group	Shaanxi Jiahao Auto Service Limited* (陝西佳豪汽車服務有限公司)	70,000,000.00	11 November 2014	1 March 2016	No
Guanghui Group	Yulin Aosen Trading Limited* (榆林市奧森汽貿有限責任公司)	70,000,000.00	12 January 2015	11 January 2016	No
Guanghui Group	Baotou Mengchi Auto Sales Service Limited* (包頭市蒙馳汽車銷售服務有限責任公司)	60,000,000.00	18 December 2014	1 March 2016	No
Guanghui Group	Shaanxi Zhongwei Auto Sales Limited* (陝西忠偉汽車銷售有限公司)	60,000,000.00	15 December 2014	1 March 2016	No
Guanghui Group	Cangzhou Hengyuan Auto Sales Service Limited* (滄州恒源汽車銷售服務有限公司)	55,000,000.00	23 April 2015	23 April 2016	No
Guanghui Group	Daqing Runda Xinya Auto Sales Service Limited* (大慶潤達新亞汽車銷售服務有限公司)	50,000,000.00	10 December 2014	1 March 2016	No
Guanghui Group	Shaanxi Fuda Auto Service Limited* (陝西福建汽車服務有限公司)	50,000,000.00	10 April 2015	9 April 2016	No
Guanghui Group	Baoding Tianhua Auto Trade Limited* (保定市天華汽車貿易有限公司)	45,000,000.00	22 May 2015	22 May 2016	No
Guanghui Group	Sichuan Shenrong Guanggu Automobile Sale Services Company Limited* (四川申蓉廣毅汽車銷售服務有限公司)	45,000,000.00	16 May 2015	15 May 2016	No
Guanghui Group	Inner Mongolia Huizhong Auto Sales Limited* (內蒙古匯眾汽車銷售有限公司)	43,750,000.00	22 October 2015	21 October 2016	No
Guanghui Group	Chengdu Shenrong Xingchen Automobile Sale Services Company Limited* (成都申蓉興辰汽車銷售服務有限公司)	42,000,000.00	19 May 2015	15 May 2016	No
Guanghui Group	Inner Mongolia Zhonghe Auto Sales Limited* (內蒙古眾和汽車銷售有限公司)	40,000,000.00	14 November 2014	1 March 2016	No
Guanghui Group	Guizhou Qiantong Huasheng Auto Sales Service Limited* (貴州乾通華盛汽車銷售服務有限公司)	40,000,000.00	31 December 2014	1 March 2016	No
Guanghui Group	Guanghui Limited	40,000,000.00	23 October 2015	22 October 2016	No
Guanghui Group	Jilin Ruifu Auto Group Limited* (吉林瑞孚汽車集團有限公司)	37,500,000.00	9 June 2015	8 June 2016	No
Guanghui Group	Hengshui Dechang Auto Trading Limited* (衡水德昌汽車貿易有限公司)	35,000,000.00	28 October 2015	22 October 2016	No
Guanghui Group	Zhangjiakou Meihua Auto Trading Limited* (張家口美華汽車貿易有限公司)	35,000,000.00	27 May 2015	27 May 2016	No

Guarantor	Guarantee	Guarantee amount	Date of grant	Expiry date	Completion of guarantee performance
Guanghui Group	Shaanxi Jiatai Auto Trading Limited* (陝西佳泰汽車貿易有限公司)	35,000,000.00	4 November 2014	1 March 2016	No
Guanghui Group	Shaanxi Jiajun Auto Service Limited* (陝西佳駿汽車服務有限公司)	35,000,000.00	14 November 2014	1 March 2016	No
Guanghui Group	Shandong Yongzheng Group Donglian Auto Mall Limited* (山東永正集團東聯汽車城有限公司)	30,000,000.00	9 September 2015	8 September 2016	No
Guanghui Group	Zaozhuang Yongming Auto Sales Service Limited* (棗莊永明汽車銷售服務有限公司)	30,000,000.00	7 September 2015	6 September 2016	No
Guanghui Group	Yanan Hongye Auto Sales Limited* (延安宏業汽車銷售有限公司)	30,000,000.00	10 November 2014	1 March 2016	No
Guanghui Group	Guanghui Limited	30,000,000.00	26 November 2015	25 November 2016	No
Guanghui Group	Yibing Shenrong Siwei Automobile Sale Services Company Limited (宜賓申蓉四維汽車銷售服務有限公司)	28,000,000.00	22 April 2015	21 April 2016	No
Guanghui Group	Linyi Yuelai Auto Sales Limited* (臨沂悅來汽車銷售有限公司)	27,000,000.00	11 June 2015	10 June 2016	No
Guanghui Group	Ulanqab Jietong Zhongda Auto Sales Service Limited* (烏蘭察布市捷通 眾達汽車銷售服務有限公司)	25,000,000.00	14 November 2014	1 March 2016	No
Guanghui Group	Jilin Longfu Auto Sales Service Limited* (吉林市隆孚汽車銷售服務有限公司)	25,000,000.00	1 January 2015	1 March 2016	No
Guanghui Group	Yanbian Xingfu Auto Sales Service Limited* (延邊興孚汽車銷售服務有限公司)	25,000,000.00	11 December 2014	1 March 2016	No
Guanghui Group	Hebei Xinchang Shengyuan Auto Sales Services Limited* (河北信昌盛遠汽車銷售服務有限公司)	25,000,000.00	18 March 2015	19 March 2016	No
Guanghui Group	Weinan Jiasheng Auto Trading Limited* (渭南佳聖汽車貿易有限公司)	24,000,000.00	4 November 2015	21 October 2016	No
Guanghui Group	Rizhao Xiangyu Shitai Auto Sales Service Limited* (日照翔宇世泰汽車銷售服務有限公司)	22,000,000.00	13 January 2015	12 January 2016	No
Guanghui Group	Wuhai Mengdatong Auto Sales Service Limited* (烏海市蒙達通汽車銷售服務有限公司)	20,000,000.00	18 November 2014	1 March 2016	No
Guanghui Group	Yanan Guanghui Huixin Auto Sales Service Limited* (延安廣匯匯鑫汽車銷售服務有限公司)	20,000,000.00	27 April 2015	30 March 2016	No
Guanghui Group	Guanghui Limited	20,000,000.00	30 April 2015	30 April 2016	
Guanghui Group	Weihai Yinda Auto Trading Limited* (威海市銀達汽車貿易有限公司)	17,000,000.00	11 March 2015	11 March 2016	No
Guanghui Group	Shanghai Dexin	15,500,000.00	31 October 2011	30 April 2016	No
Guanghui Group	Shanghai Dexin	15,500,000.00	31 October 2011	11 October 2016	No

Guarantor	Guarantee	Guarantee amount	Date of grant	Expiry date	Completion of guarantee performance
Guanghui Group	Guangxi Hongshun Auto Sales Service Limited* (廣西弘順汽車銷售服務有限公司)	15,000,000.00	10 March 2015	9 March 2016	No
Guanghui Group	Shanghai Dexin	13,500,000.00	1 February 2011	24 January 2016	No
Guanghui Group	Shenzhen Xinao Auto Trading Limited* (深圳市新奧汽車貿易有限公司)	12,000,000.00	27 November 2014	1 March 2016	No
Guanghui Group	Shandong Yongda Auto Sales Service Limited* (山東永大汽車銷售服務有限公司)	10,000,000.00	7 December 2015	22 October 2016	No
Guanghui Group	Shenzhen Hongyu Auto Sales Service Limited* (深圳市弘宇汽車銷售服務有限公司)	5,000,000.00	23 March 2015	22 March 2016	No
Guanghui Group	Shanghai Dexin	1,000,000.00	21 December 2011	30 April 2016	No
Guanghui Group	Shanghai Dexin	1,000,000.00	21 December 2011	11 October 2016	No
Guanghui Group	Guanghui Limited	500,000.00	19 May 2015	21 December 2017	No
Guanghui Group	Guanghui Limited	500,000.00	19 May 2015	21 June 2017	No
Guanghui Group	Guanghui Limited	500,000.00	19 May 2015	21 December 2016	No
Guanghui Group	Guanghui Limited	500,000.00	19 May 2015	21 June 2016	No
Total		<u>4,337,250,000.00</u>			

(f) Money lending and borrowing

	2015	2014
Money lending		
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	103,000,000.00	45,400,000.00
Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	99,600,000.00	85,000,000.00
Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	17,710,000.00	10,010,000.00
Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	2,000,000.00	5,790,000.00
Ningxia Yihai Auto Sales Service Limited* (寧夏怡海汽車銷售服務有限公司)	—	49,664,000.00
Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司)	—	5,500,000.00
Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	—	4,000,000.00
Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	—	5,040,000.00
	<u>222,310,000.00</u>	<u>210,404,000.00</u>

(g) Asset transfer

Related party	Connected transaction	Type	Pricing principles	2015	2014
Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	Transfer of building and structures	Transfer of building and structures	Market price	12,577,081.00	—
Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	Transfer of land use rights	Transfer of intangible assets	Market price	11,006,419.00	—
Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限公司)	Transfer of building and structures	Transfer of building and structures	Market price	—	31,317,000.00
Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限公司)	Transfer of land use rights	Transfer of intangible assets	Market price	—	114,000,000.00

(h) Key management's remuneration

	2015	2014
Key management's remuneration	<u>11,467,793.18</u>	<u>12,462,475.02</u>

(6) Amounts due to and due from related parties

Amount due from related parties

		31 December 2015		31 December 2014	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Jiangxi Jiahejia Auto Insurance Sales and Services Co., Ltd* (江西佳和佳汽車保險銷售服務有限責任公司)	2,698,485.31	—	—	—
	Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	1,150,703.05	—	6,922.50	—
	Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	592,393.48	—	6,000.00	—
	Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	419,538.93	—	5,749.00	—
	Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	412,327.90	—	—	—
	Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	296,070.00	—	68,810.00	—
	Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	216,055.00	—	468,158.28	—
	Guanghui Group	46,829.00	—	67,898.00	—
	Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	33,200.00	—	4,787.30	—
	Guanghui Energy	—	—	53,539.00	—
	Others	751,008.66	—	4,398,135.65	—
		<u>6,616,611.33</u>	<u>—</u>	<u>5,079,999.73</u>	<u>—</u>

		31 December 2015		31 December 2014	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables	Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	46,249,429.71	—	33,511,424.08	—
	Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	18,526,455.54	—	6,548,320.45	—
	Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	11,965,856.66	—	19,583,929.11	—
	Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	2,549,238.86	—	2,142,754.66	—
	Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)	—	—	5,040,000.00	—
	Dazhou Rongyuan Auto Sales Service Limited* (達州蓉源汽車銷售服務有限公司)	—	—	6,631,649.10	—
	Xinjiang Changxin Auto Sales Limited* (新疆長信汽車銷售有限公司)	—	—	4,380,000.00	—
	Others	<u>6,656,883.67</u>	<u>—</u>	<u>5,843,253.50</u>	<u>—</u>
		<u>85,947,864.44</u>	<u>—</u>	<u>83,681,330.90</u>	<u>—</u>
	Advances to suppliers	Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限責任公司)	2,999,999.92	—	—
Xinjiang Guanghui Heating Company Limited* (新疆廣匯熱力有限公司)		298,397.63	—	—	—
Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)		3,560.00	—	—	—
Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)		1,242.00	—	—	—
		<u>3,303,199.55</u>	<u>—</u>	<u>—</u>	<u>—</u>

		31 December 2015		31 December 2014	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Long-term receivables	Guanghui Group	27,660,636.06	—	5,724,631.05	—
	Yiwu Guanghui Mineral Company Limited* (伊吾廣匯礦業有限公司)	1,918,583.19	—	—	—
	Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	1,705,124.26	—	—	—
	Xinjiang CGA Coal Cleaning and Refinery Limited* (新疆廣匯煤炭清潔煉化有限責任公司)	212,453.71	—	—	—
	Xinjiang CGA Property Development Limited* (新疆廣匯房地產開發有限公司)	1,821,132.49	—	1,047,824.21	—
	Xinjiang Hongnao 3rd Railway Limited* (新疆紅淖三鐵路有限公司)	720,566.22	—	—	—
	Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	1,499,322.49	—	1,044,003.47	—
	Others	<u>3,436,834.91</u>	<u>—</u>	<u>101,915.50</u>	<u>—</u>
		<u>38,974,653.33</u>	<u>—</u>	<u>7,918,374.23</u>	<u>—</u>
			31 December 2015		31 December 2014
Other current assets — entrusted loans	Chengdu Xindu H-Star Celebrity Auto Sales Service Limited* (成都新都華星名仕汽車銷售服務有限公司)		5,040,000.00		—
Amount due to related parties:					
			31 December 2015		31 December 2014
Accounts payable	Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)		4,107,546.97		2,083.80
	Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)		16,062.78		194,045.00
	Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)		83.80		95,427.78
	Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)		—		323,480.00
	Xuchang New Century Auto Sales Service Limited* (許昌新紀元汽車銷售服務有限公司)		—		5,754.72
			<u>4,123,693.55</u>		<u>620,791.30</u>

