CHINA ZHENGTONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司

Stock Code 股份代號：1728

2014 ANNUAL REPORT 年報

ULTRA-LUXURY AND LUXURY BRANDS

CONTENTS

COMPANY PROFILE

China ZhengTong Auto Services Holdings Limited

China ZhengTong Auto Services Holdings Limited (the "Company" or "ZhengTong" or "ZhengTong Auto", and together with its subsidiaries the "Group") is the leading 4S dealership group in China focused on dealership of premium and ultra premium branded automobiles such as BMW, MINI, Audi, Jaguar, Land Rover, Volvo, Imported Volkswagen, Benz, Cadillac, Infiniti, Acura, Lamborghini and Porsche. The Group also operates dealership stores of middle market brands, such as Nissan, Hyundai and Honda.

We have developed forward-looking strategic network covering developed regions and fast growing provinces in China so as to lay down a solid foundation for rapid growth of the Group in the future. As at 31 December 2014, we operated 105 dealership outlets in 37 cities across 15 provinces nationwide not only covering the developed automobile market of some of the affluent first-tier and capital cities, but also effectively expanding to second and third-tier cities and regions with rapid growth and low automobile penetration.

The Group has endeavored to provide our customers the most superior automobile sales and after-sale services. The provision of comprehensive automobile solutions and the adoption of customer-oriented business model allow the Group to facilitate its long-term relationship with customers. To address growing demand in automobile market, we have also strengthened its after-sale services with an aim to deliver our customers high quality services in a rapid manner. The Group's automobile logistics and lubricant oil trading business has been complementary to our automobile dealership and after-sale services business. Meanwhile, the Group has been developing its derivative services, such as sales of accessories for automobiles, pre-owned automobile business, automobile financing and insurance agency, in order to complete the strategic transformation of our business operation for achieving our goal of sustainable healthy growth.

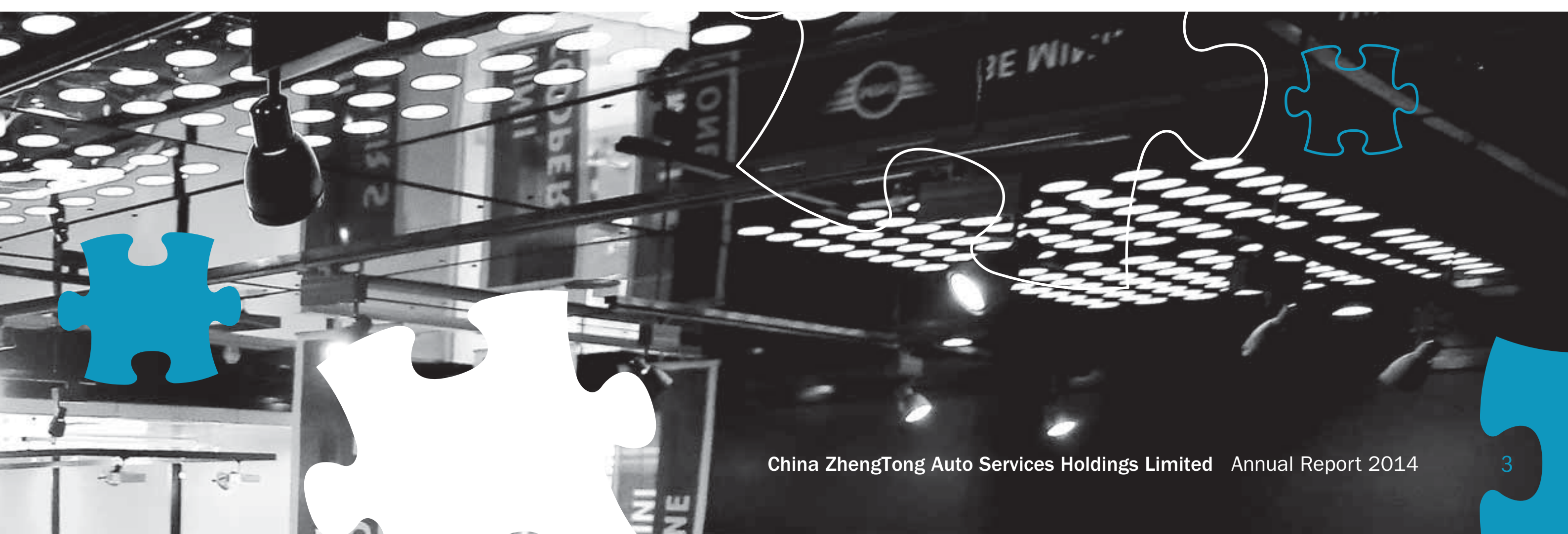
FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	2010	2011	2012	2013	2014
(RMB'000)					
Turnover	8,034,249	14,443,927	27,649,440	29,840,269	**30,910,087**
Profit before taxation	390,023	748,832	915,111	1,206,330	**1,175,055**
Income tax	(90,571)	(187,016)	(281,520)	(352,132)	**(351,517)**
Profit for the year	299,452	561,816	633,591	854,198	**823,538**
Attributable to:					
Shareholders of the Company	276,004	524,045	604,467	837,390	**803,792**
Non-controlling interests	23,448	37,771	29,124	16,808	**19,746**
	299,452	561,816	633,591	854,198	**823,538**

ASSETS AND LIABILITIES

	2010	2011	2012	2013	2014
(RMB'000)					
Total assets	6,732,293	15,989,422	16,942,232	19,115,791	**22,182,690**
Total liabilities	(2,659,302)	(9,667,503)	(10,141,645)	(11,477,704)	**(13,885,582)**
	4,072,991	6,321,919	6,800,587	7,638,087	**8,297,108**
Equity attributable to shareholders of the Company	4,014,783	6,210,404	6,708,738	7,543,262	**8,172,075**
Non-controlling interests	58,208	111,515	91,849	94,825	**125,033**
	4,072,991	6,321,919	6,800,587	7,638,087	**8,297,108**



PERSEVERANCE AND DETERMINATION

Being determined to become the world’s top automobile integrated services supplier


SALES
SPARE PARTS
SERVICE
SURVEY

DEAR SHAREHOLDERS:

As a result of structural adjustment under "new normal (新常態)" situation, China's economy maintained a steady growth in 2014. According to the statistics released by the National Bureau of Statistics of China, the gross domestic products (GDP) of China in 2014 recorded a year-on-year growth rate of approximately 7.4%, and the year-on-year nominal growth in China's total retail sales of social consumer goods was 12.0% (actual growth deducting price factors: 10.9%). The year-on-year nominal growth in China's per capita disposable income was 10.1% (actual growth deducting price factors: 8.0%). Progressive growth in national economy and steady growth in per capita disposable income of residents in China have been providing momentum for growth in spending on durable consumer goods, such as automobiles. According to the statistics released by the China Association of Automobile Manufacturers, the sales volume of passenger automobiles in China was approximately 19,700,000 in 2014, maintaining the top position in the world. The sales of new automobile in China have entered into a stage of steady growth after its explosive growth over the past decade, but the automotive after-market business is likely to begin its golden era.

Benefited from the increasing number of entry-level luxury branded automobiles launched in the market, growing demand for automobile upgrade and replacement as well as increase in penetration rate of automobile financing, the sales performance of luxury and ultra-luxury branded automobiles remained above the average growth of automobile retail market in 2014. According to the statistics released by the China Association of Automobile Manufacturers, among the major brands which the Group has dealership stores, the sales volume of Audi branded automobiles in China was 578,932 (2013: 491,989), representing a year-on-year growth of approximately 17%; the sales volume of BMW and MINI branded automobiles in China reached 455,979 (2013: 390,713), representing a year-on-year growth of approximately 17%; the sales volume of Benz branded automobiles in China was 281,588 (2013: 218,045), representing a year-on-year growth of approximately 29%; the sales volume of Jaguar and Land Rover branded automobiles in China was 122,010 (2013: 95,237), representing a year-on-year growth of approximately 28% and the sales volume of Volvo brand automobiles in China was 81,221 (2013: 61,146), representing a year-on-year growth of approximately 33%.

CHAIRMAN'S STATEMENT

According to the statistics released by the National Bureau of Statistics of China, the automobile ownership in China reached 154 million as at the end of 2014, representing a year-on-year growth of 12.4%. With the increasing automobile ownership and expanding customer base, the after-sales services which focus on repair and maintenance services and sales of accessories as well as extended services which focus on automobile insurance agency, automobile financing and pre-owned automobiles have continued to develop vigorously. Due to the popularity of internet and mobile devices, companies are allowed to integrate and pursue a novel business model with lower cost and higher efficiency, and also provide customers with comprehensive customized automobile-related services.

In spite of the promising prospects of automobile market, coupling with increasingly intense market competition, the existing dealership business model is facing new challenges in the market. The cooperation relationship between automobile dealers and manufacturers tends to be more long-term oriented. Because of different operating strategies and business models adopted by dealers as well as the degrees of their economies of scale, polarization in profitability and sustainability among dealers will be more obvious.

Facing the tremendous opportunities for developing automobiles after-sales services and the extended services, the Group will maximize its management strength and economies of scale which it has enjoyed, further optimize its national dealership network, provide the customers with customized, distinguished and comprehensive services, endeavour to excel in its after-sales services and the extended services, and complete the Group's strategic transform. As a result, the Group would raise higher value for the shareholders of the Company, staff members and the society and build up a leading integrated automobile services platform in China.

The Group's favorable results for 2014 were attributable to the efforts and dedication of all its staff as well as the trust and support of business partners and shareholders. In this regard, I would like to thank the shareholders, business partners and customers on behalf of the Board for their long-term support and trust. At the same time, I would also like to express my heartfelt gratitude to the staff of the Group for their loyalty, efforts and contributions over the past year.

Chairman of the Board
Wang Muqing

30 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

SINCERE SERVICES

Establishing a top class brand
by providing every customer with sincere services

BUSINESS REVIEW

In addition to persistent focus on the sales of luxury and ultra-luxury branded automobiles, the Group devoted a great effort to develop the traditional after-sales services and the emerging extended services in 2014. For the year ended 31 December 2014, the Group's turnover was approximately RMB30,910 million, representing a year-on-year growth of approximately 3.6%, gross profit was approximately RMB2,726 million, representing a year-on-year growth of approximately 5.3%. Profit attributable to shareholders of the Company was approximately RMB804 million. Basic earnings per share was approximately RMB36.4 cents.

Applying of Considerate Sales Strategy in Perplexing Market Environment

In 2014, the Group continued to prioritize network expansion by unlocking the potential of same store sales and consolidating regional competitive strengths. As a result, sales volume of new automobiles of the Group is 87,892, representing an increase of approximately 9.8% over the same period last year, among which 59,613 were contributed by the sales of luxury and ultra-luxury branded automobiles, representing an increase of approximately 9.6% over the same period last year. The Group's revenue contributed by the sales of new automobiles in 2014 was approximately RMB27,130 million, representing a year-on-year growth of approximately 2.0%.

In the first half of 2014, a balance between supply and demand in the market was maintained, and the gross profit of sales of new automobiles was relatively stable. In the second half of 2014, market demand turned weaker caused by miscellaneous macro-economic factors as well as specific factors in the industry, putting more pressure on the gross profit of sales of new automobiles. The Company strived to seek fine balance between business expansion and profitability of the sales of new automobiles by implementing discreet operational strategy, closely monitoring industrial trends and adjusting marketing plan in due course. The Company is confident in sales volume growth of luxury branded automobiles in China as well as the enormous potential of automobile after-market business, and believes that external factors are favorable to maintaining and even raising gross profit of sales of new automobiles.

In addition, the Company has strived for providing its customers with comprehensive one-stop integrated services with an aim to positively encourage growth in high value-added businesses, such as the after-sales services and the extended services, through integrating marketing models of products and services.

Providing Customized After-sales Services Focusing on Customers' Experience

At present, the Group has established a concrete base of quality customers, which allows the Group to generate a steady source of revenue and profit from its after-sales services. In 2014, the Group generated revenue from the after-sales services of approximately RMB3,180 million, representing a year-on-year growth of approximately 14.3%; and gross profit generated from the after-sales services was approximately RMB1,507 million, representing a year-on-year growth of approximately 19.4%. The Group's gross profit margin of after-sales services increased to 47.4% in 2014 from 45.4% in 2013. In 2014, the after-sales services of the Group have contributed more gross profit than the sales of new automobiles for the first time, and together with the extended services are expected to provide the Group with more stable source of profit and persistent strong growth momentum.

The Group, as always, adheres to our operational notion of "customer comes first", placing a great emphasis on providing customized, effective and innovative services with an aim to exploit huge economic benefits from the after-sales services. In 2014, the Group further invested in area that enhances customer experience, including formulating specific service procedures, strengthening interaction with customers through mobile terminal applications and cultivating spending habits of customers, so as to provide the Group's customers with more professional and convenient after-sales services, and effectively enhance customers' satisfaction and loyalty.

Meanwhile, the Group has proactively managed the cost control of spare parts for after-sales services, centrally regulated the types of spare parts, purchase costs and inventory turnover, fully capitalized its economies of scale with inventory resources internally shared, and thus was able to reduce inventory costs in general effectively as well as enhancing operational efficiency and gross profit.

Rapid Development of Extended Services by Leveraging Economies of Scale

The Group has committed to develop the extended services, and thus has effectively built up a diversified services platform of dealership by prospective deployment. At present, the extended services mainly include insurance agency, automobile financing, trading of pre-owned automobiles and e-commence platform, which are high value-added businesses in addition to the traditional sales of automobiles and the after-sales services. In 2014, the commission income from the Group's extended services was approximately RMB422 million, representing a year-on-year growth of approximately 41.1%.

For insurance agency business, DingZe Insurance Agency Company the Limited* (鼎澤保險代理有限公司) ("DingZe Insurance"), a subsidiary of the Group incorporated in 2013, has established strategic cooperation with a number of national insurance institutions, actively growing the numbers of new insurance policies and policy renewals and participating into the development of a variety of insurance products that addresses the demand of our customers, aimed at providing the Group's customers with comprehensive and distinguished insurance agency services. While the insurance agency business has increased the Group's commission income, it has indirectly further contributed to the growth of the Group's other core businesses.

For automobile financing business, coupling with the rapid development of automobile financing industry in China in 2014 and the quick increase in penetration rate of luxury and ultra-luxury branded automobile financing, the Company has received approval to establish Shanghai Dongzheng Automative Finance Co., Ltd. (上海東正汽車金融有限公司) ("AFC") in March 2015, and it becomes the first domestic automobile dealership group to secure a financial business licence. To capture market opportunities, the Group will devote more efforts on retail loans, wholesale loan and financial leasing for new and pre-owned automobiles by fully capitalizing on the economies of scale and the advantages of sales channels as well as developing a variety of financial products which could address the demands of our customers in order to form our distinguished product mix and link a full value chain, providing the Group's customers with comprehensive and distinguished services and products of automobile financing.