		31 December 2015	31 December 2014
Other payables	Xinjiang CGA Property Development Limited* (新疆廣匯房地產開發有限公司)	211,828.46	—
	Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	16,800.00	171,984.41
	Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	10,680.00	3,830.00
	Xinjiang Guanghui Heating Company Limited* (新疆廣匯熱力有限公司)	—	979,402.74
	Guangxi Guangyun Industrial Investment Limited* (廣西廣運實業投資有限責任公司)	—	867,738.00
	Others	<u>546,200.00</u>	<u>591,462.63</u>
		<u>785,508.46</u>	<u>2,614,417.78</u>
Advances from customers	Xinjiang CGA Alternative Energy Limited* (新疆廣匯新能源有限公司)	458,929.51	8,293.00
	Guanghui Group	438,190.37	283,270.88
	Guanghui Energy	129,785.87	—
	Qinghai Jiayun Auto Sales Service Limited* (青海嘉運汽車銷售服務有限公司)	71,282.00	174,498.00
	Qinghai Jiayue Auto Sales Service Limited* (青海嘉悅汽車銷售服務有限公司)	57,765.00	63,665.00
	Qinghai Jiaye Auto Sales Service Limited* (青海嘉業汽車銷售服務有限公司)	28,197.20	800.00
	Qinghai Jiaheng Auto Sales Limited* (青海嘉恒汽車銷售有限公司)	10,900.00	—
	Xinjiang CGA Xinbang Property Development Limited* (新疆廣匯信邦房地產開發有限公司)	3,638.65	25,997.63
	Others	<u>459,106.49</u>	<u>815,984.75</u>
		<u>1,657,795.09</u>	<u>1,372,509.26</u>

(7) Commitments in relation to related parties

Leasing — lease-out

	31 December 2015	31 December 2014
Within one year	14,840,453.62	6,469,748.97
One to two years	8,027,658.24	1,569,901.20
More than two years	<u>2,324,823.82</u>	<u>236,978.67</u>
	<u>25,192,935.68</u>	<u>8,276,628.84</u>

Leasing — lease-in

	31 December 2015	31 December 2014
Within one year	2,999,999.92	—
One to two years	3,149,999.92	—
More than two years	<u>37,580,680.25</u>	<u>—</u>
	<u>43,730,680.09</u>	<u>—</u>

X CONTINGENT EVENTS

- (a) The Group provides loan guarantee services to clients who buy cars on instalments. Pursuant to installment loan agreements, buyers pledge their purchased cars as collaterals while the Group offers guarantee for their loans. As at 31 December 2015, the total guarantee amount of the Group for provisions of loan guarantee services to car purchasers amounted to RMB248,617,550.87 (31 December 2014: RMB435,703,598.00). As application for guarantee is subject to stringent review and approval by the Group and the management monitors any loss as may be incurred by loan guarantee services on a regular basis, the directors of the Company believe that the above guarantee services are not expected to incur any material liabilities as at 31 December 2015. Thus no provision has been made for contingent liabilities in respect thereof.
- (b) As at 31 December 2015, the Group provided a guarantee in the amount of RMB30,000,000.00 (31 December 2014: RMB30,000,000.00) in favor of SAIC-GMAC Automotive Finance Co., Ltd. for the loans granted to Henan New Hope Auto Sales Service Limited* (河南新希望汽車銷售服務有限公司), which is due on 14 November 2016. As application for guarantee is subject to stringent review and approval by the Group and the management monitors any loss as may be incurred by loan guarantee services on a regular basis, the directors of the Company believe that the above guarantee is not expected to incur any material liabilities as at 31 December 2015. Thus no provision has been made for contingent liabilities in respect thereof.

XI COMMITMENTS**(1) Capital commitments**

The Group had the following capital commitments contracted but not provided for as at the balance sheet date:

	31 December 2015	31 December 2014
Buildings and structures and machinery and equipment	139,713,196.78	186,973,239.18
Intangible assets	198,989,748.00	16,705,481.00
Others	<u>4,335,562.83</u>	<u>27,651,306.32</u>
	<u><u>343,038,507.61</u></u>	<u><u>231,330,026.50</u></u>

(2) Operating leases commitments

Pursuant to the non-cancellable operating lease, the future minimum lease payments of the Group are summarised as below:

(1) Operating leases commitments

	31 December 2015	31 December 2014
Within one year	241,260,325.51	142,559,186.10
One to two years	193,176,976.77	132,459,206.07
Two to three years	177,537,216.68	126,537,906.24
More than three years	<u>1,185,117,323.85</u>	<u>949,448,367.72</u>
	<u><u>1,797,091,842.81</u></u>	<u><u>1,351,004,666.13</u></u>

(3) Investment commitments

Pursuant to the agreement entered into between the Group and a third party in December 2014, the Group undertook to acquire the 50% equity interests in a GM auto dealership and equity interests of certain subsidiaries held by the dealership at the consideration of RMB360,000,000.00. As at 31 December 2015, the Group had paid the deposits of RMB250,000,000.00 to the third party.

According to the fifth meeting of the sixth session of the board of directors the Company convened on 11 December 2015 and the Resolution on the Company's Proposed Acquisition of Major Assets passed at the sixth extraordinary general meeting of 2015 convened on 28 December 2015, the Company proposed to, subject to the satisfaction of the conditions precedent, acquire no more than 75% equity interest in Baoxin Group by way of voluntary conditional cash partial offer. As at 31 December 2015, the Group had paid the deposit of RMB41,102,000.00 to the said third party.

During 2015, the Group entered into several agreements with other third parties, pursuant to which the Group undertook to acquire the entire or partial equity interests in a number of car dealerships held by them at the prices to be further negotiated. As at 31 December 2015, the Group had paid the deposits of RMB46,132,700.00 in total to the said third parties.

(4) Profit compensation commitment

Pursuant to the Profit Forecast Compensation Agreement and the Supplemental Agreement to the Profit Forecast Compensation Agreement (collectively referred to as the “Compensation Agreements”) executed by the Company and Guanghui Group on 5 December 2014 and 16 April 2015, respectively, Guanghui Group undertook that the net profits of the acquired assets for 2015, 2016 and 2017 (“Compensation Periods”), net off non-recurring profit or loss other than fiscal subsidies obtained legally and tax reliefs, would be no less than RMB1,829,521,700, RMB2,324,066,700 and RMB2,803,412,300 respectively after the completion of the restructuring to ensure the legal rights and interests of the listed company and its shareholders. If the actual net profits of the acquired assets are less than the guaranteed amounts, Guanghui Group will compensate the listed company according to the Compensation Agreements.

XII EVENTS AFTER BALANCE SHEET DATE

- (1) In January and March 2016, Guanghui Limited, a subsidiary of the Company, issued the first tranche of its 2016 short-term commercial papers in the amount of RMB1.3 billion due 22 January 2017 (“16 Guanghui Limited CP001”) and the first tranche of 2016 super short-term commercial papers in the amount of RMB1 billion due 31 December 2016 (“16 Guanghui Limited SCP001”), with coupon rates of 6.3% and 6.9% per annum, respectively.
- (2) In January 2016, Xinjiang Longze Auto Service Management Limited* (新疆龍澤汽車服務管理有限責任公司), a subsidiary of the Company, entered into an acquisition agreement with Zunrongyifang Group Dalian Investment Company Limited* (尊榮億方集團大連投資有限公司), to acquire the 100% equity interest in the latter with internal funds. The consideration under such transaction is subject to the valuation adjustment mechanism.
- (3) As at 15 February 2016, according to the first extraordinary general meeting of 2016 convened by the Company, the Company planned the private placement to specific investors in 2016 for the purposes of raising a total of no more than RMB8 billion. The proceeds, after deducting issue-related expenses, will be applied to automobile finance leasing projects and for repayment of interest-bearing liabilities. The said private placement remains subject to the approval by China Securities Regulatory Commission.
- (4) As at the date of this report, the Company and China Grand Automotive Services (Hong Kong) Limited (an indirect wholly owned subsidiary of the Company) entered into 16 additional irrevocable undertakings with 16 shareholders of Baoxin Group (hereinafter referred to as the “Accepting Shareholders”), pursuant to which, each Accepting Shareholder agreed to take up the partial offer with respect to all shares held by them (see Note XI(3)).

XIII LEASES

The future lease receivables of the Group (as a lessor under finance leases) are summarized as follows:

	31 December 2015	31 December 2014
Within one year	7,774,884,345.78	7,624,850,789.50
One to two years	3,870,227,602.54	4,728,297,445.46
Two to five years	<u>985,102,125.38</u>	<u>1,600,344,270.27</u>
	<u>12,630,214,073.70</u>	<u>13,953,492,505.23</u>

As at 31 December 2015, unrecognized finance income amounted to RMB1,967,188,835.09 (31 December 2014: RMB2,360,639,644.96).

XIV BUSINESS COMBINATION

See Notes V(1) and (2).

XV FINANCIAL RISKS

The Group is exposed to various risks arising from its operations, including market risk (primarily interest rate risk), credit risk and liquidity risk. The overall risk management plan of the Group is targeted to the unpredictability of financial market to minimize its possible adverse effect on the financial results of the Group.

(1) Market risk**(a) Interest rate risk**

The Group's interest rate risk arises mainly from bank borrowings and debentures payable and other interest-bearing long-term debts. Financial liabilities at floating rates expose the Group to cash flow interest rate risk and financial liabilities at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of contracts carrying fixed and floating rates according to prevailing market conditions. As at 31 December 2015 and 31 December 2014, the Group's interest-bearing debts mainly relate to a portfolio of RMB-dominated floating-rate contracts and RMB-dominated fixed-rate contracts, the specific amounts of which are as follows:

	31 December 2015	31 December 2014
Bank borrowings		
— at floating rates	8,032,395,896.82	7,098,953,065.68
— at fixed rates	<u>12,620,925,229.00</u>	<u>11,056,348,921.97</u>
	<u>20,653,321,125.82</u>	<u>18,155,301,987.65</u>
	31 December 2015	31 December 2014
Debentures payable		
— at fixed rates	<u>5,950,000,000.00</u>	<u>5,950,000,000.00</u>

Financial department at the headquarter of the Group continues to monitor interest rate levels of the Group. The increase in interest rates will lead to increases in costs of newly-raised interest-bearing borrowings and interest expenses of the Group's outstanding debts at floating rates, and thus pose material adverse impact on the financial results of the Group. The management will make timely adjustments (which may be arrangements for interest swap) according to prevailing market conditions to minimize interest rate risk. For the years ended 31 December 2015 and 2014, the Group had no interest swap arrangements.

As at 31 December 2015, if the interest rates of borrowings at floating rates increase or decrease by 50 base points, and all other variables remain unchanged, profit before tax of the Group will decrease or increase by RMB18,159,773.11 (31 December 2014: RMB20,436,189.69).

(2) Credit risk

The Group manages its credit risks by portfolio categories. Credit risk primarily arises from bank deposits, accounts receivable, other receivables, notes receivable and long-term receivables.

The Group mainly places its deposits with state-owned banks and other large and medium-sized listed banks. The Group considers there will be no material credit risk, nor will any material loss be incurred due to default of the counterparts.

In addition, the Group has relevant policies in place to control credit risk in relation to accounts receivable, other receivables, note receivables and long-term receivables. The Group evaluates the creditworthiness of clients based on their financial conditions, access to guarantees from third party, credit record and other factors such as prevailing market conditions and set credit period accordingly. The Group monitors clients' credit records on a regular basis. For those clients with poor credit records, the Group will issue payment reminders, shorten or cancel credit periods to ensure that the overall credit risks of the Group are under control.

As at 31 December 2015, overdue long-term receivables of the Group amounted to RMB214,767,911.36 (31 December 2014: RMB145,368,690.60).