Pre-owned automobiles market in China is currently at its initial stage of development, offering an excellent prospect for growth. The Group has endeavored to establish its platform of pre-owned automobiles with its own features to facilitate the growth in high value-added pre-owned automobile business by actively utilizing its existing customer base and combining the integrated strengths of the Group's after-sales services. The Group will keenly consolidate the strength of its automobile financing business and insurance business, providing the Group's customers with a more comprehensive one-stop solution, and thus establishing our distinguished competitive strengths of pre-owned automobiles business.

For e-commerce platform, the Group established its e-commerce website, www.zhengtongauto.net, on 11 November 2014. The website is principally for marketing and sales of online after-sales services along with the whole value chain throughout customer life cycle, covering sales of accessories, after-sales accessories, maintenance packages, insurance and pre-owned automobiles. The Group expects to build the website up as one of the most professional automobile e-commerce platform for automobile aftermarket in China.

Moderate Expansion and Sustaining Optimization of Balanced National Dealership Network of Luxury Branded Automobiles

In 2014, automobile industry was perplexing but there was huge room for service network of luxury and ultra-luxury branded automobiles to develop. The Group continued to closely monitor luxury and ultra-luxury brands of automobile in China, consolidate regional strengths and moderately expand brands mix, and also continued to optimize the structure of its existing dealership network, including forms of dealership store and regional distribution, further improving its balanced national dealership network.

During the year under review, we set up 13 new dealership stores for luxury and ultra-luxury branded automobiles, covering all leading brands in China, such as BMW/MINI, Audi, Jaguar and Land Rover, Volvo, Cadillac, Fujian Benz. In addition to traditional 4S stores and urban showrooms, the newly established stores included 2 repair service centers.

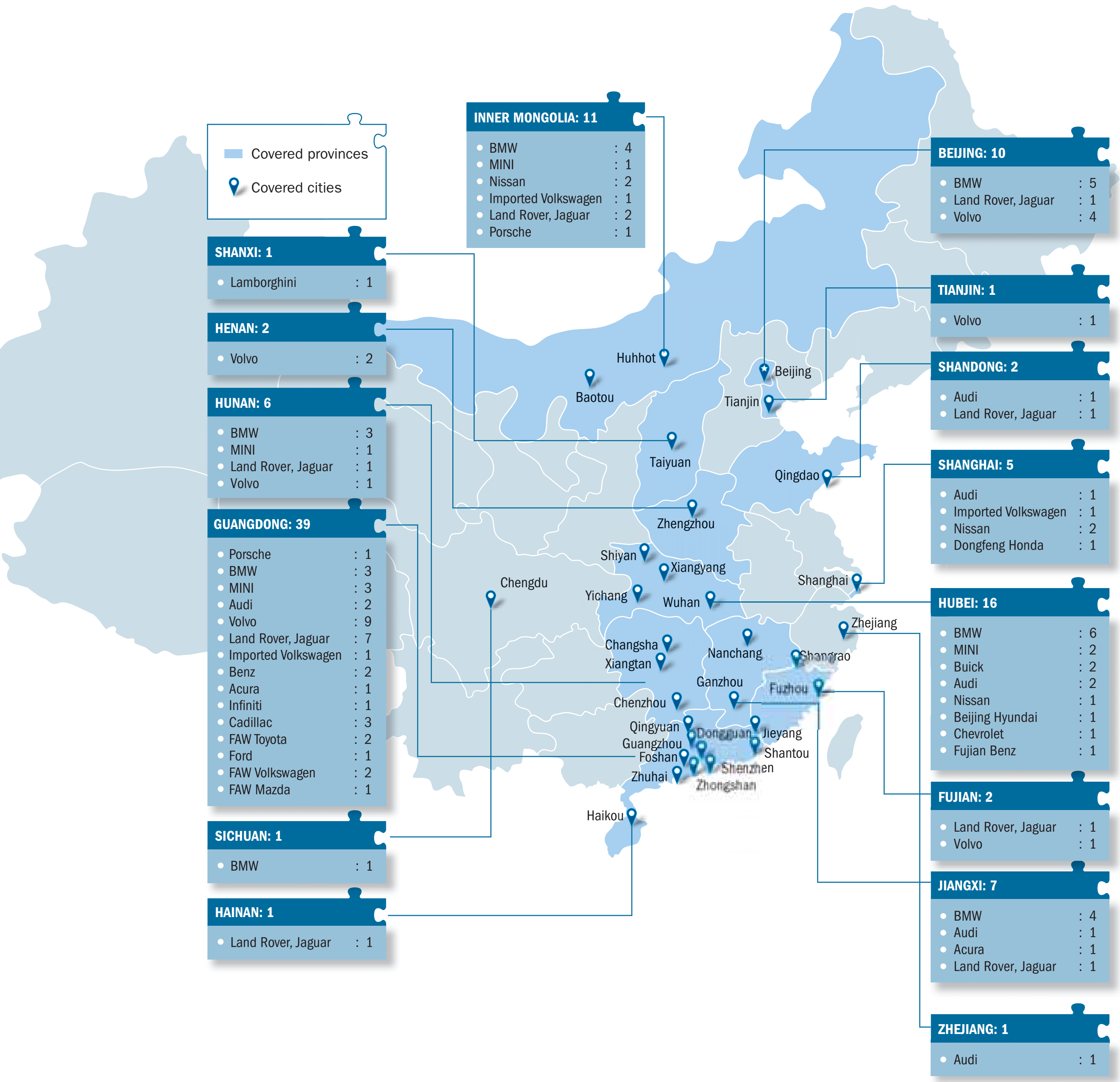
In accordance with the development strategy of the Group, which is to focus on luxury and ultra-luxury brands and balanced network layout, the scale of dealership stores and the geographic coverage of the Group have been further expanded. As at 31 December 2014, the Group's dealership network had 105 dealership stores in operation covering 15 provinces and 37 cities across the country, acting for 22 automobile brands, and 85% of the stores were for luxury branded automobiles. In addition, there were 28 dealership stores under development or to be developed which were authorized to the Group by major luxury brands of automobiles, such as BMW, Audi, Jaguar and Land Rover as well as Volvo. The authorized new projects located in first tier cities, such as Beijing, Shanghai, Guangzhou, Shenzhen and Chongqing, and regions with potential for rapid development, such as Shandong, Hebei, Henan, Hubei, Hunan and Guangdong. With the further expansion of scale and the advantage of sales channels, the quality of the Group's network will be further enhanced.

The following table sets forth the details of our dealership stores as at 31 December 2014:

	Dealership stores in operation	Authorized dealership stores to be opened	Total
Luxury and ultra-luxury branded 5S/4S/3S store	66	22	88
Mid-to-high end branded 4S store	16	0	16
Showroom for luxury branded automobile in urban area	19	0	19
Authorized maintenance and repair services center for luxury brands	4	1	5
Luxury branded store in transition	0	3	3
Pre-owned automobile center	0	2	2
Total	105	28	133

By establishing strategic cooperation with leading manufacturers of luxury and ultra-luxury branded automobiles in China and optimizing existing network and brands mix, the network quality, the quantity and quality of newly authorized stores of the Group have been guaranteed. The 28 authorized stores under development and to be developed, all of which were for luxury and ultra-luxury branded automobiles, will further strengthen the Group's regional advantages, allow the Group to enter into a number of new cities with huge development potential, to create synergy with the existing operational network. As at the date of this report, two 4S stores for luxury branded automobiles and one 3S store for luxury branded automobiles commenced operation, and 3 showrooms and repair service centers for luxury and ultra-luxury branded automobiles were closed down at the beginning of 2015 to further optimize distribution network and thus escalate profitability of the Group. In 2015, the Group will continue to focus on the development of major luxury brands, the expansion of operation scale and on-going optimization of internal network, keeping up momentum for the Group's overall operation and the extended services business.

BALANCED DEALERSHIP NETWORK



Total number of dealership stores in operation in the PRC as at 31 December 2014: 105

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, the Group generated turnover of approximately RMB30,910 million, representing an increase of approximately 3.6% over the turnover of approximately RMB29,840 million in 2013. The increase in turnover was mainly due to the year-on-year increase in turnover of dealership stores opened last year as well as an increase in number of dealership stores during the year under review. For the year ended 31 December 2014, sales revenue from luxury and ultra-luxury branded new automobiles increased to RMB23,618 million, representing a growth of approximately 0.5% over RMB23,494 million in 2013, the sales revenue attributable to total sales of new automobiles decreased to 87.1% from 88.3% in 2013; revenue from after-sales services of luxury and ultra-luxury branded automobiles was RMB2,727 million, representing a growth of approximately 16.8% as compared to RMB2,334 million in 2013, and accounted for 85.8% of the total revenue of after-sales services business. The following table sets forth a breakdown of our turnover and relevant information for the periods indicated.

	2014 Turnover (RMB'000)	2013 Turnover (RMB'000)
Sales of new automobiles		
Luxury and ultra-luxury brands	23,618,480	23,493,902
High-to-mid market brands	3,511,637	3,100,723
Sub-total	27,130,117	26,594,625
After-sales services		
Luxury and ultra-luxury brands	2,727,411	2,333,533
High-to-mid market brands	452,273	449,297
Subtotal	3,179,684	2,782,830
Logistics services and lubricant oil trading	600,286	462,814
Total	30,910,087	29,840,269

Cost of sales

For the year ended 31 December 2014, cost of sales of the Group amounted to approximately RMB28,185 million, representing an increase of 3.4% from RMB27,252 million in 2013. Such increase was substantially in line with the increase in turnover.

Gross profit and gross profit margin

For the year ended 31 December 2014, the Group's gross profit was approximately RMB2,726 million, representing an increase of approximately 5.3% over approximately RMB2,588 million in 2013. The gross profit for the sales of new automobiles in 2014 decreased by 9.8% to approximately RMB1,139 million from approximately RMB1,263 million in 2013; the gross profit for the after-sales services in 2014 increased by 19.4% to approximately RMB1,507 million from approximately RMB1,262 million in 2013, accounting for 55.3% of our total gross profit as compared with 48.8% in 2013. The gross profit for the sales of luxury and ultra-luxury branded automobiles decreased from approximately RMB1,225 million in 2013 to approximately RMB1,086 million. The gross profit of the provision of after-sales services of luxury and ultra-luxury branded automobiles was approximately RMB1,227 million, representing a growth of approximately 15.5% as compared to RMB1,062 million in 2013.

For the year ended 31 December 2014, the consolidated gross profit margin of the Group was approximately 8.8%, representing an increase of approximately 0.1 percentage point as compared with approximately 8.7% in 2013. The gross profit margin for the sales of new automobiles was 4.2% (2013: 4.7%), among which, the gross profit margin for the sales of luxury and ultra-luxury branded new automobiles was 4.6% (2013: 5.2%). The decline was due to increasing competition in luxury and ultra-luxury automobile market in China in 2014. The gross profit margin for after-sales services was 47.4% (2013: 45.3%). The increase in the gross profit margin for the after-sales services business was due to the continual improvement in the operating efficiency and quality of the Group's after-sales services as well as an increase in reputation of our after-sales services, with further room for growth expected.

Selling and distribution expenses

For the year ended 31 December 2014, the Group's selling and distribution expenses increased by approximately 17.2% to approximately RMB818 million from approximately RMB698 million in 2013. Such increase was primarily due to the increase in salaries and wages as well as leasing charges as a result of an increase in the number of dealership stores in 2014.

Administrative expenses

For the year ended 31 December 2014, the Group's administrative expenses amounted to approximately RMB771 million, representing an increase of approximately 32.7% over approximately RMB581 million in 2013. Such increase was primarily due to an increase in number of dealership stores during the period under review and an exchange loss incurred from the depreciation of Renminbi at the beginning the year.

Profit from operations

For the year ended 31 December 2014, the Group's profit from operations amounted to approximately RMB1,629 million, representing a decrease of approximately 2.7% as compared with approximately RMB1,674 million in 2013. The operating profit margin was approximately 5.3%, a decrease of approximately 0.3 percentage point over 5.6% in 2013.

Income tax expenses

For the year ended 31 December 2014, the Group's income tax expenses amounted to approximately RMB352 million and the effective tax rate was approximately 29.9%.

Profit for the year

For the year ended 31 December 2014, the Group's profit for the year was approximately RMB824 million, representing a decrease of approximately 3.5% over approximately RMB854 million in 2013. During the year, net profit margin was 2.7%, down approximately 0.2 percentage point from 2.9% in 2013.

Proposed final dividend

The Board resolved to propose to the shareholders of the Company on the forthcoming annual general meeting to be held on 22 May 2015 (the "2015 AGM") for the distribution of a final dividend of HK$0.10 per share for the year ended 31 December 2014 payable to the shareholders of the Company whose names are listed in the register of members of the Company on 3 June 2015. The proposal for the distribution of the final dividend is subject to the consideration and approval by the shareholders of the Company at the 2015 AGM.

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities or guarantees save as those assets pledged to banks for loans and borrowings. For details, please refer to note 32 to the consolidated financial statements.

Current assets and current liabilities

As at 31 December 2014, the Group's current assets amounted to approximately RMB12,282 million, representing an increase of RMB1,969 million as compared to current assets of approximately RMB10,313 million as at 31 December 2013. Such increase was primarily attributable to a moderate increase in inventory at the end of 2014 because of the Group's sales arrangement in the beginning of 2015 as well as an increase in number of new dealership stores in 2014. As at 31 December 2014, the Group's current liabilities amounted to approximately RMB10,950 million, representing an increase of approximately RMB2,745 million as compared to current liabilities of approximately RMB8,205 million as at 31 December 2013. Such increase was due to the expansion of the Group's business scale. As at 31 December 2014, our net current assets amounted to RMB1,332 million, representing a decrease as compared with our net assets of RMB2,108 million as at 31 December 2013.

Cash flow

As at 31 December 2014, the Group has cash and cash equivalents amounting to approximately RMB1,435 million, representing a decrease of approximately RMB33 million over approximately RMB1,468 million as at 31 December 2013. The Group's transactions and monetary assets are principally conducted in RMB. The Group's primary uses of cash are to pay for purchases of new automobiles, spare parts and automobile accessories and automobile lubricant oil, to repay the Group's loans, borrowings and other indebtedness, to fund the Group's working capital and normal recurring expenses and to establish new dealership stores or other businesses. The Group finances its liquidity requirements through a combination of cash flows generated from the operating activities, bank loans and other financings. For the year ended 31 December 2014, the Group had net cash inflow of RMB874 million in its operating activities, representing a decrease as compared with RMB1,271 million for the year ended 31 December 2013. Such decrease was mainly attributable to moderate increase in inventory at the end of 2014 because of the Group's sales arrangement in the beginning of 2015 as well as increase in the number of new dealership stores in 2014.