(3) Liquidity risk

Each subsidiary of the Group is responsible for its own cash flow forecast. Financial department of the headquarter continuously monitors short and long-term capital requirements at group level based on the cash flow forecast of all subsidiaries to maintain sufficient cash reserve and negotiable securities readily convertible to cash; meanwhile it monitors the compliance with requirements under loan agreements and obtain commitments from major financial institutions to secure sufficient reserve fund to satisfy short and long-term capital needs.

The maturity profile of the Group's financial liabilities at the balance sheet date, based on the contractual undiscounted cash flows, is as follows:

	31 December 2015				Total
	Within one year	One to two years	Two to five years	More than five years	
Financial liabilities —					
Short-term borrowings and interests	13,431,655,710.93	—	—	—	13,431,655,710.93
Accounts payable	986,940,727.45	—	—	—	986,940,727.45
Notes payable	18,694,248,241.46	—	—	—	18,694,248,241.46
Interests payable	538,670,718.92	—	—	—	538,670,718.92
Dividends payable	76,303,862.83	—	—	—	76,303,862.83
Other payables	2,911,224,910.69	—	—	—	2,911,224,910.69
Long-term borrowings and interests	5,627,429,376.37	1,766,125,691.80	417,081,190.72	—	7,810,636,258.89
Long-term payables	101,555,012.26	204,023,382.38	140,358,318.01	—	445,936,712.65
Debentures and interests payable	4,403,667,506.85	797,239,753.42	1,116,056,986.30	—	6,316,964,246.57
Other non-current liabilities	259,275,996.24	138,429,281.00	125,404,941.00	—	523,110,218.24
	<u>47,030,972,064.00</u>	<u>2,905,818,108.60</u>	<u>1,798,901,436.03</u>	<u>—</u>	<u>51,735,691,608.63</u>

	31 December 2014				Total
	Within one year	One to two years	Two to five years	More than five years	
Financial liabilities —	10,561,667,996.58	—	—	—	10,561,667,996.58
Short-term borrowings and interests	781,893,110.95	—	—	—	781,893,110.95
Account payables	15,756,571,853.01	—	—	—	15,756,571,853.01
Notes payable	402,573,914.29	—	—	—	402,573,914.29
Interests payable	28,721,541.03	—	—	—	28,721,541.03
Dividends payable	1,757,375,221.69	—	—	—	1,757,375,221.69
Long-term borrowings and interests	5,039,140,309.09	3,052,957,366.99	319,178,577.80	10,244,054.79	8,421,520,308.67
Long-term payables	27,024,045.00	145,983,681.73	193,287,105.27	—	366,294,832.00
Debentures and interests payable	2,024,956,191.78	4,192,881,589.04	—	—	6,217,837,780.82
Other non-current liabilities	—	54,605,000.00	—	—	54,605,000.00
	<u>36,379,924,183.42</u>	<u>7,446,427,637.76</u>	<u>512,465,683.07</u>	<u>10,244,054.79</u>	<u>44,349,061,559.04</u>

XVI FAIR VALUE ESTIMATES

The level of the fair value hierarchy in which fair value measurement is categorized is determined by the level of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

(1) Assets measured at fair value on a recurring basis

As at 31 December 2015, the financial assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale equity instruments	<u>847,246.40</u>	<u>214,980,480.00</u>	<u>—</u>	<u>215,827,726.40</u>

As at 31 December 2014, the financial assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale equity instruments	<u>894,608.00</u>	<u>—</u>	<u>—</u>	<u>894,608.00</u>

The Group recognizes transfers among levels at the date of the event that caused the transfer. For the years ended 31 December 2015 and 2014, the Group had no transfers between Level 1 and Level 2.

As for financial instruments trading in active markets, the Group determines their fair value based on quoted prices in active markets. As for financial instruments not trading in active market, the Group determines their fair value by using valuation techniques. The valuation models used are primarily discounted cash flow model and model of comparable companies in the market. Inputs for valuation techniques mainly include risk-free rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, EBITDA multiples and discount for lack of marketability.

(2) Assets measured at fair value on a non-recurring basis

Non-current assets-held-for-sale are measured at the higher of the original book value and the fair value less costs to sell. As at 31 December 2015 and 31 December 2014, the Group had no non-current assets held for sale that were measured at fair value less costs to sell.

(3) Assets and liabilities not measured at fair value but for which their fair values is disclosed

The Group's financial assets and financial liabilities measured at amortized cost mainly include amounts receivable, non-current assets due within one year, long-term receivables, short-term loans, amounts payable, long-term loans, debentures payable and long-term payables. As at 31 December 2015 and 31 December 2014, fair values of long-term receivables, non-current loans and debentures payable approximate to their book values.

For debentures payable that have active markets, their fair values are determined based on quoted prices in active markets, which belongs to Level 1. For long-term receivables, non-current loans and debentures payable without active market, their fair values are determined based on the present value of the contractual future cash flows discounted at a rate of substantially identical cash flow available in the same conditions with comparable credit ratings in the market, which belongs to Level 3.

XVII CAPITAL MANAGEMENT

The purpose of the capital management policy of the Group is to ensure the Group's ability to operate on a going concern basis and bring return for shareholders and other stakeholders as well as maintaining the best capital structure to reduce capital costs.

In order to maintain or optimize capital structure, the Group may make adjustments to the dividends to be paid to shareholders and the capital to be returned to shareholders or issue new shares or dispose of assets to reduce debts.

The total assets of the Group represent the total owners' equity presented in the consolidated balance sheet. The Group is not restricted by external mandatory capital requirements and uses gearing ratio to monitor its capital.

The following table sets out the capital ratio of the Group as at 31 December 2015 and 31 December 2014:

	31 December 2015	31 December 2014
Gearing ratio	<u>71.11%</u>	<u>73.96%</u>

XVIII NOTES TO FINANCIAL STATEMENTS OF THE COMPANY

(1) Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	—	56,383,011.74
Less: provision for bad debts	—	(52,982,474.56)
	<u>—</u>	<u>3,400,537.18</u>

(a) Aging analysis of accounts receivable is as follows:

	31 December 2015	31 December 2014
Within one year	<u>—</u>	<u>56,383,011.74</u>

(2) Other receivables

	31 December 2015	31 December 2014
Other payables	<u>41,144,259.88</u>	<u>19,073,142.03</u>
Less: provision for bad debts	—	(13,143,757.64)
	<u>41,144,259.88</u>	<u>5,929,384.39</u>

(a) Aging analysis of other receivables is as follows:

	31 December 2015	31 December 2014
Within one year	<u>41,144,259.88</u>	<u>19,073,142.03</u>

(3) Long-term equity investments

	31 December 2015	31 December 2014
Investment in subsidiaries (a)	29,363,249,974.60	487,374,196.01
Investment in associates (b)	—	37,105,917.11
Less: provision for impairment of long-term equity investment	—	(750,000.00)
	<u>29,363,249,974.60</u>	<u>523,730,113.12</u>

There are no material restrictions on the realisation of long-term equity investments of the Company.

(a) Investments in subsidiaries

	Change in equity for the year					31 December 2015	Provision for impairment at the end of the year	Cash dividends declared for the year
	31 December 2014	Increase in investment	Decrease in investment	Provision for impairment	Others			
Dalian Merro Pharmaceutical Company Limited* (大連美羅藥業 有限公司)	750,000.00	—	(750,000.00)	—	—	—	—	—
Dalian Merro TCP Factory Limited* (大連美羅中藥廠有限公司)	127,405,346.01	—	(127,405,346.01)	—	—	—	—	—
Merro Pharmaceutical USA Inc.	9,218,850.00	—	(9,218,850.00)	—	—	—	—	—
Nuoxin Biotech Limited* (諾信生物科 技有限公司) in Suzhou Industrial Park	350,000,000.00	—	(350,000,000.00)	—	—	—	—	—
Shanghai Huiyong Auto Sales Limited* (上海匯涌汽車銷售有限 公司)	—	36,000,000.00	—	—	—	36,000,000.00	—	—
Guanghui Automotive Services Company Limited* (廣匯汽車服務 有限責任公司) (note)	—	29,327,249,974.60	—	—	—	29,327,249,974.60	—	—
	<u>487,374,196.01</u>	<u>29,363,249,974.60</u>	<u>(487,374,196.01)</u>	<u>—</u>	<u>—</u>	<u>29,363,249,974.60</u>	<u>—</u>	<u>—</u>

Note: In 2015, the Company obtained 100% equity interest of Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司) at the consideration of RMB23,577,249,974.60, which was settled by issue of new shares to Guanghui Group, CGAML, Yingtan Jinsheng, Zhenghe Shitong, Xinjiang Youyuan, BCIL and Nanning Yongzhiquan. Following the asset swap, the Company made further capital injection of RMB5,750,000,000.00 in cash into Guanghui Automotive Services Company Limited* (廣匯汽車服務有限責任公司).

(b) Investments in associates

	Increase or decrease for the year							31 December 2015	Provision for impairment at the end of the year
	31 December 2014	Increase or decrease in investments	Net profit or loss as adjusted under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profit declared or distributed	Provision for impairment		
Sinopharm Dalian Limited* (國藥控股大 連有限公司)	<u>37,105,917.11</u>	<u>(39,371,367.98)</u>	<u>2,265,450.87</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(4) Operating revenue and operating costs

	2015	2014
Revenue from principal operations <i>(note)</i>	25,587,618.62	81,128,074.85
Other operating revenue	<u>—</u>	<u>3,304,169.36</u>
	<u>25,587,618.62</u>	<u>84,432,244.21</u>
	2015	2014
Cost of principal operations	11,114,580.18	37,615,555.56
Other operating costs	<u>—</u>	<u>978,987.08</u>
	<u>11,114,580.18</u>	<u>38,594,542.64</u>

Note: as disclosed in Note I, following completion of the major asset restructuring, the Company's principal operations changed to investment holding.

(5) Investment income

	2015	2014
Income from long-term equity investments under equity method	2,265,450.87	5,816,350.86
Income from available-for-sale financial assets	<u>—</u>	<u>2,574,000.00</u>
	<u>2,265,450.87</u>	<u>8,390,350.86</u>

The Company is not subject to any material restrictions on repatriation of investment income.

I BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

	2015	2014
Gains or losses on disposal of non-current assets	(51,247,444.04)	140,030,368.99
Government grants included in profit or loss for the year	184,383,802.84	50,141,427.51
Investment (loss)/income derived from disposal of long-term equity investments	(392,761.06)	106,605,764.90
Investment income derived from available-for-sale financial assets	18,675,382.84	1,742,500.41
Fund appropriation fees received from non-financial institutions as included in loss or profit for the year	6,252,768.16	4,901,248.84
Other profit or loss items within the definition of non-recurring profit or loss	(13,545,302.00)	(75,965,267.53)
Other non-operating income and expenses other than the above	<u>(6,114,039.91)</u>	<u>26,622,164.85</u>
	<u>138,012,406.83</u>	<u>254,078,207.97</u>
Effects of income tax	(25,155,785.76)	(51,794,911.78)
Effects of minority interests (after tax)	<u>(2,038,422.37)</u>	<u>1,830,630.44</u>
	<u>110,818,198.70</u>	<u>204,113,926.63</u>

Basis for preparation of the breakdown of non-recurring profit or loss

In accordance with the requirements under the “No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public: Non-recurring Profit or Loss [2008]” (《公開發行證券的公司信息披露解釋性公告第1號 — 非經常性損益[2008]》) issued by China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss from transactions or events that are irrelevant to the normal business operations of an entity or that are relevant to the normal business operations of an entity but affect users of the entity’s financial statements in making reasonable judgement over the operating results and profitability of the entity due to their special nature and contingency.

II RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on net assets (%)		Earnings per share			
	2015	2014	Basic earnings per share		Diluted earnings per share	
	2015	2014	2015	2014	2015	2014
Net profit attributable to the ordinary shareholders of the Company	11.41%	11.21%	0.3939	0.3540	0.3939	0.3540
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring profit or loss	10.77%	9.78%	0.3719	0.3089	0.3719	0.3089

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CGA GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2016

The following Unaudited Interim Financial Information is extracted from the 2016 first quarterly report of CGA.

CONSOLIDATED BALANCE SHEET

31 March 2016

Prepared by: China Grand Automotive Services Company Limited

Unit: RMB Currency: RMB Audit Type: Unaudited

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	15,867,152,372.23	17,371,722,831.94
Balances with clearing companies		
Lending to banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	8,750,000.00	8,969,896.00
Accounts receivable	1,524,848,049.20	1,654,437,152.74
Advances to suppliers	5,196,746,888.94	5,468,721,419.72
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivables		
Interests receivable	16,911,381.70	3,110,624.19
Dividends receivable	2,820,000.00	2,820,000.00
Other receivables	1,401,059,864.58	1,410,850,806.89
Financial assets purchased under agreements to resell		
Inventories	13,563,236,526.66	13,943,938,186.59
Assets classified as held-for-sale		
Current portion of non-current assets	6,765,142,157.76	6,801,616,843.03
Other current assets	<u>635,649,085.95</u>	<u>786,994,484.26</u>
Total current assets	<u>44,982,316,327.02</u>	<u>47,453,182,245.36</u>

Item	Closing balance	Opening balance
Non-current assets:		
Release of loans and advances		
Available-for-sale financial assets	431,347,721.82	358,742,659.17
Held-to-maturity investments		
Long-term receivables	4,585,938,068.35	4,609,508,411.57
Long-term equity investments	237,555,326.26	237,115,073.25
Investment properties	3,342,649.93	3,368,208.76
Fixed assets	7,689,372,340.26	7,432,435,285.96
Construction in progress	1,144,881,018.65	1,134,949,922.56
Construction supplies		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	5,408,821,213.68	4,824,084,163.63
Development expenditures		
Goodwill	8,733,187,522.66	7,567,919,403.28
Long-term prepaid expenses	467,971,899.53	384,848,156.80
Deferred tax assets	58,190,515.01	61,020,971.89
Other non-current assets	<u>1,366,128,698.41</u>	<u>1,744,305,990.53</u>
Total non-current assets	<u>30,126,736,974.56</u>	<u>28,358,298,247.40</u>
Total assets	<u>75,109,053,301.58</u>	<u>75,811,480,492.76</u>

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	17,313,987,320.40	13,204,387,978.21
Borrowings from the central bank		
Absorbing deposits and interbank deposits		
Borrowings from banks and other financial institutions		
Financial liabilities at fair value through profit or loss for the current period		
Derivative financial liabilities		
Notes payable	12,833,429,248.92	18,694,248,241.46
Accounts payable	961,828,876.64	986,940,727.45
Advances from customers	1,281,575,406.84	1,744,942,173.45
Financial assets sold under agreements to repurchase		
Fees and commissions payable		
Employee benefits payable	146,027,048.58	241,606,590.70
Taxes payable	533,572,657.69	533,815,396.67
Interests payable	547,431,158.53	538,670,718.92
Dividends payable	24,209,032.81	76,303,862.83
Other payables	4,110,770,837.63	2,911,224,910.69
Reinsurance accounts payable		
Insurance contract reserve		
Customer brokerage deposits		
Underwriting proceeds payables		
Liabilities classified as held-for-sale		
Current portion of non-current liabilities	9,073,311,719.49	9,570,309,907.07
Other current liabilities	<u>5,020,026.34</u>	<u>10,408,522.61</u>
Total current liabilities	<u><u>46,831,163,333.87</u></u>	<u><u>48,512,859,030.06</u></u>

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings	2,398,483,450.22	2,116,187,696.68
Debtures payables	1,800,000,000.00	1,800,000,000.00
Including: Preference shares		
Perpetual bonds		
Long-term payables	236,456,163.32	240,242,057.53
Long-term employee benefits payable		
Special payables		
Estimated liabilities		
Deferred income		
Deferred tax liabilities	843,275,856.43	698,167,839.23
Other non-current liabilities	238,695,694.95	541,683,754.50
Total non-current liabilities	5,516,911,164.92	5,396,281,347.94
Total liabilities	52,348,074,498.79	53,909,140,378.00
Owners' equity		
Share capital	5,500,400,678.00	5,500,400,678.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,154,919,907.19	8,156,269,966.91
Less: treasury shares		
Other comprehensive income	93,665,189.20	—195,353.60
Special reserve		
Surplus reserve	281,659,435.11	281,659,435.11
General risk provision		
Undistributed profit	<u>7,780,970,522.37</u>	<u>7,044,952,447.64</u>
Total equity attributable to the equity owners of the Company	<u>21,811,615,731.87</u>	<u>20,983,087,174.06</u>
Minority interests	<u>949,363,070.92</u>	<u>919,252,940.70</u>
Total owners' equity	<u>22,760,978,802.79</u>	<u>21,902,340,114.76</u>
Total liabilities and owners' equity	<u>75,109,053,301.58</u>	<u>75,811,480,492.76</u>
Legal representative: Li Jianping	Person in charge of accounting work: Lu Ao	Person in charge of the accounting firm: Li Xingjian

CONSOLIDATED INCOME STATEMENT*January–March 2016*

Prepared by: China Grand Automotive Services Company Limited

Unit: RMB Currency: RMB Audit Type: Unaudited

Item	For the current period	For the previous period
I. Total operating revenue	25,810,767,474.05	22,062,862,793.18
Including: Operating revenue	25,810,767,474.05	22,062,862,793.18
Interest income		
Premiums earned		
Fees and commission income		
II. Total operating costs	24,879,961,522.78	21,444,827,856.77
Including: operating costs	23,355,349,695.12	20,056,017,387.09
Interest expenses		
Fees and commission expenses		
Surrender		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Dividend expenditure of insurance policy		
Reinsurance expense		
Taxes and surcharges	79,377,759.07	68,392,493.16
Selling and distribution expenses	638,948,682.45	568,760,524.42
General and administrative expenses	429,993,277.06	373,376,480.22
Financial expenses	341,539,379.86	319,511,833.77
Asset impairment losses	34,752,729.22	58,769,138.11
Add: gains from changes in fair value (loss is represented by “-”)		
Investment income (loss is represented by “-”)	42,537,913.12	29,432,084.10
Including: share of profit of associates and joint ventures	2,200,253.00	4,841,256.08
Exchange gains (loss is represented by “-”)		
III. Operating profit (loss is represented by “-”)	973,343,864.39	647,467,020.51
Add: non-operating income	44,917,958.00	8,105,873.32
Including: gains on disposal of non-current assets	4,880,812.48	3,017,763.46
Less: non-operating expenses	22,747,638.21	21,759,668.73
Including: losses on disposal of non-current assets	18,953,882.80	14,505,113.66

Item	For the current period	For the previous period
IV. Total profit (total loss is represented by “-”)	995,514,184.18	633,813,225.10
Less: income tax expenses	221,986,038.92	123,522,647.30
V. Net profit (net loss is represented by “—”)	773,528,145.26	510,290,577.80
Net profit attributable to equity owners of the company	736,018,074.74	450,409,025.93
Minority interests	37,510,070.52	59,881,551.87
VI. Net comprehensive income after tax	93,860,542.80	—53,939.60
Net comprehensive income after tax attributable to owners of the parent	93,860,542.80	—53,939.60
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		
1. Changes arising from remeasurement of net liabilities or assets relating to defined benefit plans		
2. Share of other comprehensive income of investees which cannot be reclassified subsequently to profit or loss under equity method		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	93,860,542.80	—53,939.60
1. Share of other comprehensive income of investees which will be reclassified subsequently to profit or loss under equity method		
2. Gain or loss arising from changes in fair value of available-for-sale financial assets	93,860,542.80	—53,939.60
3. Gain or loss arising from the reclassification of held-to- maturity investments to available-for-sale financial assets		
4. Effective portion of cash flow hedges		
5. Differences from translating foreign currency financial statements		
6. Others		
Net comprehensive income after tax attributable to minority shareholders		
VII. Total comprehensive income	867,388,688.06	510,236,638.20
Attributable to equity owners of the Company	829,878,617.54	450,355,086.33
Attributable to minority interests	37,510,070.52	59,881,551.87
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.1338	0.1057
(II) Diluted earnings per share (RMB/share)	0.1338	0.1057

Legal representative:

Li Jianping

Person in charge of

accounting work: Lu Ao

Person in charge of the

accounting firm: Li Xingjian

CONSOLIDATED STATEMENT OF CASH FLOW*January–March 2016*

Prepared by: China Grand Automotive Services Company Limited

Unit: RMB Currency: RMB Audit Type: Unaudited

Item	For the current period	For the previous period
I. Cash flow generated from operating activities:		
Cash received from sales of goods or rendering of services	30,534,807,321.51	26,402,307,497.69
Net increase of customer deposits and interbank deposits		
Net increase of loans from the central bank		
Net increase of capital borrowed from other financial institutions		
Cash received from original insurance contract fees		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase in financial assets at fair value through profit or loss		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Tax refund received	54,190.25	1,124,971.31
Cash received relating to other operating activities	843,175,219.99	839,374,053.16
Sub-total of cash inflow from operating activities	31,378,036,731.75	27,242,806,522.16

Item	For the current period	For the previous period
Cash paid for goods and service	32,869,704,148.68	27,043,103,669.02
Net increase of customer loans and advances		
Net increase of deposits in the central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to and for employees	916,427,684.22	827,380,819.74
Payments of taxes and surcharges	700,353,043.71	603,761,946.43
Cash payments relating to other operating activities	1,150,952,226.10	1,475,719,145.44
Sub-total of cash outflows for operating activities	35,637,437,102.71	29,949,965,580.63
Net Cash Flow from operating activities	-4,259,400,370.96	-2,707,159,058.47
II. Cash flow generated from investing activities:		
Cash from disposal of investments	399,265,892.76	42,200,000.00
Cash received from returns on investments	59,690,269.68	12,640,573.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	146,036,077.65	97,463,359.45
Net cash received in disposing subsidiaries and other business units	—	82,576,300.00
Cash received relating to other investing activities	3,684,212,739.43	9,382,784,379.17
Sub-total of cash inflows from investing activities	4,289,204,979.52	9,617,664,611.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets	463,087,670.06	389,612,966.33
Cash paid to acquire investments	—	171,781,640.17
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other operating entities	596,958,601.19	144,038,844.92
Cash paid relating to other investing activities	355,894,760.14	7,414,700,013.91
Sub-total of cash outflows	1,415,941,031.39	8,120,133,465.33
Net cash flow from investing activities	2,873,263,948.13	1,497,531,146.32

Item	For the current period	For the previous period
III. Cash flow generated from financing activities:		
Cash received by capital contribution	—	983,600.00
Including: cash received from capital contributions by minority shareholders of subsidiaries	—	—
Cash received from borrowings	10,615,659,748.84	5,719,392,140.17
Cash received from issuance of debentures	—	1,100,000,000.00
Cash received relating to other financing activities	9,753,849.45	12,220,179.34
Sub-total of cash inflows	10,625,413,598.29	6,832,595,919.51
Cash repayments of borrowings	7,015,786,655.89	5,205,978,964.25
Cash payments for distribution of dividends, profits and interest	412,330,802.53	478,389,935.04
Including: dividend and interest paid by subsidiaries to minority shareholders	5,035,941.55	4,173,340.00
Cash payments relating to other financing activities	238,035,545.66	63,532,849.64
Sub-total of cash outflows	7,666,153,004.08	5,747,901,748.93
Net cash flow from financing activities	2,959,260,594.21	1,084,694,170.58
IV. Effect of change of foreign currency rates on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,573,124,171.38	-124,933,741.57
Add: Cash and cash equivalents at beginning of the period	3,986,471,477.67	4,743,171,449.23
VI. Cash and cash equivalents at end of the period	5,559,595,649.05	4,618,237,707.66
Legal representative: Li Jianping	Person in charge of accounting work: Lu Ao	Person in charge of the accounting firm: Li Xingjian

4. MATERIAL CHANGES

Directors of CGA confirm that, save as disclosed below, there had been no material changes in the financial or trading position or outlook of the CGA Group since 31 December 2015, being the date to which the latest audited consolidated financial statements of the CGA Group were made up, up to and including the Latest Practicable Date:

- (i) an increase in short-term borrowings of the CGA Group by approximately 31.06% from approximately RMB13.2 billion as at 31 December 2015 to approximately RMB17.3 billion as at 31 March 2016 which was mainly attributable to the issuance of short-term notes in an aggregate principal amount of approximately RMB2.3 billion to replenish the working capital of the CGA Group;
- (ii) a decrease in bills payables of the CGA Group by approximately 31.55% from approximately RMB18.7 billion as at 31 December 2015 to approximately RMB12.8 billion as at 31 March 2016 which was mainly attributable to the maturity of the bills in the first quarter of 2016;
- (iii) an increase in other payables of the CGA Group by approximately 41.38% from approximately RMB2.9 billion as at 31 December 2015 to approximately RMB4.1 billion as at 31 March 2016 which was mainly attributable to the consideration payable for the acquisition of 100% equity interest in Zunrongyifang Group Dalian Investment Company Limited* (尊榮億方集團大連投資有限公司) by the CGA Group as disclosed in the announcement of CGA dated 5 February 2016;
- (iv) an increase in goodwill of the CGA Group by approximately 14.47% from approximately RMB7.6 billion as at 31 December 2015 to approximately RMB8.7 billion as at 31 March 2016 which was mainly generated from the acquisition of 100% equity interest in Zunrongyifang Group Dalian Investment Company Limited* (尊榮億方集團大連投資有限公司) by the CGA Group as disclosed in the announcement of CGA dated 5 February 2016; and
- (v) with respect to the external debt financing for the Offers, the Offeror has entered into an agreement dated 18 May 2016 for a bridge loan of up to HK\$10,200,000,000 from China Merchants Bank Co., Ltd. and CGA has entered into an agreement dated 18 May 2016 for a syndicated loan facility of approximately RMB5,300,000,000 with China Merchants Bank Co., Ltd. as the lead arranger and Industrial and Commercial Bank of China Limited, China Minsheng Banking Corp., Ltd., the Export-Import Bank of China and Bank of Jiangsu Co., Ltd. as original lenders, pursuant to which all the Shares to be acquired from the Partial Offer will be charged to China Merchants Bank Co., Ltd. as the agent bank.