Capital expenditure and investment

For the year ended 31 December 2014, the Group's capital expenditure and investment was approximately RMB1,753 million (2013: approximately RMB1,198 million). Our capital expenditure includes primarily property, equipment, land use rights and construction costs of new dealership outlets.

Inventory

The Group's inventories included vehicles and automobile spare parts. In general, each of the Group's dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventories. In addition, the Group utilizes its information technology systems to manage its inventory, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group was approximately RMB4,346 million as at 31 December 2014, increased by approximately RMB1,818 million when compared with RMB2,528 million as at 31 December 2013. Such Increase was due to moderate increase in inventory at the end of 2014 because of the Group's sales arrangement in the beginning of 2015 as well as increase in the number of new dealership stores in 2014. The following table sets forth our average inventory turnover days for the years indicated:

	For the year ended 31 December (days)	
	2014	2013
Average inventory turnover days	44.5	38.8

Risks of foreign exchange fluctuation

The Group conducts its business primarily in Renminbi. Certain bank deposits, bank loans and credit enhanced bonds 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. Nevertheless, the Group will closely monitor currency fluctuations and will consider hedging these exposures should the need arise.

Liquidity, financial resources and capital structure

Working capital and capital expenditures of the Group were primarily funded through cash generated from internal operation and borrowings provided by principal banks. As at 31 December 2014, the Group's cash and bank deposits were approximately RMB3,129 million (including: restricted bank deposits of approximately RMB1,694 million and cash and cash equivalents), representing an increase of approximately RMB115 million, from approximately RMB3,014 million as at 31 December 2013. As at 31 December 2014, loans and borrowings and bonds payable of the Group amounted to approximately RMB6,380 million (31 December 2013: RMB5,295 million). As at 31 December 2014, save as interest bearing bank loans and other borrowings of approximately RMB5,062 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings bore interest at floating rates. As at 31 December 2014, net gearing ratio of the Group was 39.2% (31 December 2013: 29.9%). Net gearing ratio was calculated as loans and borrowings and bonds payable less cash and bank deposits divided by owner's equity.

Pledged assets of the group

The Group has pledged its group assets as the security for loans and borrowings as well as bank financings to be used as working capital for daily operations. As at 31 December 2014, the pledged assets of the Group amounted to approximately RMB4,364 million (31 December 2013: approximately RMB2,795 million).

Investments held in foreign currency and hedging

For the year ended 31 December 2014, the Group did not hold any investments denominated in foreign currencies. Furthermore, the Group's working capital or liquidity did not face any material difficulties or material impacts as a result of the movement in exchange rate. Currently, the Group does not employ any financial instruments for hedging purposes.

Employees and remuneration policies

As at 31 December 2014, the Group had a total of 8,977 employees in Mainland China and Hong Kong (31 December 2013: 7,903 employees). The Group offers competitive remuneration packages and welfare benefits, including pension, work-related compensation benefits, maternity insurance, medical and unemployment benefit plans. The Group also provides good working environment and diversified training program. The Company has adopted share option schemes and a restricted share award scheme for granting shares to eligible employees as incentives or rewards for their contribution to the Group.

Capital Commitment

For details, please refer to note 31 to the consolidated financial statements.

OUTLOOK AND STRATEGIES

Looking forward, macro-economy in China will continue to grow steadily and the Company is confident that long term development of automobile industry will be achieved, particularly in the luxury and ultra-luxury automobile industry. We anticipate a higher growth in sales volume of luxury branded automobiles in China, and after-markets services business and extended services business will boom. Since our listing, we have built up a solid base of quality customers and progressively improved after-sales services regime as well as the individual extended business platforms, such as insurance, financing and pre-owned automobiles. Facing the tremendous opportunities for developing automobiles after-sales services and the extended services, the Group will maximize its management strength and economies of scale which it has enjoyed, further optimize its national dealership network, provide the customers with customized, distinguished and comprehensive services, endeavour to excel in its after-sales services and the extended services, and complete the Group's strategic transform. As a result, the Group would raise higher value for the shareholders of the Company, staff members and the society and build up a leading integrated automobile services platform in China.

Events after the Reporting Period

(1) The Company, through its wholly-owned subsidiary, has entered into a series of contracts with, among others, Shantou Hongxiang Materials Co., Ltd. (汕頭市宏祥物資有限公司) ("Shantou Hongxiang"), serving the purpose of providing the Group with effective control over Shantou Hongxiang but not through direct shareholding, and to effectively transfer the economic benefits and remove the risks associated therewith of Shantou Hongxiang (the "Hongxiang Contractual Arrangements"). In February 2015, the Group completed the acquisition of the entire equity interest in Shantou Hongxiang and unwound the Hongxiang Contractual Arrangements, and Shantou Hongxiang became the direct wholly-owned subsidiary of the Group.

Reference is made to the announcement of the Company dated 17 September 2012 ("the 2012 Announcement") and the prospectus of the Company dated 29 November 2010 ("the Prospectus") in relation to, among others, the restructuring of some of the Company's PRC Operating Entities (as defined in the 2012 Announcement and the Prospectus), which were controlled through contractual arrangements. The Group has been restructuring its operating subsidiaries in the PRC, which were controlled through contractual arrangements, by unwinding such contractual arrangements. Shantou Hongxiang is the last PRC operating entity controlled by the Group through this kind of contractual arrangements. Upon completion of the acquisition of Shantou Hongxiang, the Group's PRC Operating Entities is no longer controlled by the Group through contractual arrangements, but through equity-ownership of the Group over the PRC Operating Entities. As such, our Directors are of the view that unwinding such contractual arrangements will minimize the risks of controlling operating subsidiaries of the Company in the PRC through the contractual arrangements and protect the interests of the Company and its shareholders as a whole.

(2) In March 2015, Shanghai Dongzheng Automotive Finance Co., Ltd. (上海東正汽車金融有限責任公司) (the "AFC"), which was initiated and established by the Company, officially received the "Approval for the Commencement of Operation of Shanghai Dongzheng Automobile Financing Company Limited" by the China Banking Regulatory Commission (the "CBRC"), Shanghai Bureau ("Shanghai CBRC")" (《上海銀監局關於上海東正汽車金融有限責任公司開業的批覆》) from the Shanghai CBRC, as well as the "Financial Business Permit of the People's Republic of China" (《金融許可證》) issued by the CBRC. In the same month, AFC completed the procedures of industrial and commercial registration with a business license issued. AFC's registered capital of RMB500 million was contributed by the Company of RMB475 million and Dong Feng Motor Corporation ("PRC shareholder") of RMB25 million, respectively, representing 95% and 5% of equity interests in AFC respectively. AFC intends to commence automobile financing related business approved by CBRC in accordance with relevant laws, administrative and other regulations. The board of AFC is the highest authority of AFC, responsible for making decision on all significant matters as well as general supervision and control of AFC. The board of AFC comprises three directors, one of whom is appointed by PRC shareholder and the other two are appointed by the Company. Chairman of the board of AFC is elected by the board of AFC. All possible transfers of equity interests would be agreed by the Company and the PRC shareholder pursuant to the "Administrative Measures for Automobile Financing Companies" issued by CBRC and the agreement for the establishment of AFC (the "Agreement"). The Agreement has been negotiated by the Company and the PRC shareholder on an arm's length basis. The board of the Company believes that the Agreement has been entered into in the ordinary and usual course of business and on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole. The establishment of AFC is in line with the development strategy of the Company in sales of luxury branded automobiles and providing relevant after-market services, will further diversify the businesses of the Company and boost its growth potential. The Group expects that the automobile financing business will form a new niche for its profit growth.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Group also acknowledges the vital importance of good corporate governance to the Group's success and sustainability.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Board is of the view that throughout the year ended 31 December 2014, the Company has complied with the applicable code provisions ("Code Provisions") of the CG Code, except that, pertaining to Code Provisions A.6.7, Mr. Wang Muqing, a non-executive Director (re-designated as executive Director on 30 March 2015) and Mr. Chang Xiuze, an independent non-executive Director, were unable to attend the 2014 annual general meeting of the Company due to other commitments.

The Company will periodically review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a securities dealing code ("Securities Dealing Code") regarding securities transactions of the Directors with standards no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code and the Model Code throughout the year ended 31 December 2014.

The Company has also adopted a warning to its employees about insider dealing ("Insider Dealing Warning") for securities transactions by employees.

No incident of non-compliance of the Insider Dealing Warning by the employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

The Board is currently made up of 8 members in total, with 5 executive Directors and 3 independent non-executive Directors.

The Board comprises the following Directors:

Executive Directors:
Mr. Wang Muqing *(Chairman)* (re-designated as executive Director on 30 March 2015)
Mr. Wang Kunpeng *(Chief Executive Officer)*
Mr. Li Zhubo
Mr. Chen Tao
Mr. Shao Yong Jun

Independent Non-executive Directors:
Dr. Wong Tin Yau, Kelvin
Mr. Zhao Chunjun
Mr. Chang Xiuze

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. The updated list of Directors (by category) identifying their roles and functions is also disclosed in the Company's website and the Stock Exchange's website pursuant to the Listing Rules.

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

During the year ended 31 December 2014, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The proportion of the independent non-executive Directors was more than one-third of the Board.

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

All Directors, including the non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Responsibilities

The Board is collectively responsible for leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees (the "Committees") and has delegated to these Committees various responsibilities as set out in their respective terms of reference.

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

Delegation by the Board

The Board reserves for its decisions on all major matters of the Company, including: the formulation and monitoring of all policies and directions, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

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

The day-to-day management, administration and operation of the Company are delegated to the Operation and Management Committee which is the management authority of the Group. The members of it are the Chief Executive Officer, three other executive Directors, and members of the senior management. Its delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions to be entered into by the Group.

The Company has arranged directors and officers liability and company reimbursement insurances for its directors and officers.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association (the "Articles"). The nomination Committee is responsible for reviewing the structure, size, board diversity and composition of the Board, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. Details of the Nomination Committee are set out in the "Board Committees" section below.

Each of the Directors has entered into a service contract (for executive Director) or a letter of appointment (for non-executive Director and independent non-executive Director). No Director proposed for re-election at the forthcoming 2015 annual general meeting of the Company (the "2015 AGM") has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Pursuant to the Articles, at each annual general meeting ("AGM"), one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) is required to retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot, and shall be eligible to offer themselves for re-election. Any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of the Company and shall, being eligible, be subject to re-election at such meeting.

Accordingly, Mr. Wang Kunpeng, Mr. Chen Tao and Mr. Shao Yong Jun shall retire and being eligible, offer themselves for re-election at the 2015 AGM.

The Company's circular dated 22 April 2015 to be sent to the shareholders contains detailed information of the Directors standing for re-election.

The Board recommended the re-appointment of the Directors standing for re-election at the 2015 AGM of the Company.

Board Diversity

The Board has adopted a board diversity policy in September 2013 (the "Board Diversity Policy"). In designing the Board's composition, the Company considers whether a candidate will bring potential complementary benefits to the Board and contribute to the improvement of the Board's overall competence, experience and expertise, having due regard for diversity in terms of professional experience and qualifications, gender, age, ethnicity, and cultural and educational background, as well as any other factors that the Board from time to time deems relevant and appropriate for the purpose of Board diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to experience and expertise, professional experience and qualifications gender, age, ethnicity and cultural and educational background. The nomination Committee will review the Board Diversity Policy as and when appropriate to ensure its effectiveness.

Induction and Continuing Development of Directors

Every newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Directors' responsibilities and obligations under the Listing Rules, common law and relevant statutory requirements.

The existing Directors are continuously updated with developments in legal and regulatory regime and the business and market environments so as to facilitate the discharge of their responsibilities. A 6-hour in-house seminar and workshop on director's continuing obligations and principal rules & regulations for a Hong Kong listed company was organized for Directors and senior management by the Company in December 2014. Relevant seminar material was also provided to those who were not able to attend the seminar and workshop.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of Chairman and Chief Executive Officer are held separately by Mr. Wang Muqing, the non-executive Director of the Company (re-designated as executive Director on 30 March 2015), and Mr. Wang Kunpeng, an Executive Director, respectively, neither of whom have any financial, business, family or other relationship with each other. This separation ensures that there is a clear division of responsibilities of the management of the Board and the day-to-day management of business of the Company to ensure a balance of power and authority.

Mr. Wang Kunpeng is also the chairman of the Operation and Management Committee and is responsible for running the Company's businesses, implementing the Company's strategic plans and business goals and formulating and recommending business plans and budgets to the Board.

ATTENDANCE RECORDS

The Directors' attendance at the Annual General Meeting, Board Meetings and Committee Meetings in 2014 is given below:

	Meetings Attended/Held				
Members of the Board of Directors	2014 AGM	Board	Audit Committee	Remuneration Committee	Nomination Committee
Non-executive Director:					
Mr. Wang Muqing *(Chairman)* (re-designated as executive Director on 30 March 2015)	0/1	1/4 (Note 1)	–	–	–
Independent Non-executive Directors:					
Dr. Wong Tin Yau, Kelvin	1/1	5/5	2/2	1/1	–
Mr. Zhao Chunjun	1/1	4/5	1/2	–	1/1
Mr. Chang Xiuze	0/1	3/5	2/2	1/1	1/1
Executive Directors:					
Mr. Wang Kunpeng *(Chief Executive Officer)*	1/1	5/5	–	1/1	–
Mr. Li Zhubo	1/1	5/5	–	–	–
Mr. Chen Tao	0/1	3/5	–	–	–
Mr. Shao Yong Jun	1/1	5/5	–	–	1/1

Note:

1. There was a Board meeting discussing and approving the continuing connected transactions (the "Continuing Connected Transactions"). Mr. Wang Muqing, the non-executive director (re-designated as executive Director on 30 March 2015) and the controlling shareholder of the Company, had material interests in the Continuing Connected Transactions and absented himself from the Board meeting thereunder.

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

During the year ended 31 December 2014, the Company held a total of 5 Board meetings. At the Board meetings, the Board reviewed and approved the final results for the year ended 31 December 2013 and interim results for the half year ended 30 June 2014 and other significant matters of the Company.

The Company has draft agenda of each meeting of the Board and the Committees made available to Directors in advance, and serves notices of regular Board meetings at least 14 days before the meetings. For other Board and Committee meetings, reasonable notices are given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 business days before each Board meeting or Committee meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and every Director also have separate and independent access to the senior management where necessary.

Draft and final versions of minutes are circulated to Directors or relevant Committee members for comment and records respectively within a reasonable time after each meeting. Minutes of Board meetings and Committee meetings are kept by the Company Secretary or the duly appointed secretaries of the respective meetings (as the case may be) and are available for inspection by all Directors at all reasonable time.