* The English names are for identification purposes only

RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Code for the purpose of giving information with regard to the Partial Offer, the Option Offer, CGA, the Offeror and the Company.

The directors of the Offeror and CGA jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group or any of its associates or any parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the CGA Group, the Offeror or any of their associates or any parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of CGA and the sole director of Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

SHARE CAPITAL OF THE COMPANY**(a) Authorised and issued share capital**

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	Number of shares	Amounts HK\$
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
Balance as at the Latest Practicable Date	5,000,000,000	50,000,000
<i>Issued and fully paid:</i>		
Balance as at 31 December 2015	2,557,311,429	25,573,114.29
Shares issued since 31 December 2015	nil	nil
Balance as at the Latest Practicable Date	2,557,311,429	25,573,114.29

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares are listed on the Main Board of the Stock Exchange and no Shares are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

(b) Share Option Scheme

As at the Latest Practicable Date, the Company had 15,550,000 outstanding Share Options under the Share Option Scheme to subscribe for up to 15,550,000 Shares.

As at the Latest Practicable Date, save for the 2,557,311,429 Shares and 15,550,000 Share Options, the Company did not have in issue any outstanding options, warrants, derivatives or securities that carried a right to subscribe for or which were convertible into Shares.

DISCLOSURE OF INTERESTS

(a) Interest of the Offeror, its directors and parties acting in concert with it, in the Company

As at the Latest Practicable Date, none of the Offeror, its director and parties acting in concert with it owned or controlled or had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company. The only non-exempt discretionary fund managers or principal traders connected with the Offeror are: (i) those discretionary fund managers and principal traders which are within the group comprising China Merchants Bank Co., Ltd. (being the indirect holding company of CMB International, the Offeror's financial adviser in Hong Kong) and its controlled entities; and (ii) Southwest Securities Co., Ltd. (西南證券股份有限公司) and China Securities Co., Ltd. (中信建投證券股份有限公司) (being its joint financial advisers in the PRC with respect to the major asset restructuring of CGA).

(b) Interests of the Directors in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

(i) Long/Short position in Shares or underlying Shares

Name of the Director	Long/Short position	Number of ordinary shares held			Total interests	Total interests as approximate % of the relevant issued share capital
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of corporation)		
Mr. Yang Aihua <i>Chairman</i>	Long	—	—	1,370,144,000 <i>(Note 1)</i>	1,370,144,000	53.58%
	Short	—	—	1,370,144,000 <i>(Note 4)</i>	1,370,144,000	53.58%
Mr. Yang Hansong <i>Vice Chairman & Chief Executive Officer</i>	Long	—	—	155,278,000 <i>(Notes 2)</i>	155,278,000	6.07%
	Short	—	—	155,278,000 <i>(Note 5)</i>	155,278,000	6.07%
Mr. Yang Zehua <i>Vice President</i>	Long	—	—	283,198,000 <i>(Notes 1&3)</i>	283,198,000	11.07%
	Short	—	—	283,198,000 <i>(Notes 4&6)</i>	283,198,000	11.07%
Ms. Hua Xiuzhen	Long	18,000,000	—	—	18,000,000	0.70%
	Short	18,000,000 <i>(Note 7)</i>	—	—	18,000,000	0.70%
Mr. Zhao Hongliang	Long	17,000,000	—	—	17,000,000	0.66%
	Short	17,000,000 <i>(Note 8)</i>	—	—	17,000,000	0.66%
Mr. Chen Changdong	Long	17,935,000	—	—	17,935,000	0.70%
	Short	17,935,000 <i>(Note 9)</i>	—	—	17,935,000	0.70%

Notes:

1. Referring to the shareholding in the Company to which Mr. Yang Aihua is beneficially interested in:—
 - i. 1,242,224,000 Shares are held by Baoxin Investment. Baoxin Investment is wholly owned by the trustee of a discretionary trust of which Mr. Yang Aihua, together with his children and further issue are beneficiaries. Under such trust, certain discretions of the trustee are only exercisable by the trustee with the consent of the protector, being Mr. Yang Aihua, and such discretions include: (i) determining the date of termination of the trust; (ii) changing the proper law of the trust; (iii) paying or application of income to beneficiaries; (iv) holding capital and income on trust for the beneficiaries on termination of the trust; (v) general powers of appointment and advancement; (vi) exclusion of beneficiaries; (vii) addition of beneficiaries; and (viii) variation of the trust powers and provisions of the trust. For so long as there is a protector, being Mr. Yang Aihua in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Baoxin Investment and the voting rights attached to its shares. The investment and asset management powers are vested solely in the protector. The protector also has the power to appoint or remove trustees. Pursuant to the above arrangement, Mr. Yang Aihua is deemed under the SFO to be interested in such Shares.
 - ii. 127,920,000 Shares are held by Auspicious Splendid. Auspicious Splendid is wholly owned by Ms. Yang Chu Yu, a daughter of Mr. Yang Aihua as the trustee of a discretionary trust of which Mr. Yang Aihua, and Mr. Yang Zehua, together with their respective children and further issue are beneficiaries. The trustee shall hold the capital and income of the trust fund on trust for the beneficiaries in such shares as the protector, Mr. Yang Aihua, directs. The protector also has the power to (i) add or remove beneficiaries; (ii) exclude any person to be a beneficiary; and (iii) remove a trustee and appoint a successor trustee. For so long as there is a protector, being Mr. Yang Aihua in office, the trustee shall not have any investment or asset management powers, including powers to interfere in the management of the business of Auspicious Splendid and the voting rights attached to its shares. The investment and asset management powers are vested solely in the protector. Pursuant to the above arrangement, Mr. Yang Aihua is deemed under the SFO to be interested in such Shares.
2. 155,278,000 Shares are held by Wilfred Speedy Investment Development Limited, which is controlled by Mr. Yang Hansong. Accordingly, Mr. Yang Hansong is deemed under the SFO to be interested in such Shares.
3. 155,278,000 Shares are held by Jumbo Create Investment Development Limited, which is controlled by Mr. Yang Zehua. Accordingly, Mr. Yang Zehua is deemed under the SFO to be interested in such Shares.
4. The aggregate of 1,370,144,000 Shares held by Baoxin Investment and Auspicious Splendid are IU Shares. On 4 December 2015, Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid entered into the Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid have irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid will each not withdraw such acceptance.
5. On 2 March 2016, Mr. Yang Hansong and Wilfred Speedy Investment Development Limited entered into an Additional Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, each of Mr. Yang Hansong and Wilfred Speedy Investment Development Limited has irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Wilfred Speedy Investment Development Limited in respect of all of

the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of Mr. Yang Hansong and Wilfred Speedy Investment Development Limited will not withdraw such acceptance.

6. On 2 March 2016, Mr. Yang Zehua and Jumbo Create Investment Development Limited entered into an Additional Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, each of Mr. Yang Zehua and Jumbo Create Investment Development Limited has irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Jumbo Create Investment Development Limited in respect of all of the Shares owned by it as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that each of Mr. Yang Zehua and Jumbo Create Investment Development Limited will not withdraw such acceptance.
7. On 2 March 2016, Ms. Hua Xiuzhen entered into an Additional Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, Ms. Hua Xiuzhen has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by her in respect of all of the Shares owned by her as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that she will not withdraw such acceptance.
8. On 2 March 2016, Mr. Zhao Hongliang entered into an Additional Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, Mr. Zhao Hongliang has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by him in respect of all of the Shares owned by him as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that he will not withdraw such acceptance.
9. On 2 March 2016, Mr. Chen Changdong entered into an Additional Irrevocable Undertaking with CGA and the Offeror, pursuant to which, among other things, Mr. Chen Changdong has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by him in respect of all of the Shares owned by him as soon as possible and in any event by 4:00 p.m. on the third business day (as defined in the Code) after the Despatch Date and that he will not withdraw such acceptance.

Save as disclosed above, none of the Directors had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Code) of the Company.

(c) Other disclosures

- (i) As at the Latest Practicable Date and prior to the posting of this Composite Document, each of Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid has irrevocably undertaken, jointly and severally, to CGA and the Offeror that the Partial Offer will be accepted by Mr. Yang Aihua, Baoxin Investment and Auspicious Splendid in respect of all of the IU Shares, each of the Accepting Shareholders (other than SIMHKL and SIMSL) has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them in respect of their respective Shares and each of the Second Round Accepting Shareholders has irrevocably undertaken to CGA and the Offeror that the Partial Offer will be accepted by each of them in respect of their respective Shares. The percentage of the issued share capital of the Company made up by all of the IU Shares, the Shares owned by the Accepting Shareholders and the Shares owned by the Second Round Accepting Shareholders is 74.54%. Save as disclosed above, no other persons have irrevocably committed themselves to accept or reject the Offers.

- (ii) Save as disclosed in paragraph (c)(i) above and the Share Charge as at the Latest Practicable Date:
- (A) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Offeror or any parties acting in concert with it or its associate (as defined under the Code).
 - (B) None of the Offeror and any parties acting in concert with it had borrowed or lent in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, save for any borrowed Shares which had been either on-lent or sold.
 - (C) None of the subsidiaries of the Company, any pension funds of the Group and any adviser to the Company as specified in class (2) of the definition of “associate” under the Code (but excluding exempt principal traders) owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
 - (D) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Code.
 - (E) No relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.
 - (F) Each of the Directors who had a beneficial holding in Shares had indicated that he intended to accept the Partial Offer in respect of his own beneficial ownership in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
 - (G) Neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, save for any borrowed Shares which had been either on-lent or sold.

(d) Interests of the Company and the Directors in the Offeror

As at the Latest Practicable Date, none of the Company and the Directors had any interest in the shares of the Offeror.

DEALINGS IN SECURITIES

The Offeror and parties acting in concert with it undertake that they will not acquire any voting rights in the Company during the Offer Period.

(a) During the Relevant Period:

- (i) The following Directors and persons who had irrevocably committed themselves to accept or reject the Partial Offer have dealt in the Shares:

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Mr. Yang Zehua	19 May 2015	Sale	Off market	138,500,000	HK\$6.36
Mr. Yang Aihua	19 May 2015	Sale	Off market	138,500,000	HK\$6.36
Ms. Hua Xiuzhen	19 May 2015	Purchase	Off market	18,000,000	HK\$6.36
Mr. Zhao Hongliang	19 May 2015	Purchase	Off market	18,000,000	HK\$6.36
Mr. Zhao Hongliang	18 December 2015	Sale	On market	235,000	HK\$4.86
Mr. Zhao Hongliang	18 December 2015	Sale	On market	500,000	HK\$4.85
Mr. Zhao Hongliang	18 December 2015	Sale	On market	265,000	HK\$4.85
Auspicious Splendid	19 May 2015	Sale	Off market	138,500,000	HK\$6.36
Mr. Chen Changdong	19 May 2015	Purchase	Off market	18,000,000	HK\$6.36
Mr. Chen Changdong	5 January 2016	Sale	On market	20,000	HK\$4.80
Mr. Chen Changdong	6 January 2016	Sale	On market	20,000	HK\$4.80
Mr. Chen Changdong	6 January 2016	Sale	On market	25,000	HK\$4.82
Mr. Sun Zhiyuan	16 November 2015	Sale	On market	500	HK\$3.30
Mr. Sun Zhiyuan	17 November 2015	Sale	On market	500,000	HK\$3.3867
Mr. Sun Zhiyuan	18 November 2015	Sale	On market	785,500	HK\$3.2990
Mr. Sun Zhiyuan	19 November 2015	Sale	On market	2,384,500	HK\$3.3248
Mr. Sun Zhiyuan	20 November 2015	Sale	On market	567,000	HK\$3.3636
Mr. Sun Zhiyuan	23 November 2015	Sale	On market	10,000	HK\$3.5800
Mr. Sun Zhiyuan	2 December 2015	Sale	On market	50,000	HK\$3.4200
Mr. Sun Zhiyuan	3 December 2015	Sale	On market	200,000	HK\$3.7500
Ms. Zhou Qizhu	22 May 2015	Sale	On market	1,000	HK\$7.04
Ms. Zhou Qizhu	27 May 2015	Purchase	On market	1,000	HK\$6.66
Ms. Zhou Qizhu	3 June 2015	Purchase	On market	20,000	HK\$6.34
Ms. Zhou Qizhu	3 June 2015	Sale	On market	20,000	HK\$6.63
Ms. Zhou Qizhu	9 June 2015	Purchase	On market	500	HK\$5.59
Ms. Zhou Qizhu	23 June 2015	Sale	On market	50,000	HK\$5.68
Ms. Zhou Qizhu	24 June 2015	Purchase	On market	51,000	HK\$5.55
Ms. Zhou Qizhu	21 August 2015	Purchase	On market	58,500	HK\$3.1077
Ms. Zhou Qizhu	24 August 2015	Purchase	On market	8,000	HK\$2.80
Ms. Zhou Qizhu	22 December 2015	Sale	On market	8,000	HK\$4.68
Ms. Zhou Qizhu	23 December 2015	Sale	On market	3,000	HK\$4.82
Ms. Zhou Qizhu	18 February 2016	Sale	On market	577,500	HK\$4.56
Ms. Zhou Qizhu	24 February 2016	Purchase	On market	550,000	HK\$4.5582
Mr. Fu Xinmin	22 June 2015	Sale	On market	10,000	HK\$5.57
Mr. Fu Xinmin	26 June 2015	Purchase	On market	10,000	HK\$5.19
Mr. Fu Xinmin	8 July 2015	Purchase	On market	20,000	HK\$3.51
Mr. Fu Xinmin	8 July 2015	Sale	On market	20,000	HK\$3.7150
Mr. Fu Xinmin	9 July 2015	Sale	On market	30,000	HK\$4.14
Mr. Fu Xinmin	13 July 2015	Sale	On market	10,000	HK\$4.36
Mr. Fu Xinmin	15 July 2015	Purchase	On market	40,000	HK\$4.09
Mr. Fu Xinmin	17 July 2015	Purchase	On market	30,000	HK\$4.11

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Mr. Fu Xinmin	22 July 2015	Purchase	On market	20,000	HK\$3.9950
Mr. Fu Xinmin	23 July 2015	Purchase	On market	10,000	HK\$3.96
Mr. Fu Xinmin	27 July 2015	Purchase	On market	20,000	HK\$3.76
Mr. Fu Xinmin	31 July 2015	Sale	On market	10,000	HK\$3.86
Mr. Fu Xinmin	3 August 2015	Purchase	On market	10,000	HK\$3.75
Mr. Fu Xinmin	4 August 2015	Purchase	On market	10,000	HK\$3.60
Mr. Fu Xinmin	5 August 2015	Sale	On market	10,000	HK\$3.7450
Mr. Fu Xinmin	13 August 2015	Purchase	On market	1,500	HK\$3.55
Mr. Fu Xinmin	5 October 2015	Sale	On market	3,500	HK\$3.60
Mr. Fu Xinmin	6 October 2015	Sale	On market	8,000	HK\$3.60
Mr. Fu Xinmin	8 October 2015	Purchase	On market	14,000	HK\$3.4486
Mr. Fu Xinmin	12 October 2015	Sale	On market	14,000	HK\$3.5143
Mr. Fu Xinmin	15 October 2015	Purchase	On market	30,000	HK\$3.38
Mr. Fu Xinmin	15 October 2015	Sale	On market	30,000	HK\$3.46
Mr. Fu Xinmin	16 October 2015	Sale	On market	130,000	HK\$3.5438
Mr. Fu Xinmin	19 October 2015	Sale	On market	20,000	HK\$3.70
Mr. Fu Xinmin	20 October 2015	Purchase	On market	80,000	HK\$3.4807
Mr. Fu Xinmin	29 October 2015	Sale	On market	20,000	HK\$3.20
Mr. Fu Xinmin	2 November 2015	Purchase	On market	26,000	HK\$3.1479
Mr. Fu Xinmin	3 November 2015	Sale	On market	26,000	HK\$3.20
Mr. Fu Xinmin	4 November 2015	Sale	On market	40,000	HK\$3.3250
Mr. Fu Xinmin	5 November 2015	Purchase	On market	20,000	HK\$3.28
Mr. Fu Xinmin	6 November 2015	Sale	On market	30,000	HK\$3.45
Mr. Fu Xinmin	12 November 2015	Purchase	On market	30,000	HK\$3.39
Mr. Fu Xinmin	13 November 2015	Purchase	On market	10,000	HK\$3.39
Mr. Fu Xinmin	16 November 2015	Purchase	On market	10,000	HK\$3.27
Mr. Fu Xinmin	17 November 2015	Purchase	On market	20,000	HK\$3.38
Mr. Fu Xinmin	23 November 2015	Purchase	On market	20,000	HK\$3.40
Mr. Fu Xinmin	23 November 2015	Sale	On market	20,000	HK\$3.54
Mr. Fu Xinmin	27 November 2015	Purchase	On market	20,000	HK\$3.40
Mr. Fu Xinmin	27 November 2015	Sale	On market	20,000	HK\$3.54
Mr. Fu Xinmin	1 December 2015	Sale	On market	20,000	HK\$3.27
Mr. Fu Xinmin	2 December 2015	Sale	On market	140,000	HK\$3.4690
Mr. Fu Xinmin	3 December 2015	Sale	On market	40,000	HK\$4.1568
Mr. Fu Xinmin	5 January 2016	Sale	On market	20,000	HK\$4.79
Mr. Fu Xinmin	7 January 2016	Sale	On market	50,000	HK\$4.70
Mr. Fu Xinmin	8 January 2016	Sale	On market	50,000	HK\$4.7540
Mr. Fu Xinmin	11 January 2016	Sale	On market	180,000	HK\$4.7144
Mr. Fu Xinmin	14 January 2016	Sale	On market	40,000	HK\$4.68
Mr. Fu Xinmin	15 January 2016	Sale	On market	18,500	HK\$4.5692
Mr. Fu Xinmin	19 January 2016	Sale	On market	11,500	HK\$4.56
Mr. Fu Xinmin	20 January 2016	Sale	On market	10,000	HK\$4.60
Mr. Fu Xinmin	21 January 2016	Sale	On market	20,000	HK\$4.60
Mr. Fu Xinmin	22 January 2016	Sale	On market	50,000	HK\$4.55
Mr. Fu Xinmin	26 January 2016	Sale	On market	20,000	HK\$4.50
Mr. Fu Xinmin	3 February 2016	Sale	On market	70,000	HK\$4.43
Mr. Fu Xinmin	5 February 2016	Sale	On market	60,000	HK\$4.45
Mr. Fu Xinmin	11 February 2016	Sale	On market	70,000	HK\$4.42
Mr. Fu Xinmin	12 February 2016	Sale	On market	30,000	HK\$4.37
Mr. Fu Xinmin	26 February 2016	Sale	On market	52,500	HK\$4.8010
Mr. Fu Xinmin	29 February 2016	Sale	On market	47,500	HK\$4.81

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	Week of 20 April 2015 to 26 April 2015 (aggregated)	Purchase	On market	820,500	Highest: HK\$4.69 Lowest: HK\$4.52
Pinpoint	27 April 2015 (aggregated)	Sale	On market	820,500	Highest: HK\$5.94 Lowest: HK\$5.85
Pinpoint	5 May 2015 (aggregated)	Purchase	On market	533,000	Highest: HK\$5.86 Lowest: HK\$5.63
Pinpoint	26 May 2015 (aggregated)	Purchase	On market	112,500	Highest: HK\$6.87 Lowest: HK\$6.85
Pinpoint	Week of 1 June 2015 to 7 June 2015 (aggregated)	Purchase	On market	425,500	Highest: HK\$6.37 Lowest: HK\$6.18
Pinpoint	19 June 2015	Sale	On market	2,000	HK\$5.40
Pinpoint	22 June 2015 (aggregated)	Sale	On market	509,000	Highest: HK\$5.50 Lowest: HK\$5.40
Pinpoint	26 June 2015 (aggregated)	Sale	On market	112,500	Highest: HK\$5.2250 Lowest: HK\$5.16
Pinpoint	6 July 2015 (aggregated)	Sale	On market	447,500	Highest: HK\$4.43 Lowest: HK\$4.03
Pinpoint	14 December 2015	Purchase	On market	12,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	24,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	27,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	13,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	23,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.10

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	12,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	12,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	38,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	19,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	25,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	15,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	9,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	42,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	9,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	18,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	12,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	6,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	12,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$5.09

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	5,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	6,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	20,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	20,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	11,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	14,000	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	14,500	HK\$5.10
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	9,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	29,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	15,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.09
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	36,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	11,000	HK\$5.08
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	11,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$5.04
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.04
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.04
Pinpoint	14 December 2015	Purchase	On market	45,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	37,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.04
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$5.04
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	43,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	47,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	17,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	12,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$5.07

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.05
Pinpoint	14 December 2015	Purchase	On market	12,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$5.06
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	12,000	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	18,500	HK\$5.07
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	12,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	9,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	15,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	9,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	15,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.95

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	20,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	28,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	28,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	20,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	13,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	25,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	16,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	14,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	16,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	23,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	18,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	26,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	31,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	31,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	31,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	9,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	35,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	35,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	35,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	35,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	27,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	36,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	16,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	14,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	36,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	11,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	31,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	8,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	13,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	28,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	9,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	27,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	26,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	26,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	24,000	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	5,500	HK\$4.95
Pinpoint	14 December 2015	Purchase	On market	45,000	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	54,500	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	15,500	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	50,000	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.93
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.93
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.94
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	14,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	60,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	6,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	41,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	50,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	19,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	36,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	54,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	9,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	87,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	67,500	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	10,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	388,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	15,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	30,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	32,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	59,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	15,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	105,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	421,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	49,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	1,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	64,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	73,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	38,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	674,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	56,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	177,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	199,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	259,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	25,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	50,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	59,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	55,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	20,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	59,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	41,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	25,000	HK\$4.98

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	25,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	14,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	21,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	36,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	191,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	300,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	66,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	14,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	31,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	15,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	50,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	13,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	254,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	194,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	2,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	295,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	259,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	288,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	179,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	11,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	26,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	16,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	33,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	16,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	65,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	20,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	6,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	59,500	HK\$5.00

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 December 2015	Purchase	On market	53,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	7,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	50,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	29,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	50,500	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	14,000	HK\$5.00
Pinpoint	14 December 2015	Purchase	On market	10,000	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	4,000	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	3,500	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	8,500	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	21,500	HK\$4.99
Pinpoint	14 December 2015	Purchase	On market	1,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	63,000	HK\$4.98
Pinpoint	14 December 2015	Purchase	On market	6,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	137,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	130,500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	181,500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	14 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	17,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	66,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	12,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	25,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	94,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	39,000	HK\$4.96

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	50,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	42,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	9,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	47,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	46,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	8,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	24,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	38,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	50,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	33,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	50,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	4,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	46,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	14,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	15,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	21,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	15,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	11,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	66,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	16,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	12,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	25,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	12,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	13,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	18,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	13,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	21,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	100,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	15,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	17,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	73,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	34,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	11,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	22,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	15,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	27,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	13,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	7,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	28,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	17,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	4,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	12,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	78,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	18,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	31,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	50,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	14,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	8,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	85,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,500	HK\$4.96