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

BOARD COMMITTEES

The Board has established three Committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. The Remuneration Committee, the Nomination Committee and the Audit Committee are established with defined written terms of reference. These terms of reference are posted on the Company's website and are available to shareholders upon request. The Committees are provided with sufficient resources to discharge their duties and are required to report back to the Board on their decisions or recommendation. During the year ended 31 December 2014, one meeting of each of the Remuneration Committee and the Nomination Committee was held, and two meetings of the Audit Committee were held.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises three members, including executive Director, Mr. Wang Kunpeng and independent non-executive Directors, Dr. Wong Tin Yau, Kelvin and Mr. Chang Xiuze. Mr. Chang Xiuze is the chairman of the Remuneration Committee.

The Remuneration Committee is primarily responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The responsibilities of the Remuneration Committee also include reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives, and ensuring that no Director or any of his associates will participate in deciding his own remuneration.

During the year ended 31 December 2014, the Remuneration Committee has met once to review the Group's remuneration policies and strategy and make recommendations to the Board on remuneration of Directors and senior management.

Details of the amount of remuneration of Directors and senior management are set out in note 8 and note 9 to the financial statements.

For the year ended 31 December 2014, the aggregate emoluments payable to member of senior management fell within the following band:

By Band	Number of individual(s)
HK$1,000,000 to HK$1,500,000	1

Nomination Committee

As at the date of this report, the Nomination Committee comprises three members, including executive Director, Mr. Shao Yong Jun and independent non-executive Directors, Mr. Zhao Chunjun and Mr. Chang Xiuze. Mr. Zhao Chunjun is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes, identifying suitable candidates for appointment as Directors, making recommendations to the Board on the appointment or re-appointment of and succession planning of Directors and assessing the independence of independent non-executive Directors. The Nomination Committee will also review the Board Diversity Policy as and when appropriate to ensure its effectiveness and discuss any revisions that may be required in the light of the Company's corporate strategy and recommend any such revisions to the Board for consideration and approval.

During the year ended 31 December 2014, there were one Nomination Committee meetings held. The Nomination Committee has performed the following work during the year: (1) reviewing the structure, size, board diversity and composition of the Board to ensure the professional knowledge, skills and experience of the Board to cope with the business of the Company; (2) reviewing the annual confirmation of independence submitted by the independent non-executive Directors and assessing their independence; (3) recommendation to the Board on re-appointment of directors retiring at the 2014 AGM and offering themselves for re-election.

Audit Committee

As at the date of this report, the Audit Committee comprises three members, of which all are independent non-executive Directors (including one independent non-executive Director with appropriate professional qualifications and accounting expertise), namely, Dr. Wong Tin Yau, Kelvin, Mr. Zhao Chunjun and Mr. Chang Xiuze. Dr. Wong Tin Yau, Kelvin is the chairman of the Audit Committee.

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

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

During the year ended 31 December 2014, there were two Audit Committee meetings held. The Audit Committee has performed the following work during the year: (i) reviewing the annual results for the year ended 31 December 2013 and interim results for the half year ended 30 June 2014; (ii) reviewing the financial reporting procedures and compliance procedures, the report of internal audit on internal control procedures and risk management system; (iii) reviewing the non-exempt continuing connected transactions entered into by the Group and non-compete undertakings by the controlling shareholders of the Company; and (iv) reviewing and recommending to the Board the re-appointment of external auditors.

The Company's annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

CORPORATE GOVERNANCE FUNCTIONS

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

(a) to develop and review the Group's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management of the Group;

(c) to review and monitor the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the Listing Rules, the applicable laws and other applicable organisational governance standards;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group;

(e) to review the Group's compliance with the corporate governance code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports;

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about its reporting responsibilities for the financial statements is set out in the Section headed "Independent Auditor's Report" on page 48.

The remuneration charged by the Company's auditors, KPMG, during the year ended 31 December 2014 is set out below:

Category of Services	Fee Paid/ Payable RMB
Audit Service	6,800,000
Non-audit Services	–
Total	6,800,000

INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal controls to safeguard shareholders' investments and the Company assets.

The Board is committed to conduct at least annually a review of the effectiveness of the internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Board, through the Audit Committee, has conducted a review on the internal control system of the Company and its subsidiaries for the year ended 31 December 2014. Such review covered the areas of finance, operation, supervision and risk management of the Group. The Board confirmed that the internal control system of the Company is sound and effective.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and on-going communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to evaluate the performance of the Group.

General meetings of the Company provide a forum for communication between the Board and the shareholders of the Company. The Company also communicates with the shareholders, investors and the general public through annual reports, interim reports and other corporate announcements.

The Company continues to maintain a high level of investor access through a range of investor relations activities including conference calls, one-to-one meetings, roadshows, conferences and site visits. The Company also regularly meets with institutional investors from overseas and Mainland China. These meetings enable the Company to update investors on major developments and strategies of the Group.

To promote communication, the Company maintains a website at *http://www.zhengtongauto.com*, where the updates on the Company's structure, the Board, business developments and operations, financial information, corporate governance practices and other information are posted.

COMPANY SECRETARY

As an employee of the Company, the Company Secretary supports the Board, ensures good information flow within the Board and the Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. During the year under review, the Company Secretary has confirmed that she has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDER RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirement under Paragraph O of the CG Code:

Procedures for shareholders to convene an extraordinary general meeting ("EGM")

1. One or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written resolution, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the Directors at the principal place of business of the Company in Hong Kong at Unit 5905, 59/F., The Center, 99 Queen's Road Central, Hong Kong or at Email: ir@zhengtongauto.com.

3. The EGM shall be held within two months after the deposit of such requisition.

4. If the Directors fail to proceed to convene such meeting within twenty-one (21) days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at shareholders' meetings

1. A shareholder of the Company should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the principal place of business of the Company in Hong Kong at Unit 5905, 59/F., The Center, 99 Queen's Road Central, Hong Kong.

2. The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the board of directors of the Company will be asked to include the Proposal in the agenda for the general meeting.

3. The notice period to be given to all the shareholders of the Company for consideration of the proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

   (a) At least 14 clear days' and 10 clear business days' notice in writing if the Proposal constitutes an ordinary resolution of the Company;

   (b) At least 21 clear days' and 10 clear business days' notice in writing if the Proposal constitutes a special resolution of the Company in an extraordinary general meeting of the Company or an ordinary resolution of the Company in an annual general meeting of the Company.

Procedures for shareholders to direct enquiries to the Company

For matters in relation to the Board, the shareholders of the Company can contact the Company at Unit 5905, 59/F., The Center, 99 Queen's Road Central, Hong Kong or at Email: ir@zhengtongauto.com.

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered shareholders of the Company can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Articles of Association during the year under review. A copy of the latest consolidated version of the Memorandum of Association and Articles of Association is posted on the websites of the Company and the Stock Exchange.

DIRECTORS

Non-executive Director

Mr. WANG Muqing (王木清先生), aged 64, is the founder of the Group and has served as a non-executive director of the Company since 9 July 2010 and re-designated as an executive Director on 30 March 2015. Mr. Wang was appointed as the chairman of the Board on 28 August 2013. Mr. Wang is also the controlling shareholder of the Company. He established an automobile trading business in 1996 and engaged in automobile dealership business. Mr. Wang founded the Group in 1999. Mr. Wang is a director of numerous major domestic subsidiaries of the Group, including (but not limited to) Wuhan Shengze Jietong Logistics Co., Ltd. (武漢聖澤捷通物流有限公司), ZhengTong Automobile Investment Holding (Wuhan) Co., Ltd. (正通汽車投資控股(武漢)有限公司), Beijing Baozehang Automobile Sales Services Co., Ltd. (北京寶澤行汽車銷售服務有限公司), and Shenzhen SCAS Investment Group Co., Ltd (深圳市中汽南方投資集團有限公司).

Executive Directors

Mr. WANG Kunpeng (王昆鵬先生), aged 43, a bachelor's degree holder in professional vehicle engineering of Jilin University of Technology. Mr. Wang Kunpeng has been an executive Director and a member of the Remuneration Committee of the Company since 20 July 2010. He has held several senior management positions with the Group and its major subsidiaries after joining the Group in 2006. Mr. Wang Kunpeng is the chief executive officer of the Group, responsible for the overall management and operations of the Company, as well as the mergers and acquisitions business and network development business of the Company. Before joining the Group, Mr. Wang Kunpeng held several positions in FAW-Volkswagen Sales Company Ltd. (一汽大眾銷售有限責任公司), a company engaged in distribution-related activities with respect of Volkswagen automobiles, from 1997 to 2006, where his primary responsibilities included the management of sales of, after-sales services for, and logistics services relating to Audi and Volkswagen branded automobiles.

Mr. LI Zhubo (李著波先生), aged 45, Executive Master of Business Administration from Wuhan University. Mr. Li has been an executive Director of the Company since 20 July 2010. He joined the Group in 1999 and is currently the chief financial officer of the Group, responsible for financial planning and management and oversees all the financial aspects of the Company. Before joining the Group, Mr. Li has engaged in financial management in automobile dealership industry with approximately 21 years of experience in financial management in automobile dealership industry.

Mr. CHEN Tao (陳弢先生), aged 44, a bachelor's degree holder in professional machinery design and manufacture of Zhejiang University. Mr. Chen had been a non-executive Director of the Company since 7 August 2010 and was re-designated as an executive Director on 12 March 2011. Mr. Chen was a member of the Audit Committee of the Company from 17 November 2010 to 12 March 2011. He joined the Group in 2009 and is currently the vice president of the Group, responsible for the Company's strategic planning and information systems planning. Before joining the Group, Mr. Chen has engaged in corporate management consulting with over 19 years of experience in corporate management consulting.

Mr. SHAO Yong Jun (邵永駿先生), aged 40, Executive Master of Business Administration from Shanghai Jiao Tong University. Mr. Shao has been an executive Director of the Company since 18 August 2011 and a member of the Nomination Committee of the Company since 1 June 2012. He has been the vice president of the Company since July 2011, responsible for the Group's automobile financing, logistics services and investor relations businesses. Before joining the Group, Mr. Shao engaged in management of logistics services business in relation to automobile industry between 2004 and 2011, and was an auditor of KPMG China between 1997 and 2003.

Independent Non-executive Directors

Dr. WONG Tin Yau, Kelvin (黃天祐博士), aged 54, has served as an independent non-executive Director since 17 November 2010. Dr. Wong also serves as the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Dr. Wong is also an executive Director and a deputy managing director of, the chairman of the corporate governance committee and a member of the executive committee of COSCO Pacific Limited 中遠太平洋有限公司 (stock code: 1199), where he is responsible for the work relating to capital markets and investor relations. Dr. Wong held various senior positions in several listed companies in Hong Kong before he joined COSCO Pacific Limited 中遠太平洋有限公司 in July 1996. In addition, Dr. Wong is the Chairman of The Hong Kong Institute of Directors (2009-2014), a non-executive Director of the Securities and Futures Commission, a former member of Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited (2007–2013), a convenor-cum-member of Financial Reporting Review Panel, a member of the Standing Committee on Company

Law Reform and the Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a member of the Appeal Board Panel (Town Planning), a Director of Hong Kong Sports Institute Limited, a council member of the Hong Kong Management Association, a member of the OECD/World Bank Asian Corporate Governance Roundtable and a Council Advisor and past Chairman of Hong Kong Chinese Orchestra Limited. Dr. Wong obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. Dr. Wong is currently an independent non-executive Director and chairman of the audit committee of Xinjiang Goldwind Science & Technology Co., Ltd. 新疆金風科技股份有限公司 (stock code: 2208), an independent non-executive Director and chairman of the audit committee of I.T Limited (stock code: 0999), and an independent non-executive Director of CIG Yangtze Ports PLC 中國基建港口有限公司 (stock code: 8233). Dr. Wong was also an independent non-executive Director and chairman of the audit committee of China Metal International Holdings Inc. 勤美達國際控股有限公司 (stock code: 0319) during the period from December 2004 to July 2013. All the aforementioned companies are listed on The Stock Exchange of Hong Kong Limited. Dr. Wong was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2013.

Mr. Zhao Chunjun (趙純均先生), aged 73, has been appointed as an independent non-executive Director since 19 December 2013. Mr. Zhao is also the chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Zhao has acted as a professor of Tsinghua University, a member of Advisory Board of School of Economy and Management, Tsinghua University, and a member of Tsinghua University Administrative Affair Committee. He has also acted as convenor of the Managing Department of Social Science Committee of Education Ministry and the chairman of Chinese Society for Management Modernization. Mr. Zhao graduated from Tsinghua University. From 1986 to 2005, he had served as an assistant to the dean, executive/first vice-dean and dean of School of Economy and Management, Tsinghua University. He had also served as a member of Tsinghua University Academic Board and vice associate supervisor of China National MBA Education Supervisory Committee. Mr. Zhao offers tremendous experience and knowledge about corporate management. Mr. Zhao is currently an independent non-executive director, the chairman of nomination committee, a member of the audit committee and a member of the remuneration committee of Dongfang Electric Corporation Limited (a company listed both on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and the Shanghai Stock Exchange) and China Communications Services Corporation Limited (a company listed on Hong Kong Stock Exchange). He is also an independent director of China United Network Communications Limited (a company listed on the Shanghai Stock Exchange). Mr. Zhao had previously acted as the chairman of the supervisory committee of Tongfang Co., Limited, an independent director of each of Daheng New Epoch Technology, Inc. and Bank of China Investment Management Company Limited.

Mr. Chang Xiuze (常修澤先生), aged 69, has been appointed as an independent non-executive Director since 19 December 2013. Mr. Chang is also the chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit Committee of the Company. Mr. Chang has acted as a researcher of the National Center for Economic Research of Tsinghua University, professor and Ph.D supervisor of the Academy of Macroeconomic Research, National Development and Reform Commission, vice secretary-general of the Academic Committee of China Economic Academic Fund (Hong Kong) and honorary advisor of Asia Pacific Law Association. Mr. Chang had engaged in economic theory and strategy research for a long time. He is one of the famous economists and experts on macroeconomic field in the PRC. Mr. Chang graduated from the Department of Economic in Nankai University majoring in Plutonomy. He had acted as deputy head of Institute of Economic Research of Nankai University, executive deputy head of Institute of Economic Research of National Planning Commission and a member of the Academic Committee of National Development and Reform Commission. He has a profound understanding of China's macroeconomic. Mr. Chang has been an expert entitled to special subsidy from the State Council of the PRC since 1992. Mr. Chang was an independent director of Tianjin Property Development (Group) Company Limited (a company listed on the Shanghai Stock Exchange) for the period from April 2011 to May 2014. He had previously acted as an independent director of Nanjing Pharmaceutical Co., Ltd.