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	8,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	31,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	29,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	35,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	31,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	13,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	23,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	55,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	39,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	9,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	37,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	9,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	28,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	4,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.95
Pinpoint	15 December 2015	Purchase	On market	14,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	6,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.96

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	7,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	5,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	42,500	HK\$4.96
Pinpoint	15 December 2015	Purchase	On market	81,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	12,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	3,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	100,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	100,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	9,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	84,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	15,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	3,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	10,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	100,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	30,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	27,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	7,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	200,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	26,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	100,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	63,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	75,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	4,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	51,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	69,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	19,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	278,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	46,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	6,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	7,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	1,000	HK\$4.92

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	15 December 2015	Purchase	On market	139,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	45,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	5,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	225,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	44,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	256,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	256,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	20,000	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	1,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	4,500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	500	HK\$4.92
Pinpoint	15 December 2015	Purchase	On market	18,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	25,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	25,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	36,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	14,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	10,500	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	39,500	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	14,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	36,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	34,500	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	15,500	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	20,500	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	34,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	38,500	HK\$4.91
Pinpoint	16 December 2015	Purchase	On market	50,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	59,000	HK\$4.92
Pinpoint	16 December 2015	Purchase	On market	2,500	HK\$4.92
Pinpoint	17 December 2015	Purchase	On market	20,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	16,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	8,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	180,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	69,500	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	17 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	25,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	24,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	36,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	14,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	9,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	40,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	21,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	28,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	33,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	16,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	48,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	4,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	4,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	11,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	38,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	24,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	14,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	26,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	24,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	14,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	35,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	29,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	10,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	31,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	13,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	58,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	26,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	55,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	4,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	15,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	17,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	8,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	21,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	30,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	66,000	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	17 December 2015	Purchase	On market	4,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	96,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	75,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	77,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	100,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	112,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	5,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	1,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	100,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	24,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	18,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	17 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	7,500	HK\$4.85
Pinpoint	17 December 2015	Purchase	On market	2,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	88,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	4,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	21,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	100,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	478,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	148,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	39,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	12,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	84,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	4,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	182,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	305,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	194,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	6,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	44,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	65,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	12,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	25,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	35,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	12,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	25,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	55,500	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	42,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	45,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	100,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	35,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	30,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	46,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	100,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	58,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	13,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	53,500	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	18 December 2015	Purchase	On market	48,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	5,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	41,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	98,000	HK\$4.85
Pinpoint	18 December 2015	Purchase	On market	102,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	6,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	4,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	8,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	11,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	7,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	9,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	6,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	5,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	52,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	2,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	114,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	15,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	2,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	44,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	6,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	21,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	16,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	26,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	21,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,500	HK\$4.84
Pinpoint	21 December 2015	Purchase	On market	11,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	3,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	1,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	29,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	25,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	2,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	9,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	30,500	HK\$4.85
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.81
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	16,500	HK\$4.84
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.82
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	50,000	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	6,500	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	18,500	HK\$4.80
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.81
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.81
Pinpoint	21 December 2015	Purchase	On market	2,500	HK\$4.81
Pinpoint	21 December 2015	Purchase	On market	1,500	HK\$4.81
Pinpoint	21 December 2015	Purchase	On market	20,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	500	HK\$4.84
Pinpoint	21 December 2015	Purchase	On market	8,000	HK\$4.84

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	6,000	HK\$4.82
Pinpoint	21 December 2015	Purchase	On market	4,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	10,000	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	3,500	HK\$4.83
Pinpoint	21 December 2015	Purchase	On market	134,000	HK\$4.81
Pinpoint	8 January 2016	Purchase	On market	10,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	5,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	2,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	2,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	4,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	13,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	5,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	10,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	4,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	1,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	1,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	2,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	4,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	2,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	67,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	6,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	2,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	270,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	30,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	34,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	116,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	15,000	HK\$4.69
Pinpoint	11 January 2016	Purchase	On market	21,500	HK\$4.69
Pinpoint	11 January 2016	Purchase	On market	10,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	10,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	10,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	9,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	17,000	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	1,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	16,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	24,000	HK\$4.70

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	11 January 2016	Purchase	On market	9,500	HK\$4.70
Pinpoint	11 January 2016	Purchase	On market	4,000	HK\$4.70
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	12,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	2,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	12,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	2,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	2,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	3,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	5,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	5,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	3,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	4,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	4,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	4,000	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	4,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	3,500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	12 January 2016	Purchase	On market	41,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	67,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	10,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	2,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	7,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	117,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	10,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	3,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	11,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	2,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	29,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	4,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	2,000	HK\$4.65

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	12 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	6,500	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	34,000	HK\$4.65
Pinpoint	12 January 2016	Purchase	On market	4,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	9,500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	2,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	6,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	2,500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	2,500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	4,000	HK\$4.65
Pinpoint	13 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.635
Pinpoint	14 January 2016	Purchase	On market	1,500	HK\$4.635
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.635
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	6,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	6,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	4,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	14 January 2016	Purchase	On market	2,500	HK\$4.64
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	2,000	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	5,500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	2,000	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	4,500	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	22,500	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	4,000	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	4,500	HK\$4.62
Pinpoint	14 January 2016	Purchase	On market	4,500	HK\$4.62

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	14 January 2016	Purchase	On market	2,500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	3,500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	21,500	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.63
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	10,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	14,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	5,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	10,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	5,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	5,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	10,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,500	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	14 January 2016	Purchase	On market	9,000	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	2,500	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	7,500	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	1,000	HK\$4.65
Pinpoint	15 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	13,000	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	1,000	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	5,000	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	1,000	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	12,000	HK\$4.64
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	2,500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	500	HK\$4.63
Pinpoint	15 January 2016	Purchase	On market	18,000	HK\$4.63
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	12,000	HK\$4.46
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	3,500	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.47
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	182,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	20,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	23,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	43,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	37,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	80,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	10,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	12,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	23,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	10,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	20,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	7,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	7,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	6,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	6,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	5,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	3,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	6,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.48

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	11,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	3,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	7,500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.48
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	7,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	21,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	10,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	19,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	7,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	41,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	10,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	5,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	7,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	9,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	7,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	3,000	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	1,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	4,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	8,500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	5,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.49
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	2,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	6,000	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	500	HK\$4.50
Pinpoint	18 January 2016	Purchase	On market	4,000	HK\$4.50

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Pinpoint	19 January 2016	Purchase	On market	24,500	HK\$4.50
Pinpoint	19 January 2016	Purchase	On market	7,500	HK\$4.50
Pinpoint	19 January 2016	Purchase	On market	30,500	HK\$4.50
Pinpoint	19 January 2016	Purchase	On market	26,500	HK\$4.50
Pinpoint	19 January 2016	Purchase	On market	8,000	HK\$4.50
Pinpoint	19 January 2016	Purchase	On market	4,500	HK\$4.50
Moral Grand Limited	Week of 20 April 2015 to 26 April 2015 (aggregated)	Sale	On market	100,000	Highest: HK\$5.3857 Lowest: HK\$5.01
Moral Grand Limited	27 April 2015	Sale	On market	120,000	HK\$5.9638
Moral Grand Limited	Week of 18 May 2015 to 24 May 2015 (aggregated)	Sale	On market	180,000	Highest: HK\$6.8531 Lowest: HK\$6.4482
Moral Grand Limited	2 June 2015	Purchase	On market	20,000	HK\$6.20
Moral Grand Limited	5 June 2015	Purchase	On market	20,000	HK\$6.21
Moral Grand Limited	8 June 2015	Purchase	On market	40,000	HK\$6.07
Moral Grand Limited	9 June 2015	Purchase	On market	20,000	HK\$5.58
Moral Grand Limited	6 July 2015	Purchase	On market	20,000	HK\$4.11
Moral Grand Limited	19 August 2015	Purchase	On market	75,000	HK\$3.3833
Moral Grand Limited	20 August 2015	Purchase	On market	50,000	HK\$3.28
Moral Grand Limited	21 August 2015	Purchase	On market	95,000	HK\$3.0719
Moral Grand Limited	24 August 2015	Purchase	On market	30,000	HK\$2.82
Moral Grand Limited	26 August 2015	Purchase	On market	10,000	HK\$2.52
Moral Grand Limited	31 August 2015	Purchase	On market	10,000	HK\$2.57
Moral Grand Limited	1 September 2015	Purchase	On market	40,000	HK\$2.4079
Moral Grand Limited	16 September 2015	Sale	On market	10,000	HK\$3.30
Moral Grand Limited	21 September 2015	Purchase	On market	10,000	HK\$2.16
Moral Grand Limited	23 September 2015	Purchase	On market	30,000	HK\$3.1367
Moral Grand Limited	29 September 2015	Purchase	On market	10,000	HK\$3.09
Moral Grand Limited	2 October 2015	Sale	On market	20,000	HK\$3.57
Moral Grand Limited	8 October 2015	Purchase	On market	20,000	HK\$3.4350
Moral Grand Limited	16 October 2015	Sale	On market	20,000	HK\$3.63
Moral Grand Limited	20 October 2015	Purchase	On market	20,000	HK\$3.45
Moral Grand Limited	22 October 2015	Purchase	On market	10,000	HK\$3.33
Moral Grand Limited	23 October 2015	Purchase	On market	10,000	HK\$3.33
Moral Grand Limited	28 October 2015	Purchase	On market	30,000	HK\$3.23
Moral Grand Limited	29 October 2015	Purchase	On market	10,000	HK\$3.16
Moral Grand Limited	30 October 2015	Purchase	On market	20,000	HK\$3.1650
Moral Grand Limited	2 November 2015	Purchase	On market	10,000	HK\$3.10
Moral Grand Limited	6 November 2015	Sale	On market	10,000	HK\$3.52
Moral Grand Limited	13 November 2015	Purchase	On market	20,000	HK\$3.36
Moral Grand Limited	16 November 2015	Purchase	On market	10,000	HK\$3.20
Moral Grand Limited	27 November 2015	Purchase	On market	70,000	HK\$3.1786
Moral Grand Limited	2 December 2015	Sale	On market	150,500	HK\$3.4813
Moral Grand Limited	3 December 2015	Purchase	On market	70,000	HK\$4.1571
Moral Grand Limited	3 December 2015	Sale	On market	69,500	HK\$4.0693
Moral Grand Limited	4 December 2015	Purchase	On market	50,000	HK\$4.1360
Moral Grand Limited	14 December 2015	Purchase	On market	50,000	HK\$4.9560
Moral Grand Limited	15 December 2015	Purchase	On market	100,000	HK\$4.9020
Moral Grand Limited	16 December 2015	Purchase	On market	100,000	HK\$4.85