OTHER SENIOR MANAGEMENT

Mr. Li Yi (李禕先生), aged 42, a bachelor's degree holder in automobile engineering from Wuhan Automotive Polytechnic University 武漢汽車工業大學. Mr. Li Yi joined the Group in 2004 and has held various senior managing positions in the headquarter and several major subsidiaries of the Group. He currently served as the chief operating officer of the Company, responsible for the operation, management and planning of all of the Group's dealership stores. Before joining the Group, Mr. Li Yi has engaged in operation and management in automobile dealership industry with over 13 years of experience in management in automobile dealership industry. He is currently the vice chairman of China Auto Dealers Chamber of Commerce 全國工商聯汽車經銷商商會.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated in Cayman Islands with limited liability where its registered office is located in Cayman Islands and its operating headquarters is located in Beijing, the PRC.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the subsidiaries of the Company are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Please refer to note 17 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated financial statements.

PROPOSED FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company on the forthcoming annual general meeting on 22 May 2015 (the "2015 AGM") for the distribution of a final dividend of HK$0.10 per share for the year ended 31 December 2014 payable to the shareholders of the Company whose names are listed in the register of the Company on 3 June 2015. The proposal for the distribution of the final dividend is subject to approval by the shareholders of the Company at the 2015 AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (both days inclusive) and from Monday, 1 June 2015 to Wednesday, 3 June 2015 (both days inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the 2015 AGM, unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration before 4:30 p.m. on Tuesday, 19 May 2015. In order to qualify for the proposed final dividend (subject to the approval by shareholders at the 2015 AGM), unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Friday, 29 May 2015.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The single largest customer and the top five customers in aggregate of the Group accounted for 1.10% and 1.95% of the Group's total sales for the year ended 31 December 2014 respectively. The single largest supplier and the top five suppliers in aggregate of the Group accounted for 17.87% and 78.46% of the Group's total purchases for the year respectively.

As far as the Directors are aware, neither the Directors, their associates, nor shareholders who own more than 5% of the Company's share capital as at 31 December 2014 had any interest in any of the five largest suppliers and customers disclosed above.

RETIREMENT BENEFIT SCHEMES

Details of retirement schemes of the Group are set out in note 26 to the consolidated financial statements in the annual report. In addition to contributing into retirement benefit schemes organised by the PRC municipal government, the Group also make contributions into mandatory provident fund ("MPF") schemes set up under the Mandatory Provident Fund Schemes Ordinance for all the Group's qualifying employees in Hong Kong. Contributions into MPF Scheme are made based on a percentage of the employee's basic salary with a cap of HK$1,500.

TRANSFER TO RESERVES

Total comprehensive income attributable to shareholders of the Company of RMB803.8 million (2013: RMB837.4 million) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

At 31 December 2014, distributable reserves of the Company amounted to RMB4,092,682,000 (31 December 2013: RMB4,216,305,000). After the end of the reporting period, the directors proposed a final dividend of HK$0.10 (approximately RMB0.08) per ordinary share (2013: HK$0.10 (approximately RMB0.08) per share), amounting to RMB174,351,000 (2013: RMB173,754,000). This dividend has not been recognised as a liability at the end of reporting date.

DIRECTORS

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

Executive Directors:

Mr. Wang Muqing *(Chairman)* (re-designated as executive Director from non-executive Director on 30 March 2015)
Mr. Wang Kunpeng *(Chief Executive Officer)*
Mr. Li Zhubo
Mr. Chen Tao
Mr. Shao Yong Jun

Independent Non-executive Directors:

Dr. Wong Tin Yau, Kelvin
Mr. Zhao Chunjun
Mr. Chang Xiuze

Mr. Wang Kunpeng, Mr. Chen Tao and Mr. Shao Yong Jun shall retire and being eligible, offer themselves for re-election at the 2015 AGM. The Board proposes to re-appoint the directors standing for re-election at the 2015 AGM of the Company.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2015 AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than disclosed in the section "Continuing Connected Transactions" in this report, no contracts of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Continuing Connected Transactions" in this report, no contract of significance had been entered into between the Company or any of its subsidiaries, and any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed under the section "Continuing Connected Transactions" in this report, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In July 2014, the Group entered into a share purchase agreement with an independent third party to acquire the entire equity interest in Landtime International Limited (裕泰國際有限公司) ("Landtime"). Landtime holds indirectly interest in a parcel of land located in Baoan District of Shenzhen. Completion of the acquisition of Landtime has taken place in July 2014. For further details, please refer to the announcement of the Company dated 14 July 2014. Save as disclosed in this report, there was no material acquisition or disposal of subsidiaries or associated companies by the Company during the year ended 31 December 2014.

CONTINUING CONNECTED TRANSACTIONS

During 2014, the Group has entered into the following continuing connected transactions which constituted non-exempt continuing connected transactions subject only to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

(A) Contractual Arrangements

A series of contracts entered into by, among others, 武漢聖澤捷通物流有限公司 (Wuhan Shengze Jietong Logistics Co., Ltd.) ("Wuhan Jietong"), Rising Wave Development Limited ("Rising Wave"), both wholly-owned subsidiaries of the Company, Mr. Li Zhubo ("Mr. Li"), an executive Director, and 汕頭市宏祥物資有限公司 (Shantou Hongxiang Materials Co., Ltd.) ("Shantou Hongxiang"), serves the purpose of providing the Group with effective control over Shantou Hongxiang but not direct shareholding, and to effectively transfer the economic benefits and pass the risks associated therewith of Shantou Hongxiang of which are set out in note 35 to the consolidated financial statements to the Company) (the "Contractual Arrangements"). The Contractual Arrangements include:

1. Equity Pledge Agreement

Pursuant to one equity pledge agreement dated 17 November 2010 entered into between Wuhan Jietong as pledgee and Hubei Shengze Industry Co., Ltd. ("Hubei Shengze") (as the controlling shareholder of Shantou Hongxiang as pledgor, Hubei Shengze granted a continuing first priority security over all their direct equity interests in Shantou Hongxiang to Wuhan Jietong for guaranteeing the payment of the service fees under the relevant Exclusive Management and Consultation Services Agreements (as defined below).

2. Exclusive Option Agreement

Pursuant to one option agreement dated 17 November 2010 and entered into between Rising Wave and Hubei Shengze (as the controlling shareholder of Shantou Hongxiang), Rising Wave was granted options to acquire, directly or through one or more nominees, any part of the equity interest in Shantou Hongxiang at nil consideration or the minimum amount as permitted under the applicable PRC laws.

3. Exclusive Business Operation Agreement

Pursuant to one business operation agreement dated 17 November 2010 and entered into between Wuhan Jietong and Hubei Shengze (as the controlling shareholder of Shantou Hongxiang), Shantou Hongxiang has undertaken not to enter into any material business transaction without the prior written consent of Wuhan Jietong and to appoint individuals as nominated by Wuhan Jietong to be the directors and key management of Shantou Hongxiang.

4. Exclusive Management and Consultation Services Agreement

Pursuant to one management and consultation services agreement dated 17 November 2010 and entered into between Wuhan Jietong and Lin Limin, Wu Yihong (being the minority shareholders of Shantou Hongxiang) and Shantou Hongxiang, whereby Shantou Hongxiang has engaged Wuhan Jietong on an exclusive basis to provide consultation services and other supporting services in connection with the Shantou Hongxiang's business services as permitted under the PRC laws.

5. Proxy Agreement

Pursuant to one proxy agreement dated 17 November 2010 and entered into between Wuhan Jietong, Mr. Li as chairman of Wuhan Jietong and an executive Director, and Hubei Shengze (as the controlling shareholder of Shantou Hongxiang), Mr. Li (or such other person being the chairman of Wuhan Jietong) is authorised to exercise the shareholders' rights in Shantou Hongxiang including attending shareholders' meeting and exercising voting rights according to the best interest and at the instructions of Wuhan Jietong; any person designated by Wuhan Jietong is authorised to enjoy and exercise the shareholders' rights in Shantou Hongxiang (in the event that Mr. Li shall cease to be the chairman of Wuhan Jietong); and any dividend and/or capital gain derived from the equity interests in Shantou Hongxiang shall be paid to Wuhan Jietong as soon as practicable and in any event no later than three days upon receipt of the payment or distribution.

The above Contractual Arrangements allow the Company to consolidate the financial results of Shantou Hongxiang into the Group's financial statements as if Shantou Hongxiang were the Group's wholly-owned subsidiary. The Directors consider that the Contractual Arrangements are fundamental to the Group's legal structure and business operations and are on normal commercial terms or terms more favourable to the Group and are fair and reasonable or to the advantage of the Group and are in the interests of the shareholders as a whole.

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out from the date when the Contractual Arrangements became effective up to 31 December 2014 had been entered into in accordance with the relevant provisions of the Contractual Arrangements, had been operated so that the profits generated by Shantou Hongxiang has been substantially retained by Wuhan Jietong; (ii) no dividends or other distributions had been made by Shantou Hongxiang to the holders of their respective equity interests which are not otherwise subsequently assigned or transferred to the Group; and (iii) such are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the shareholders as a whole.

In January 2015, Rising Wave exercised the options granted in the Exclusive Option Agreement to acquire the 80% equity interests in Shantou Hongxiang through its nominee 武漢運通行投資管理有限公司 (a wholly-owned subsidiary of the Group) at nil consideration. Meanwhile, all the contracts of the Contractual Arrangements were terminated. Besides, the Group also achieved agreements with two minority shareholders of Shantou Hongxiang on the same day with above-mentioned transactions to acquire 10% equity interests in Shantou Hongxiang, respectively. As at the date of this report, Shantou Hongxiang has become the Group's wholly-owned subsidiary being held by direct equity interests.

Reference is made to the announcement of the Company dated 17 September 2012 ("the 2012 Announcement") and the prospectus of the Company dated 29 November 2010 ("the Prospectus") in relation to, among others, the Restructuring of some of the Company's PRC Operating Entities (as defined in the 2012 Announcement and the Prospectus), which were controlled through contractual arrangements. The Group has been restructuring its operating subsidiaries in the PRC, which were controlled through contractual arrangements by unwinding such contractual arrangements. Shantou Hongxiang is the last PRC operating entity controlled by the Group through this kind of contractual arrangements. Upon completion of the acquisition of Shantou Hongxiang, the Group's PRC Operating Entities is no longer controlled by the Group through contractual arrangements, but through equity-ownership of the Group over the PRC Operating Entities. As such, the Board is of the view that unwinding such contractual arrangements will minimize the risks of controlling operating subsidiaries of the Company in the PRC through the contractual arrangements and protect the interests of the Company and its shareholders as a whole.

(B) Lease Agreements and Property Management Agreement

(1) Relationship between the Group and its connected persons

The relevant connected persons as lessor, with whom some of the Group's PRC operating entities or Wuhan Jietong have entered into the lease agreements (collectively, the "Lease Agreements" and each a "Lease Agreement") and/or property management agreement as lessee, are as follows:

1. Hubei Shengze, which is 100% owned by Mr. Wang Muqing, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules;

2. 內蒙古聖澤鼎傑汽車貿易有限公司 (Inner Mongolia Dingjie Automobile Trading Co., Ltd.) ("Inner Mongolia Dingjie Auto-trading"), being a company demerged from Inner Mongolia Dingjie and wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules;

3. 長沙聖澤瑞寶電子產品貿易有限公司 (Changsha Shengze Ruibao Electronics Trading Co., Ltd.) ("Changsha Electronics"), being a company demerged from Changsha Ruibao and wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules;

4. 武漢聖澤捷運貿易有限公司 (Wuhan Shengze Jieyun Trading Co., Ltd.) ("Wuhan Jieyun"), being a company wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules;

5. 武漢聖澤捷眾物流有限公司 (Wuhan Shengze Jiezhong Logistics Co., Ltd.) ("Wuhan Jiezhong"), being a company wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules;

6. 北京寶澤汽車科技發展有限公司 (Beijing Baoze Automobile Technology Development Co., Ltd.) ("Beijing Development"), being a company held as to 90% by Hubei Shengze and 10% by 北京廣澤房地產開發有限公司 (Beijing Guangze Real Estate Development Co., Ltd.) ("Beijing Guangze") which is wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules; and

7. 武漢江融投資有限公司 (Wuhan Jiangrong Investment Co., Ltd.) ("Wuhan Investment"), being a company wholly owned by Hubei Shengze, thus a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

Under the Listing Rules, for so long as the above lessors remain as connected persons of the Company, the following transactions between the Group and the above lessors would constitute continuing connected transactions for the Company.

(2) The Lease Agreements

Referred to the prospectus of the Company dated 29 November 2010, the Group entered into eight lease agreements (the "Original Lease Agreements") with respective lessors for leasing of the premises necessary for the business operation of the Group in the PRC for an initial term of three years starting from the period between June and September in 2010 and expiring during the period between May and September 2013. Following expiry of the Original Lease Agreements, eight renewed leased agreements were entered into to renew the Original Lease Agreements (the "Renewed Lease Agreements"). Five of the Renewed Lease Agreements expired on 31 May 2014 and were renewed again with the same expiring date with all the other three lease agreements on 31 December 2015. In addition, on 30 September 2013, four new lease agreements were entered into with respective lessors for a term from 30 September 2013 to 31 December 2015 (the "New Lease Agreements"). Details of these agreements are as follows:

	Date of Agreement	Location	Lessor	Lessee	Monthly Rental (RMB)	Term (Note a)
Original Lease Agreements and Renewed Lease Agreements						
1.	1.6.2010 31.5.2013 30.5.2014	4S Shop, No. 59 West Third Ring South Road, Feng Tai District, Beijing City, the PRC	Beijing Development	北京寶澤行汽車銷售服務有限公司 (Beijing Baozehang Automobile Sales Services Co., Ltd.*) ("Beijing Baozehang")	543,000.00 545,175.00 656,490.00	1.6.2010-31.5.2013 1.6.2013-31.5.2014 1.6.2014-31.12.2015
2.	1.8.2010 1.8.2013 30.5.2014	4S Shop, No. Te 6 Huangpu Technological Park, Jiangan District, Wuhan City, Hubei Province, the PRC	Hubei Shengze	湖北博誠汽車銷售服務有限公司 (Hubei Bocheng Automobile Sales Services Co., Ltd.*)	126,000.00 176,688.76 176,688.76	1.8.2010-31.7.2013 1.8.2013-31.5.2014 1.6.2014-31.12.2015
3.	1.8.2010 1.8.2013 30.5.2014	4S Shop, No. Te 6 Huangpu Technological Park, Jiangan District, Wuhan City, Hubei Province, the PRC	Hubei Shengze	武漢開泰汽車銷售服務有限公司 (Wuhan Kaitai Automobile Sales Services Co., Ltd.*)	176,000.00 249,540.96 249,540.96	1.8.2010-31.7.2013 1.8.2013-31.5.2014 1.6.2014-31.12.2015

	Date of Agreement	Location	Lessor	Lessee	Monthly Rental (RMB)	Term (Note a)
4.	1.8.2010 1.8.2013 30.5.2014	Lot 6C2 Wuhan Economic and Technological Development Zone, Wuhan City, Hubei Province, the PRC	Wuhan Jieyun	Wuhan Jietong	525,000.00 997,373.05 997,373.05	1.8.2010-31.7.2013 1.8.2013-31.5.2014 1.6.2014-31.12.2015
5.	1.8.2010 1.8.2013 30.5.2014	Lot 5C2 Wuhan Economic and Technological Development Zone, Wuhan City, Hubei Province, the PRC	Wuhan Jiezhong	Wuhan Jietong	125,000.00 179,069.63 179,069.63	1.8.2010-31.7.2013 1.8.2013-31.5.2014 1.6.2014-31.12.2015
6.	30.9.2010 30.9.2013	4S Shop, No. 40 Xingan North Road, Xincheng District, Huhhot City, Inner Mongolia Autonomous Region (Note b)	Inner Mongolia Dingjie Auto-trading	呼和浩特市祺寶汽車銷售有限公司 (Huhhot Qibao Automobile Sales Services Co., Ltd.*) ("Huhhot Qibao")	13,000.00 15,598.00 (Note c)	30.9.2010-29.9.2013 30.9.2013-31.12.2015
7.	30.9.2010 30.9.2013	4S Shop, No. 688 Changsha Avenue, Yuhua District, Changsha City, Hunan Province, the PRC	Changsha Electronics	長沙瑞寶汽車銷售服務有限公司 (Changsha Ruibao Automobile Sales Services Co., Ltd.*)	175,000.00 191,526.00 (Note c)	30.9.2010-29.9.2013 30.9.2013-31.12.2015
8.	30.9.2010 30.9.2013	4S Shop, No. 42 Xingan North Road, Xincheng District, Huhhot City, Inner Mongolia Autonomous Region, the PRC	Inner Mongolia Dingjie Auto-trading	內蒙古鼎杰汽車貿易有限公司 (Inner Mongolia Dingjie Automobile Trading Co., Ltd.*)	78,000.00 126,344.00 (Note c)	30.9.2010-29.9.2013 30.9.2013-31.12.2015
New Lease Agreements						
9.	30.9.2013	Basement, Levels 1, 2 and 5, No. 59 West Third Ring South Road, Feng Tai District, Beijing, the PRC	Beijing Development	Beijing Baozehang	651,169.00 (Note c)	30.9.2013-31.12.2015
10.	30.9.2013	No. 42 Xingan North Road, Xincheng District, Huhhot City, Inner Mongolia Autonomous Region	Inner Mongolia Dingjie Auto-trading	Huhhot Qibao	775,549.00 (Note c)	30.9.2013-31.12.2015
11.	30.9.2013	No. 42 Xingan North Road, Xincheng District, Huhhot City, Inner Mongolia Autonomous Region	Inner Mongolia Dingjie Auto-trading	呼和浩特市捷運行汽車銷售服務有限公司 (Huhhot Jieyun Automobile Sales Services Co., Ltd.*)	905,078.00 (Note c)	30.9.2013-31.12.2015
12.	30.9.2013	Shiqiao Village, Houhu County, Jiangan District, Wuhan City, Hubei Province, the PRC	Wuhan Investment	湖北奧澤汽車銷售服務有限公司 (Hubei Auze Automobile Sales Services Co., Ltd.*)	1,261,341.00 (Note c)	30.9.2013-31.12.2015

* For identification purpose only

Notes:

a. Pursuant to each of the Renewed Lease Agreements and New Lease Agreements, the lessee shall have the option to renew the successive term of the lease agreement up to year 2020.

b. Pursuant to this Lease Agreement, the piece of land located at 呼和浩特市新城區興安北路40號, instead of the premises thereon, is leased to Huhhot Qibao as lessee. Huhhot Qibao is the owner of the premises located on the said piece of land.

c. The rents are payable semi-annually.

(3) Property Management Agreement

As set out in the table under the section headed "The Lease Arrangements" above, Beijing Development, as lessor, and Beijing Baozehang, as lessee, entered into two lease agreements for the lease of the 4S shop, basement, levels 1, 2 and 5 on No. 59 West Third Ring South Road, Feng Tai District, Beijing, the PRC with an aggregate gross floor area of 20,113 sq.m. (all of the above premises collectively, the "Leased Premises"). On 30 September 2013, Beijing Development and Beijing Baozehang entered into a property management agreement in respect of the provision of property management services by Beijing Development for the Leased Premises with an aggregate gross floor area of 20,113 sq.m. for a term from 30 September 2013 to 31 December 2015 (the "Property Management Agreement"). Pursuant to the Property Management Agreement, a monthly property management fee of RMB222,651 is payable by Beijing Baozehang to Beijing Development commencing from 30 September 2013, in addition, Beijing Development will charge Beijing Baozehang air-conditioning fee of RMB2,038,457.4 per annum payable semi-annually. Beijing Development may from time to time adjust the management fee and air-conditioning fee payable under the Property Management Agreement. The property management fee can only be adjusted once per year and the increment shall not be more than 15% each time. The increment in the air-conditioning fee shall not be more than 20% over the term of the Property Management Agreement. Notwithstanding, adjusted fees shall be determined based on the then prevailing market rates, and no less favourable to the Group than terms available from independent third parties, if applicable.

(4) Proposed Annual Caps

By virtue of the entering into of the Renewed Lease Agreements, the New Lease Agreements and the Property Management Agreement, the revised proposed annual cap for the year ended 31 December 2014 and the proposed annual cap for the year ending 31 December 2015 and 2016 for the Continuing Connected Transactions are RMB79.2 million, RMB80.2 million and RMB80.7 million respectively. The proposed annual caps are determined with reference to the amount payable pursuant to the Original Lease Agreements, the Renewed Lease Agreements, the New Lease Agreements and the Property Management Agreement, and the potential increase in the property management fee and the air-conditioning fee pursuant to the Property Management Agreement. The aggregate amount paid by the Group to the relevant landlord in respect of the Lease Agreements during the year ended 31 December 2014 was approximately RMB73.7 million, which did not exceed the capped amount.

(5) Purpose of the transactions

The premises leased by the Group under the above lease agreements nos. 1, 2, 6, 7, 8, 9, 10, 11 and 12 are for the purpose of the Group's operation of 4S businesses and the headoffice of the Group. The land leased by the Group under the above lease agreement no. 3 is also for the purpose of the Group's operation of 4S businesses. The premises leased by the Group under the above lease agreements nos. 4 and 5 are for the purpose of the Group's operation of logistics and storage businesses.

REVIEW OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged KPMG, its independent external auditor, to perform certain procedures in respect of the continuing connected transactions undertaken by the Group for the year ended 31 December 2014 which has reported to the board of Directors in a letter dated 30 March 2015. KPMG has confirmed the matters stated in Rule 14A.56 of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the non-exempt continuing connected transactions and the report of KPMG and are of the opinion that the transactions were entered into by the Group:

(a) in the ordinary and usual course of the Group's business;

(b) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Continuing connected transactions" of this report, the Group had not entered into any related party transaction during the year under review.

SHARE OPTION SCHEMES

(A) SHARE OPTION SCHEME

The Company has adopted a share option scheme ("Share Option Scheme") pursuant to a resolution in writing passed by the Shareholders on 17 November 2010, which enables the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 10 December 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of its adoption.

Eligible participants of the Share Option Scheme include the following:

(i) any employee ("Eligible Employee(s)") (whether full-time or part-time including any executive Director but excluding any non-executive Director) of the Company, any of the Company's subsidiaries or any entity (the "Invested Entity") in which the Group holds an equity interest;

(ii) any non-executive Directors (including independent non-executive Directors) of the Company, any of the Company's subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any member of any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any advisor (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

As of the date of this report, the total number of shares of the Company available for issue under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commence on the Stock Exchange (the "General Scheme Limit"), i.e. 200,000,000 shares, representing 9.05% of the issued share capital of the Company as at the date of this report.

No option has been granted under the Share Option Scheme as at the date of this report.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant (other than a substantial shareholder, chief executive or Director as explained below) in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of share options in excess of the Individual 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 respective associates (as defined under the Listing Rules) ("Connected Persons"), are subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, in the 12-month period up to and including the date of grant, are subject to shareholders' approval in general meeting.

The offer of a grant of share options may be accepted by a participant within 21 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the options subject to the provisions for early termination under the Share Option Scheme.

The subscription price for shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheets of the Stock Exchange on the date of the offer of the grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of grant; and (iii) the nominal value of the shares of the Company.

Subject to the early termination of the Share Option Scheme in accordance with the Share Option Scheme rules, the Share Option Scheme will expire on 16 November 2020.

(B) Pre-IPO Share Option Scheme

The Company has, based on a framework plan formulated on 9 August 2010, formally adopted a pre-initial public offering share option scheme ("Pre-IPO Share Option Scheme") pursuant to a resolution in writing passed by the shareholders on 17 November 2010, which enables the Company to recognise and reward the contribution of certain Directors, senior management and employees of the Group to the growth and development of the Group and the Listing.

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted options for the subscription of 23,435,900 shares to certain Directors, senior management, employees and former employees of the Group on 10 August 2010, 20 August 2010 and 10 November 2010 respectively.

Details of the movements in the Pre-IPO Share Option Scheme for the year ended 31 December 2014 are as follows:

Grantees	Date of grant	Exercise price per share (RMB)	Exercise period	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2014
Directors								
Wang Kunpeng	10/8/2010	1.50	01/01/2012-10/08/2017	205,000	0	0	0	205,000
	10/8/2010	1.50	01/01/2013-10/08/2017	512,500	0	0	0	512,500
	10/8/2010	1.50	01/01/2014-10/08/2017	512,500	0	0	0	512,500
				1,230,000	0	0	0	1,230,000
Li Zhubo	10/8/2010	1.50	01/01/2012-10/08/2017	205,000	0	0	0	205,000
	10/8/2010	1.50	01/01/2013-10/08/2017	512,500	0	0	0	512,500
	10/8/2010	1.50	01/01/2014-10/08/2017	512,500	0	0	0	512,500
				1,230,000	0	0	0	1,230,000
Sub-total				2,460,000	0	0	0	2,460,000
Employees and former employees	10/8/2010	1.50	01/01/2012-10/08/2017	240,050	0	0	16,420	223,630
	10/8/2010	1.50	01/01/2013-10/08/2017	1,083,375	0	0	79,300	1,004,075
	10/8/2010	1.50	01/01/2014-10/08/2017	2,238,375	0	0	79,300	2,159,075
				3,561,800	0	0	175,020	3,386,780
	10/8/2010	2.00	01/04/2012-10/08/2017	216,200	0	0	0	216,200
	10/8/2010	2.00	01/04/2013-10/08/2017	183,500	0	0	0	183,500
	10/8/2010	2.00	01/04/2014-10/08/2017	183,500	0	0	0	183,500
				583,200	0	0	0	583,200
	10/8/2010	2.50	01/07/2012-10/08/2017	0	0	0	0	0
	10/8/2010	2.50	01/07/2013-10/08/2017	0	0	0	0	0
	10/8/2010	2.50	01/07/2014-10/08/2017	0	0	0	0	0
				0	0	0	0	0
	20/8/2010	2.50	01/07/2012-20/08/2017	17,400	0	0	17,400	0
	20/8/2010	2.50	01/07/2013-20/08/2017	43,500	0	0	43,500	0
	20/8/2010	2.50	01/07/2014-20/08/2017	43,500	0	0	43,500	0
				104,400	0	0	104,400	0
	17/11/2010	2.50	01/07/2012-17/11/2017	26,000	0	0	0	26,000
	17/11/2010	2.50	01/07/2013-17/11/2017	13,000	0	0	0	13,000
	17/11/2010	2.50	01/07/2014-17/11/2017	13,000	0	0	0	13,000
				52,000	0	0	0	52,000
Sub-total				4,301,400	0	0	279,420	4,021,980
Total				6,761,400	0	0	279,420	6,481,980

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

As at 31 December 2014, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Name of Director	Capacity/nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding
Wang Muqing	Settlor of The Grand Glory Trust	1,372,516,820 (Note 1)	62.10%
Wang Kunpeng	Beneficial Owner	1,230,000 (Note 2)	0.056%
Li Zhubo	Beneficial Owner	1,550,000 (Note 3)	0.070%

Notes:

1. These shares are directly held by Joy Capital Holdings Limited ("Joy Capital"). The entire issued share capital of Joy Capital is owned by Grand Glory Enterprises Limited ("Grand Glory"), whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

2. These represent the maximum number of shares which may be allotted and issued to Mr. Wang Kunpeng upon the exercise of the options under a pre-initial public offering share option scheme ("Pre-IPO Share Options") granted to him. The Pre-IPO Share Options may be exercised in three tranches: (i) The first tranche represents 50% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2012 to 10 August 2017. (ii) The second tranche represents 25% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2013 to 10 August 2017. (iii) The third tranche represents 25% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2014 to 10 August 2017. The exercise price for subscription of each share upon the exercise of the Pre-IPO Share Options is RMB1.5.

3. Mr. Li Zhubo has a total of 1,550,000 shares, among which 320,000 shares were purchased in the market, and the remaining 1,230,000 shares represent the maximum number of shares which may be allotted and issued to Mr. Li upon the exercise of the options under the Pre-IPO Share Options granted to him. The Pre-IPO Share Options may be exercised in three tranches: (i) The first tranche represents 50% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2012 to 10 August 2017. (ii) The second tranche represents 25% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2013 to 10 August 2017. (iii) The third tranche represents 25% of the total number of shares which may be subscribed for upon the exercise of the Pre-IPO Share Options, and is exercisable during the period between 1 January 2014 to 10 August 2017. The exercise price for subscription of each share upon the exercise of the Pre-IPO Share Options is RMB1.5.

(ii) Long Positions in the associated corporations of the Company:

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Wang Muqing	Joy Capital	Settlor of The Grand Glory Trust (Note 1)	100%
Wang Muqing	Shantou Hongxiang (Note 2)	Interest of controlled corporation (Note 3)	80%

Notes:

1. Joy Capital is the direct owner of 1,372,516,820 shares of the Company. The entire issued share capital of Joy Capital is owned by Grand Glory, whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

2. This entity is one of the Group's operating entities in the PRC in which the Group does not have direct shareholding. By a series of contracts entered into by, among others, this entity and certain wholly-owned subsidiaries of the Company, the Group is given effective control over the financial and operational policies of this entity and is vested with the economic benefits and associated risks in connection with the operation and business of this entity. Details and effects of and rationale for these contracts or contracts of similar nature with respect to the operating entity of the Group in the PRC are set out in the section headed "Contractual Arrangements" of the prospectus dated 29 November 2010 published by the Company. By virtue of the legal rights and relationship created by these contracts, this entity constitutes a subsidiary of the Group and an associated corporation of the Company even though the Group does not have direct shareholding in it. In January 2015, the Company acquired 100% equity interests of Shantou Hongxiang through two wholly-owned subsidiaries of the Company from Hubei Shengze and two minority shareholders of Shantou Hongxiang, respectively.