Name	Date of dealing	Nature of dealing	On market or off market	Number of relevant Shares dealt	Purchase price/selling price/highest and lowest price (if aggregated)
Moral Grand Limited	21 December 2015	Purchase	On market	20,000	HK\$4.77
Pzena	20 March 2015	Sale	On market	51,000	HK\$4.3828
Pzena	Week of 23 March 2015 to 29 March 2015 (aggregated)	Sale	On market	50,000	Highest: HK\$4.3600 Lowest: HK\$4.3400
Pzena	Week of 6 April 2015 to 12 April 2015 (aggregated)	Sale	On market	1,978,500	Highest: HK\$4.9051 Lowest: HK\$4.5985
Pzena	Week of 13 April 2015 to 19 April 2015 (aggregated)	Sale	On market	1,576,500	Highest: HK\$5.0280 Lowest: HK\$4.9400
Pzena	Week of 4 May 2015 to 10 May 2015 (aggregated)	Sale	On market	760,500	Highest: HK\$6.1817 Lowest: HK\$5.8917
Pzena	Week of 11 May 2015 to 17 May 2015 (aggregated)	Sale	On market	862,000	Highest: HK\$6.1390 Lowest: HK\$5.9800
Pzena	18 May 2015	Sale	On market	289,000	HK\$6.2141
Pzena	7 August 2015	Purchase	On market	52,500	HK\$3.8684
Pzena	10 August 2015	Purchase	On market	209,500	HK\$3.7849
Pzena	11 August 2015	Purchase	On market	130,500	HK\$3.7976
Pzena	12 August 2015	Purchase	On market	179,500	HK\$3.6243
Pzena	13 August 2015	Purchase	On market	20,500	HK\$3.5596
Pzena	17 August 2015	Purchase	On market	152,500	HK\$3.5647
Pzena	18 August 2015	Purchase	On market	64,000	HK\$3.4903
Pzena	19 August 2015	Purchase	On market	66,500	HK\$3.3857
Pzena	20 August 2015	Purchase	On market	179,500	HK\$3.2789
Pzena	20 August 2015	Purchase	On market	139,000	HK\$3.2953
Pzena	21 August 2015	Purchase	On market	619,000	HK\$3.0131
Goffee Limited	26 October 2015	Sale	On market	1,700,000	HK\$3.40
Goffee Limited	26 October 2015	Sale	On market	1,000,000	HK\$3.46
Goffee Limited	26 October 2015	Sale	On market	300,000	HK\$3.52
Goffee Limited	21 December 2015	Sale	On market	679,000	HK\$4.75
Goffee Limited	21 December 2015	Sale	On market	3,000,000	HK\$4.79
Goffee Limited	21 December 2015	Sale	On market	1,000,000	HK\$4.81
Goffee Limited	23 December 2015	Sale	On market	2,000,000	HK\$4.76
Goffee Limited	24 December 2015	Sale	On market	1,000,000	HK\$4.75
Goffee Limited	28 December 2015	Sale	On market	2,000,000	HK\$4.81
Goffee Limited	28 December 2015	Sale	On market	1,978,000	HK\$4.81
Goffee Limited	29 December 2015	Sale	On market	4,000,000	HK\$4.82
Goffee Limited	29 December 2015	Sale	On market	1,000,000	HK\$4.85
Goffee Limited	30 December 2015	Sale	On market	6,000,000	HK\$4.84
Goffee Limited	31 December 2015	Sale	On market	3,000,000	HK\$4.82
Goffee Limited	4 January 2016	Sale	On market	2,115,000	HK\$4.81
Goffee Limited	5 January 2016	Sale	On market	922,000	HK\$4.79

- (ii) None of the Offeror, its directors and parties acting in concert with the Offeror had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
- (iii) Save as disclosed above, no person who had irrevocably committed themselves to accept or reject the Partial Offer had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
- (iv) None of the Offeror and parties acting in concert with the Offeror who had borrowed or lent the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, save for any borrowed Shares which had been either on-lent or sold, had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
- (v) Neither the Company nor any of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Offeror.
- (vi) Save as disclosed above, none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.

(b) During the Offer Period and up to the Latest Practicable Date:

- (i) None of the subsidiaries of the Company, any pension funds of the Group and any adviser to the Company as specified in class (2) of the definition of “associate” under the Code (but excluding exempt principal traders) had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
- (ii) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Code had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.
- (iii) No fund manager (other than exempt fund managers) connected with the Company who manage shareholdings in the Company on a discretionary basis had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.

ARRANGEMENTS AFFECTING OR RELATING TO THE DIRECTORS

As at the Latest Practicable Date:

- (a) there was no arrangement whereby any Director would be given any benefit as compensation for loss of office or otherwise in connection with the Partial Offer;
- (b) no agreement or arrangement existed between any Director and any other person which was conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer;

- (c) except the Irrevocable Undertaking, the Additional Irrevocable Undertakings and the Second Round Additional Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it on the one hand, and any Director, recent Director, Shareholder or recent Shareholder on the other hand, having any connection with or dependence upon the Partial Offer; and
- (d) except the Irrevocable Undertaking, the Additional Irrevocable Undertakings and the Second Round Additional Irrevocable Undertakings, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the following Directors have entered into service contracts with the Company which are fixed term contracts with more than 12 months to run irrespective of the notice period:

- (a) Mr. Yang Aihua has entered into a service contract with the Company for a period of three years which commenced from 14 December 2011 and expired on 13 December 2014, at which it was automatically renewed upon expiration for a further period of three years and will expire on 13 December 2017. Mr. Yang Aihua is entitled to receive an annual remuneration of RMB3,360,000 (or the Hong Kong dollar equivalent). The Company may, subject to approval at a Shareholders' meeting or by the Board as authorized by the Shareholders based on the financial results of the Company for the relevant financial year, pay a discretionary bonus to Mr. Yang Aihua.
- (b) Mr. Yang Hansong has entered into a service contract with the Company for a period of three years which commenced from 14 December 2011 and expired on 13 December 2014, at which it was automatically renewed upon expiration for a further period of three years and will expire on 13 December 2017. Mr. Yang Hansong is entitled to receive an annual remuneration of RMB2,280,000 (or the Hong Kong dollar equivalent). The Company may, subject to approval at a Shareholders' meeting or by the Board as authorized by the Shareholders based on the financial results of the Company for the relevant financial year, pay a discretionary bonus to Mr. Yang Hansong.
- (c) Mr. Yang Zehua has entered into a service contract with the Company for a period of three years which commenced from 14 December 2011 and expired on 13 December 2014, at which it was automatically renewed upon expiration for a further period of three years and will expire on 13 December 2017. Mr. Yang Zehua is entitled to receive an annual remuneration of RMB2,160,000 (or the Hong Kong dollar equivalent). The Company may, subject to approval at a Shareholders' meeting or by the Board as authorized by the Shareholders based on the financial results of the Company for the relevant financial year, pay a discretionary bonus to Mr. Yang Zehua.

- (d) Mr. Zhao Hongliang has entered into a service contract with the Company for a period of three years which commenced from 14 December 2011 and expired on 13 December 2014, at which it was automatically renewed upon expiration for a further period of three years and will expire on 13 December 2017. Mr. Zhao Hongliang is entitled to receive an annual remuneration of RMB1,800,000 (or the Hong Kong dollar equivalent). The Company may, subject to approval at a Shareholders' meeting or by the Board as authorized by the Shareholders based on the financial results of the Company for the relevant financial year, pay a discretionary bonus to Mr. Zhao Hongliang.
- (e) Ms. Hua Xiuzhen has entered into a service contract with the Company for a period of three years which commenced from 14 December 2011 and expired on 13 December 2014, at which it was automatically renewed upon expiration for a further period of three years and will expire on 13 December 2017. Ms. Hua Xiuzhen is entitled to receive an annual remuneration of RMB1,740,000 (or the Hong Kong dollar equivalent). The Company may, subject to approval at a Shareholders' meeting or by the Board as authorized by the Shareholders based on the financial results of the Company for the relevant financial year, pay a discretionary bonus to Ms. Hua Xiuzhen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within six months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

MARKET PRICES

The table below shows the closing price per Share as quoted on the Stock Exchange on (a) the Latest Practicable Date; (b) the Last Trading Date; (c) the last trading day immediately preceding the date of the Rule 3.7 Announcement; and (d) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing Price of Shares HK\$
31 March 2015	4.20
30 April 2015	6.14
29 May 2015	6.48
30 June 2015	4.93
31 July 2015	3.84
31 August 2015	2.62
11 September 2015 (the last trading day immediately preceding the date of the publication of the Rule 3.7 Announcement)	2.58
30 September 2015	3.30
30 October 2015	3.22
30 November 2015	3.22
4 December 2015 (Last Trading Day)	4.15
31 December 2015	4.85
29 January 2016	4.41
29 February 2016	4.88
31 March 2016	4.90
29 April 2016	4.92
Latest Practicable Date	4.94

HIGHEST AND LOWEST SHARE PRICE

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$6.97 per Share on 22 May 2015, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$2.14 per Share on 1 September 2015.

LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

MATERIAL CONTRACT

Saved as disclosed below, the Group has not entered into any material contract (being contract not entered into in the ordinary course of business carried on or intended to be carried on by the Group) within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, which is or may be material:

1. the sale and purchase agreement dated 28 August 2015 between the Company and Orient Rich Investment Development Limited, a company wholly-owned by Mr. Yang Aihua, pursuant to which the Company agreed to sell and Orient Rich Investment Development Limited agreed to purchase the entire issued share capital in Extensive Prosperous Investments Limited (which holds a 38% equity interest in Autostreets Development Limited) at a consideration of RMB100,000,000;
2. the facility agreement in respect of a US\$120,000,000 term loan facility dated 22 June 2015 between the Company (as borrower), Xiangsong Auto Company Limited, Kailong Investments Management Limited, NCGA Holdings Limited and Yan Jun Auto Co. Limited (as guarantors) and Standard Chartered Bank (Hong Kong) Limited as the global coordinator; and
3. the facility agreement in respect of a US\$216,000,000 term loan facility dated 21 August 2014 between the Company (as borrower), Xiangsong Auto Company Limited, Kailong Investments Management Limited, NCGA Holdings Limited and Yan Jun Auto Co. Limited (as guarantors) and Standard Chartered Bank (Hong Kong) Limited as the global coordinator.

EXPERTS AND CONSENTS

The following are the names and qualifications of each of the experts who has been named in this Composite Document or who has given opinion or advice, which is contained in or referred to in this Composite Document:

Name	Qualification
CMB International	A corporation licensed by the SFC to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Somerley	A licensed corporation under the SFO, licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of CMB International and Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion, letter or report (as the case may be) and references to its name in the form and context in which it is included.

MISCELLANEOUS

The registered office of CGA is at No. 9 Yingsheng Road, Ganjingzi District, Dalian, Liaoning, PRC. The directors of CGA are Mr. Li Jianping, Mr. Tang Yongqi, Mr. Kong Lingjiang, Mr. Xue Weidong and Mr. Shang Yong, and the independent directors of CGA are Mr. Shen Jinjun, Mr. Cheng Xiaoming and Mr. Liang Yongming.

The registered office of the Offeror is at Room A, 20/F, Kiu Fu Commercial Building, 300 Lockhart Road, Wan Chai. The sole director of the Offeror is Mr. Wang Ben.

The registered office of the Company is at P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands.

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of CGA, a company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600297). The controlling shareholder of CGA is Guanghai Group, which is ultimately controlled by Mr. Sun Guangxin. The directors of Guanghai Group are Mr. Sun Guangxin, Mr. Shang Jiqiang, Mr. Dong Jinshan, Mr. Song Dongsheng, Mr. Li Jianping, Mr. Meng Zhipeng, Mr. Kong Lingjiang, Mr. Lu Wei, Mr. Yang Tiejun, Mr. Lin Faxian and Mr. Xue Weidong.

CMB International is making the Partial Offer and the Option Offer for and on behalf of the Offeror. The address of CMB International is at Units 1803–4, 18/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The Independent Financial Adviser is Somerley whose address is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited whose address is at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

As at the Latest Practicable Date, save for the Share Charge, the Offeror had no agreement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Partial Offer to any other persons.

As at the Latest Practicable Date, save for the Irrevocable Undertaking, the Additional Irrevocable Undertakings and the Second Round Additional Irrevocable Undertakings, there was no agreement or arrangement to which the Offeror or any person acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the Pre-Condition or a Condition.

In case of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours (except public holidays) at the office of the Company at Units 2205, 22/F, Bank of America Tower, 12 Harcourt Road, Hong Kong; (ii) on the website of the Company at www.klbaoxin.com; and (iii) on the website of the SFC at www.sfc.hk, from the Despatch Date until the end of the Offer Period:

- (1) the memorandum and articles of association of CGA;
- (2) the memorandum and articles of association of the Offeror;
- (3) the memorandum and articles of association of the Company;
- (4) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015;
- (5) the pro forma audited consolidated financial statements of the CGA Group for the financial year ended 31 December 2013 and for the six months ended 30 June 2014;
- (6) the audited consolidated financial statements of the CGA Group for the financial year ended 31 December 2015;
- (7) 2016 first quarterly report of CGA;
- (8) the letter from CMB International, the text of which is set out on pages 8 to 33 of this Composite Document;
- (9) the letter from the Board, the text of which is set out on pages 34 to 43 of this Composite Document;
- (10) the letter from the Independent Board Committee, the text of which is set out on pages 44 to 45 of this Composite Document;

- (11) the letter from Somerley, the text of which is set out on pages 46 to 62 of this Composite Document;
- (12) the material contracts referred to in the section headed “Material Contract” in this Appendix;
- (13) the service contracts of Directors in the section headed “Directors’ Service Contracts” in this Appendix;
- (14) the written consents as referred to in the section headed “Experts and Consents” in this Appendix;
- (15) the Irrevocable Undertaking (as amended by the Supplemental Agreement and from time to time);
- (16) the Additional Irrevocable Undertakings;
- (17) the Second Round Additional Irrevocable Undertakings; and
- (18) a full list of all dealings.