3. Shantou Hongxiang is held as to 80% by Hubei Shengze, which is 100% owned by Wang Muqing. Wang Muqing is accordingly deemed by the SFO to be interested in the equity interest in Shantou Hongxiang held by Hubei Shengze, which is his controlled corporation.

Save as disclosed above, as at 31 December 2014, none of the Directors or any of their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the interests or short positions of the substantial shareholders (other than the Directors) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO were as follows:

Long positions in the Shares of the Company:

Name of Shareholders	Capacity/ nature of interest	Number of Shares	Approximate percentage of shareholding
Joy Capital	Beneficial owner (Note 1)	1,372,516,820	62.10%
Grand Glory	Interest of controlled corporation (Note 1)	1,372,516,820	62.10%
GMT Capital Corp.	Interest of controlled corporation (Note 2)	111,595,000	5.05%

Notes:

1. Joy Capital is the direct owner of 1,372,516,820 shares of the Company. The entire issued share capital of Joy Capital is owned by Grand Glory, whose entire issued share capital is the trust asset of The Grand Glory Trust, which was founded by Mr. Wang Muqing as settlor and managed by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Grand Glory Trust, which is a trust established in accordance with the Purpose Trust Act 2004 of Bahamas. The discretionary beneficiaries of The Grand Glory Trust include Mr. Wang and his family members.

2. Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by GMT Capital Corp. on 25 March 2014, GMT Capital Corp. shall be deemed to be interested in 111,595,000 shares of the Company. These shares were deemed to be held by GMT Capital Corp. through Bay II Resource Partners LP, Bay Resource Partners LP, Bay Resource Partners Offshore Master Fund, Lyxor/Bay Resource Partners and Thomas Claugus (such companies were 100% controlled by GMT Capital Corp.).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes, at no time during the year ended 31 December 2014 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

NON-COMPETE UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

In accordance with the non-compete undertakings ("Non-Compete Undertakings") contained in the share purchase agreement dated 17 November 2010 between the Company, Mr. Wang Muqing, Grand Glory Enterprises Limited ("Grand Glory") and Joy Capital Holdings Limited ("Joy Capital"), each of Mr. Wang, Grand Glory and Joy Capital (collectively, the "Covenantors") has undertaken to the Company that during the period in which he and his associates, individually or taken as a whole, remains a controlling shareholder (as defined under the Listing Rules) of the Company, they would comply with the terms of the Non-Compete Undertakings.

In addition, under the Non-Compete Undertakings, each of the Covenantors has undertaken to the Company that he shall provide to the Company and/or the Directors (including the independent non-executive Directors) from time to time all information necessary for annual review by the independent non-executive Directors with regard to compliance with the terms of the Non-Compete Undertakings. Each of the Covenantors has also undertaken to issue an annual confirmation to the Company on compliance with the terms of the Non-Compete Undertaking, their interests in any projects or business opportunities, if any, and consenting to the disclosure of such confirmation in the annual reports of the Company, thereby enabling the Company to keep monitoring the relevant compliance by the Covenantors.

The Company has received an annual confirmation from the Covenantors in respect of their compliance with the terms of the Non-Compete Undertakings and that they have not engaged, nor been interested, in any business which directly or indirectly, competes or may compete with the business of the Group during the year ended 31 December 2014.

The independent non-executive Directors have reviewed the said undertakings and are of the view that the Covenantors have complied with the Non-Compete Undertakings during the year ended 31 December 2014.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in note 23 to the consolidated financial statements.

EMOLUMENT POLICY

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

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

The remuneration of the Directors and senior management of the Company are set out in note 8 and note 9 to the consolidated financial statements.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2014, the Company had complied with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules except for the deviations set out in the Corporate Governance Report contained in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float.

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

During the year ended 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

AUDITORS

The consolidated financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment at the 2015 AGM of the Company.

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the 2015 AGM of the Company.

On behalf of the Board

Wang Muqing
Chairman
30 March 2015

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of
China ZhengTong Auto Services Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China ZhengTong Auto Services Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 119, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014 (Expressed in RMB'000)

	Note	For the year ended 31 December 2014	2013
Turnover	4	30,910,087	29,840,269
Cost of sales		(28,184,536)	(27,251,912)
Gross profit		2,725,551	2,588,357
Other revenue	5	450,403	323,078
Other net income	5	41,479	41,799
Selling and distribution expenses		(817,648)	(697,787)
Administrative expenses		(770,700)	(581,447)
Profit from operations		1,629,085	1,674,000
Finance costs	6(a)	(478,100)	(489,335)
Share of profit of a joint venture		24,070	21,665
Profit before taxation	6	1,175,055	1,206,330
Income tax	7(a)	(351,517)	(352,132)
Profit for the year		823,538	854,198
Attributable to:			
Shareholders of the Company		803,792	837,390
Non-controlling interests		19,746	16,808
Profit for the year		823,538	854,198
Earnings per share	11		
Basic (RMB cent)		36.4	37.9
Diluted (RMB cent)		36.3	37.8

The notes on pages 57 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014 (Expressed in RMB'000)

	For the year ended 31 December	
	2014	2013
Profit for the year	823,538	854,198
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of overseas subsidiaries	698	(5,386)
Other comprehensive income for the year	698	(5,386)
Total comprehensive income for the year	824,236	848,812
Attributable to:		
Shareholders of the Company	804,490	832,004
Non-controlling interests	19,746	16,808
Total comprehensive income for the year	824,236	848,812

The notes on pages 57 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014 (Expressed in RMB'000)

	Note	At 31 December 2014	2013
Non-current assets			
Property, plant and equipment	13	2,756,242	2,283,436
Lease prepayments	14	1,084,915	416,381
Intangible assets	15	3,875,351	3,974,260
Goodwill	16	1,926,551	1,926,551
Interest in a joint venture	18	186,772	162,702
Interest in an associate		3,200	3,200
Deferred tax assets	28	67,180	36,270
		9,900,211	8,802,800
Current assets			
Inventories	19	4,346,017	2,528,302
Trade and other receivables	20	4,807,401	4,770,851
Pledged bank deposits	21	1,662,771	1,527,283
Time deposits		31,207	18,291
Cash and cash equivalents	22	1,435,083	1,468,264
		12,282,479	10,312,991
Current liabilities			
Loans and borrowings	23	4,347,831	2,941,676
Trade and other payables	24	5,826,051	4,628,256
Income tax payables	7(c)	776,580	635,535
		10,950,462	8,205,467
Net current assets		1,332,017	2,107,524
Total assets less current liabilities		11,232,228	10,910,324
Non-current liabilities			
Loans and borrowings	23	–	333,489
Bonds payable	25	2,031,803	2,019,845
Deferred tax liabilities	28	903,317	918,903
		2,935,120	3,272,237
NET ASSETS		8,297,108	7,638,087
Equity	29		
Share capital		188,776	188,776
Reserves		7,983,299	7,354,486
Equity attributable to shareholders of the Company		8,172,075	7,543,262
Non-controlling interests		125,033	94,825
TOTAL EQUITY		8,297,108	7,638,087

Approved and authorised for issue by the board of directors on 30 March 2015.

Wang Kunpeng
Director, CEO

Li Zhubo
Director, CFO

The notes on pages 57 to 119 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2014 (Expressed in RMB'000)

		At 31 December	
	Note	2014	2013
Non-current assets			
Property, plant and equipment	13	399	593
Interest in subsidiaries	17	6,264,268	6,365,365
		6,264,667	6,365,958
Current assets			
Trade and other receivables	20	36,038	30,707
Cash and cash equivalents	22	14,448	97,459
		50,486	128,166
Current liabilities			
Loans and borrowings	23	–	67,326
Trade and other payables	24	1,892	1,872
		1,892	69,198
Net current assets		48,594	58,968
Total assets less current liabilities		6,313,261	6,424,926
Non-current liabilities			
Bonds payable	25	2,031,803	2,019,845
		2,031,803	2,019,845
NET ASSETS		4,281,458	4,405,081
Equity	29		
Share capital		188,776	188,776
Reserves		4,092,682	4,216,305
TOTAL EQUITY		4,281,458	4,405,081

Approved and authorised for issue by the board of directors on 30 March 2015.

Wang Kunpeng
Director, CEO

Li Zhubo
Director, CFO

The notes on pages 57 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014 (Expressed in RMB'000)

	Attributable to shareholders of the Company									
	Share capital (note 29(c))	Share premium	Capital reserves	PRC statutory reserves (note 29(d)(i))	Exchange reserves (note 29(d)(ii))	Discretionary surplus reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2013	188,666	4,544,907	336,268	139,555	11,040	4,459	1,483,843	6,708,738	91,849	6,800,587
Shares issued pursuant to pre-IPO employee share option scheme	110	3,858	(1,776)	-	-	-	-	2,192	-	2,192
Total comprehensive income for the year	-	-	-	-	(5,386)	-	837,390	832,004	16,808	848,812
Equity settled share-based transactions	-	-	328	-	-	-	-	328	-	328
Dividends (note 29(b))	-	-	-	-	-	-	-	-	(13,832)	(13,832)
Appropriation to reserves	-	-	-	82,887	-	-	(82,887)	-	-	-
Balance at 31 December 2013 and 1 January 2014	188,776	4,548,765	334,820	222,442	5,654	4,459	2,238,346	7,543,262	94,825	7,638,087
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	29,500	29,500
Total comprehensive income for the year	-	-	-	-	698	-	803,792	804,490	19,746	824,236
Equity settled share-based transactions	-	-	(319)	-	-	-	-	(319)	-	(319)
Dividends (note 29(b))	-	-	-	-	-	-	(175,358)	(175,358)	(19,038)	(194,396)
Appropriation to reserves	-	-	-	73,863	-	-	(73,863)	-	-	-
Balance at 31 December 2014	188,776	4,548,765	334,501	296,305	6,352	4,459	2,792,917	8,172,075	125,033	8,297,108

The notes on pages 57 to 119 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014 (Expressed in RMB'000)

	Note	For the year ended 31 December 2014	2013
Operating activities:			
Profit before taxation		1,175,055	1,206,330
Adjustments for:			
– Depreciation	6(c)	230,278	191,523
– Amortisation of lease prepayments	6(c)	15,840	8,255
– Amortisation of intangible assets	6(c)	98,909	98,909
– Net gain on disposal of property, plant and equipment	5	(25,606)	(30,516)
– Finance costs	6(a)	478,100	489,335
– Share of profit of a joint venture		(24,070)	(21,665)
– Interest income from bank deposits	5	(23,609)	(15,742)
– Equity settled share-based transactions	27	(319)	328
		1,924,578	1,926,757
Changes in working capital:			
– (Increase)/decrease in inventories		(1,817,715)	741,250
– Increase in trade and other receivables		(29,646)	(1,731,569)
– Increase in pledged bank deposits		(135,488)	(233,071)
– Increase in trade and other payables		1,189,428	715,039
Cash generated from operations		1,131,157	1,418,406
Income tax paid	7(c)	(256,968)	(146,945)
Net cash generated from operating activities		874,189	1,271,461
Investing activities:			
Payment for purchase of property, plant and equipment		(1,030,075)	(1,016,109)
Proceeds from disposal of property, plant and equipment		391,318	273,812
Payment for purchase of lease prepayments		(684,374)	(125,032)
Investment in an associate		–	(3,200)
Increase in time deposits		(12,916)	(14,191)
Interest received		23,609	15,742
Net cash used in investing activities		(1,312,438)	(868,978)

The notes on pages 57 to 119 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014 (Expressed in RMB'000)

	Note	2014	2013
		For the year ended 31 December	
Financing activities:			
Proceeds from loans and borrowings		9,023,840	7,346,743
Repayment of loans and borrowings		(7,951,174)	(8,971,653)
Net proceeds from issue of bonds	25	–	2,020,969
Proceeds from shares issued under share option scheme		–	2,192
Capital injection by non-controlling interests		29,500	–
Dividends paid to non-controlling interests	29(b)	(19,038)	(13,832)
Dividend paid to equity shareholders of the company	29(b)	(175,358)	–
Interest paid		(519,638)	(513,535)
Net cash generated from/(used in) financing activities		388,132	(129,116)
Net (decrease)/increase in cash and cash equivalents		(50,117)	273,367
Cash and cash equivalents at beginning of the year		1,468,264	1,202,800
Effect of foreign exchange rate changes		16,936	(7,903)
Cash and cash equivalents at end of the year	22	1,435,083	1,468,264

The notes on pages 57 to 119 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China ZhengTong Auto Services Holdings Limited (the "Company") was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in 4S dealership business, motor-related logistics business and lubricant oil trading business in the People's Republic of China (the "PRC").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together refer to as the "Group") and the Group's interest in a joint venture and an associate.

These consolidated financial statements are presented in Renminbi ("RMB") which is the Group's presentation currency, rounded to the nearest thousand, except for earnings per share information. The measurement basis used in the preparation of the financial statement is the historical cost basis, except for otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 35.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(i)).

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(t)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Buildings situated on leasehold land	Over the shorter of the unexpired term of lease and their estimated useful lives, being 30-40 years after the date of completion.
–	Leasehold improvements	Over the shorter of the un-expired term of the lease and 5 years
–	Plant and machinery	10 years
–	Motor vehicles	5 years
–	Office equipment and furniture	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent expenditures relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Any other subsequent expenditure is recognised in profit or loss as an expense as incurred.

Construction in progress is stated at cost less impairment losses (see note 2(i)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets of their intended use are complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(g) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

–	Car dealership	40 years
–	Favourable lease contracts	Over the unexpired term of lease, being 1-10 years

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Lease prepayments

Lease prepayments represent the cost of acquiring land use rights paid to the PRC's governmental authorities. Lease prepayments are carried at cost less accumulated amortisation and impairment losses (see note 2(i)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If any event or change in circumstances indicates that the carrying amount may not be recoverable, an impairment loss is determined and recognised as follows:

For trade and other receivable carried at cost or amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) Impairment of trade and other receivables (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the provision account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the respective balance sheet dates to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– lease prepayments;

– intangible assets;

– investments in associate and joint venture;

– investments in subsidiaries; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase after deducting rebates from suppliers 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 necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expenses in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Group derecognises trade and other receivables when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of trade and other receivables are transferred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Interest-bearing borrowings are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Trade and other payables are derecognised when the Group's contractual obligations are discharged, cancelled or expired.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution retirement plan

Obligation for contributions to defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in the consolidated statement of profit or loss as incurred.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(iii) Share-based payments (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the share issued) or the option expires (when it is released directly to retained profits).

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of motor vehicles

Revenue arising from the sale of motor vehicles is recognised upon delivery of motor vehicles which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and is after deduction of any trade discounts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

(ii) Sales of motor spare parts

Revenue arising from the sale of motor spare parts is recognised when significant risks and rewards of ownership have been transferred to the buyers.

(iii) Maintenance services income

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

(iv) Logistics services income and other related services income

Revenue arising from logistics services and other related services are recognised when the service is rendered to customers.

(v) Sales of lubricant oil

Revenue arising from the sales of lubricant oil is recognised when lubricant oil is delivered at the customers' premises.

(vi) Commission income

Commission income is recognised at the time when the services concerned are rendered to customers.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The segment information is reported to the chief executive officer of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

None of these developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 TURNOVER

The Group is mainly engaged in sales of passenger motor vehicles, motor spare parts, provision of maintenance services, provision of logistics services and sales of lubricant oil. Turnover represents the sales of goods and services income rendered to customers.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Sales of passenger motor vehicles	27,130,117	26,594,625
Sales of motor spare parts	806,673	511,536
Provision of maintenance services	2,373,011	2,271,294
Provision of logistics services	297,380	199,407
Sales of lubricant oil	302,906	263,407
	30,910,087	29,840,269

5 OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Other revenue:		
Commission income	421,798	298,918
Interest income from bank deposits	23,609	15,742
Others	4,996	8,418
	450,403	323,078
Other net income:		
Net gain on disposal of property, plant and equipment	25,606	30,516
Others	15,873	11,283
	41,479	41,799

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		Note	For the year ended 31 December	
		Note	2014 RMB'000	2013 RMB'000
(a)	**Finance costs:**			
	Interest on loans and borrowings and bonds payable wholly repayable within five years		469,313	475,819
	Other finance costs	(i)	50,325	37,716
	Less: interest capitalised*		(41,538)	(24,200)
			478,100	489,335

* The borrowing costs have been capitalised at a rate of 4.50–8.20% per annum (2013: 4.50–8.25%).

		Note	2014 RMB'000	2013 RMB'000
(b)	**Staff costs:**			
	Salaries, wages and other benefits		617,417	521,519
	Contributions to defined contribution retirement plans	(ii)	42,638	32,176
	Equity settled share-based payment expenses	27	(319)	328
			659,736	554,023

6 PROFIT BEFORE TAXATION (continued)

(i) It mainly represents the interest expenses arising from discount of bills.

(ii) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

		For the year ended 31 December	
		2014 RMB'000	2013 RMB'000
(c)	**Other items:**		
	Cost of inventories (note 19(b))	27,764,174	26,947,997
	Depreciation	230,278	191,523
	Amortisation of lease prepayments	15,840	8,255
	Amortisation of intangible assets	98,909	98,909
	Operating lease charges	231,860	180,424
	Net foreign exchange loss/(gain)	16,270	(67,996)
	Auditors' remuneration	6,800	6,400

7 INCOME TAX

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

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Current tax:		
Provision for income tax for the year	398,013	387,516
Deferred tax:		
Origination of temporary differences (note 28)	(46,496)	(35,384)
	351,517	352,132

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

(ii) No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (2013: 25%).

7 INCOME TAX (continued)

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

	For the year ended 31 December 2014 RMB'000	2013 RMB'000
Profit before taxation	1,175,055	1,206,330
Notional tax on profit before taxation, calculated at PRC income tax rate of 25%	293,764	301,582
Non-deductible expenses	50,021	55,978
Non-taxable income on:		
– Share of profits recognised under the equity method	(6,018)	(5,416)
Others	13,750	(12)
Income tax	351,517	352,132

(c) Income tax payables in the consolidated statement of financial position represent:

	For the year ended 31 December 2014 RMB'000	2013 RMB'000
Balance at beginning of the year	635,535	394,964
Provision for current income tax for the year	398,013	387,516
Payment during the year	(256,968)	(146,945)
Balance at the end of the year	776,580	635,535

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Year ended 31 December 2014

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000 (note (ii))	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Chairman						
Wang Muqing (note (i))	–	–	–	–	–	–
Executive directors						
Wang Kunpeng	–	960	699	–	22	1,681
Li Zhubo	–	840	715	–	36	1,591
Chen Tao	–	600	374	2	36	1,012
Shao Yongjun	–	600	511	–	36	1,147
Independent non-executive directors						
Wong Tin Yau, Kelvin	264	–	–	–	–	264
Zhao Chunjun (note (iii))	264	–	–	–	–	264
Chang Xiuze (note (iii))	264	–	–	–	–	264
	792	3,000	2,299	2	130	6,223

8 DIRECTORS' REMUNERATION (continued)

Year ended 31 December 2013

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000 (note (ii))	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Chairman						
Wang Muqing (note (i))	–	–	–	–	–	–
Executive directors						
Wang Kunpeng	–	1,500	540	199	22	2,261
Li Zhubo	–	1,247	407	199	37	1,890
Chen Tao	–	938	338	8	37	1,321
Shao Yongjun	–	941	341	–	37	1,319
Independent non-executive directors						
Wong Tin Yau, Kelvin	177	–	–	–	–	177
Zhao Chunjun (note (iii))	–	–	–	–	–	–
Chang Xiuze (note (iii))	–	–	–	–	–	–
Tan Xiangyong (note (iii))	177	–	–	–	–	177
Zhang Yansheng (note (iii))	177	–	–	–	–	177
	531	4,626	1,626	406	133	7,322

Notes:

(i) Mr. Wang Muqing, who has served as a non-executive director of the Company since 9 July 2010, was appointed as the chairman of the board with effect from 28 August 2013.

(ii) It represents the estimated value of share options granted to the directors under the Company's pre-IPO employee share option plan. The value of these share options is measured according to the Company's accounting policies for share-based payment transactions as set out in note 2(o)(iii). Details are disclosed in note 27.

(iii) Mr. Zhao Chunjun and Mr. Chang Xiuze have been appointed as non-executive directors on 19 December 2013. Mr. Tan Xiangyong and Mr. Zhang Yansheng have resigned as non-executive directors on 19 December 2013.

During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group during the year, three (2013: four) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2013: one) individuals are as follows:

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Salaries, allowance and benefits in kind	1,320	887
Discretionary bonuses	886	287
Contributions to retirement benefit schemes	38	–
	2,244	1,174

The above individuals' emoluments is within the band of HK$1,000,001 to HK$1,500,000 in 2014 (2013: HK$1,000,001 to HK$1,500,000).

10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Company's profit for the year is RMB52,054,000 (2013: a loss of RMB243,711,000). After excluding the dividend income from subsidiaries of RMB175,038,000 (2013: Nil) which is attributable to profits in previous years, the consolidated profit attributable to shareholders of the Company that has been dealt with in the financial statements of the Company is a loss of RMB123,304,000 (2013: a loss of RMB243,711,000).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on the profit attributable to shareholders of the Company of RMB803,792,000 (2013: RMB837,390,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2014 of 2,210,050,440 (2013: 2,209,953,213), calculated as follows:

Weighted average number of ordinary shares

	For the year ended 31 December	
	2014	2013
Issued ordinary shares at 1 January	2,210,050,440	2,208,685,240
Effect of share options exercised	–	1,267,973
Weighted average number of ordinary shares at 31 December	2,210,050,440	2,209,953,213

11 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2014 is based on the profit attributable to shareholders of the Company of RMB803,792,000 (2013: RMB837,390,000) and the weighted average number of ordinary shares of 2,213,593,443 (2013: 2,214,242,257) in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's pre-IPO employee share option scheme, calculated as follows:

Weighted average number of shares (diluted)

	For the year ended 31 December	
	2014	2013
Weighted average number of ordinary shares for the year ended 31 December	**2,210,050,440**	2,209,953,213
Effect of deemed issue of shares under the pre-IPO employee share option scheme	**3,543,003**	4,289,044
Weighted average number of ordinary shares at 31 December	**2,213,593,443**	2,214,242,257

12 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

1 4S dealership business

4S dealership business mainly includes sales of motor vehicles, motor spare parts and provision of maintenance services through the Group's network of 4S dealerships in the PRC.

2 Logistics business

Logistics business mainly includes provision of motor-related logistics services.

3 Lubricant oil business

Lubricant oil business mainly includes trading of lubricant oil.

As neither of logistics business nor lubricant oil business has exceeded the quantitative threshold for determining a reportable segment, they are grouped together to form one reportable segment. Consequently, the Group has two reportable segments, namely "4S dealership business" and "Logistics and lubricant oil businesses".

12 SEGMENT REPORTING (continued)

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- The measure used for reporting segment profit is profit before taxation. To arrive at profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as head office and corporate administration costs, other revenue, other net income and finance costs.
- Segment assets include all current and non-current assets with the exception of intangible assets, goodwill, deferred tax assets and unallocated head office assets. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities and unallocated head office liabilities.
- In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), loans and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

	4S dealership business Year ended 31 December		Logistics and lubricant oil businesses Year ended 31 December		Total Year ended 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Turnover from external customers	30,309,801	29,377,455	600,286	462,814	30,910,087	29,840,269
Inter-segment turnover	–	–	246,291	12,065	246,291	12,065
Reportable segment turnover	30,309,801	29,377,455	846,577	474,879	31,156,378	29,852,334
Reportable segment profit	1,092,810	1,263,203	104,548	86,900	1,197,358	1,350,103
Depreciation and amortisation for the year	337,429	290,939	7,598	7,748	345,027	298,687
Reportable segment assets	14,175,365	10,937,396	2,707,641	1,799,654	16,883,006	12,737,050
Additions to non-current segment assets during the year	1,751,362	1,179,258	1,808	18,383	1,753,170	1,197,641
Reportable segment liabilities	(11,095,383)	(8,489,265)	(1,920,967)	(1,234,735)	(13,016,350)	(9,724,000)
Investment in a joint venture and an associate	–	–	189,972	165,902	189,972	165,902

12 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment turnover, profit before taxation, assets and liabilities

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Turnover:		
Reportable segment turnover	31,156,378	29,852,334
Elimination of inter-segment turnover	(246,291)	(12,065)
Consolidated turnover	30,910,087	29,840,269
Profit before taxation:		
Reportable segment profit	1,197,358	1,350,103
Unallocated head office expenses	(36,085)	(19,315)
Other revenue	450,403	323,078
Other net income	41,479	41,799
Finance costs	(478,100)	(489,335)
Consolidated profit before taxation	1,175,055	1,206,330

	At 31 December	
	2014 RMB'000	2013 RMB'000
Assets:		
Reportable segment assets	16,883,006	12,737,050
Intangible assets	3,875,351	3,974,260
Goodwill	1,926,551	1,926,551
Deferred tax assets	67,180	36,270
Unallocated head office assets	244,369	245,102
Elimination of inter-segment (receivables)/payables	(813,767)	196,558
Consolidated total assets	22,182,690	19,115,791
Liabilities:		
Reportable segment liabilities	(13,016,350)	(9,724,000)
Income tax payables	(776,580)	(635,535)
Deferred tax liabilities	(903,317)	(918,903)
Unallocated head office liabilities	(3,102)	(2,708)
Elimination of inter-segment receivables/(payables)	813,767	(196,558)
Consolidated total liabilities	(13,885,582)	(11,477,704)

(c) Geographic information

As the Group solely operates in the PRC, no geographical segment information has been presented.

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment and furniture	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2013	777,645	95,851	186,170	463,356	145,601	261,373	1,929,996
Additions	20,417	–	65,149	368,827	10,458	607,758	1,072,609
Transfer	318,164	3,033	63,140	–	29,223	(413,560)	–
Disposals	(789)	–	(2,232)	(308,129)	(2,561)	–	(313,711)
At 31 December 2013 and 1 January 2014	1,115,437	98,884	312,227	524,054	182,721	455,571	2,688,894
Additions	–	–	–	413,689	50,523	604,584	1,068,796
Transfer	282,886	5,719	78,221	–	5,924	(372,750)	–
Disposals	–	–	(8,134)	(474,533)	(1,917)	–	(484,584)
At 31 December 2014	1,398,323	104,603	382,314	463,210	237,251	687,405	3,273,106
Accumulated depreciation:							
At 1 January 2013	61,070	36,838	43,186	98,325	44,931	–	284,350
Charge for the year	30,615	12,961	21,926	98,945	27,076	–	191,523
Written back on disposals	(17)	–	(1,088)	(67,689)	(1,621)	–	(70,415)
At 31 December 2013 and 1 January 2014	91,668	49,799	64,024	129,581	70,386	–	405,458
Charge for the year	44,067	16,458	31,145	105,445	33,163	–	230,278
Written back on disposals	–	–	(1,608)	(115,575)	(1,689)	–	(118,872)
At 31 December 2014	135,735	66,257	93,561	119,451	101,860	–	516,864
Net book value:							
At 31 December 2014	1,262,588	38,346	288,753	343,759	135,391	687,405	2,756,242
At 31 December 2013	1,023,769	49,085	248,203	394,473	112,335	455,571	2,283,436

13 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Leasehold improvements RMB'000	Office equipment and furniture RMB'000	Total RMB'000
Cost:			
At 1 January 2013	824	33	857
Additions	–	130	130
At 31 December 2013 and 1 January 2014	824	163	987
Additions	–	–	–
At 31 December 2014	**824**	**163**	**987**
Accumulated depreciation:			
At 1 January 2013	207	7	214
Charge for the year	163	17	180
At 31 December 2013 and 1 January 2014	370	24	394
Charge for the year	163	31	194
At 31 December 2014	**533**	**55**	**588**
Net book value:			
At 31 December 2014	**291**	**108**	**399**
At 31 December 2013	454	139	593

(a) The Group's buildings are located in the PRC. The Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB166,808,162 as at 31 December 2014 (2013: RMB150,651,694). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2014.

(b) Property, plant and equipment with carrying amount of RMB106,368,000 are pledged against a standby letter of credit (see note 25) as at 31 December 2014 (2013:RMB59,343,000).

14 LEASE PREPAYMENTS

	The Group At 31 December 2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	445,337	320,305
Additions	684,374	125,032
At 31 December	1,129,711	445,337
Accumulated amortisation:		
At 1 January	(28,956)	(20,701)
Charge for the year	(15,840)	(8,255)
At 31 December	(44,796)	(28,956)
Net book value:		
At 31 December	1,084,915	416,381

Lease prepayments represent cost of land use rights in respect of land located in the PRC with a lease period of 23 to 50 years when granted.

Lease prepayments with carrying amount of RMB69,160,000 are pledged against a standby letter of credit (see note 25) as at 31 December 2014 (2013: RMB70,930,000).

15 INTANGIBLE ASSETS

	The Group				
	Car dealerships RMB'000	Favourable lease contracts RMB'000	Trademark RMB'000	Club debenture RMB'000	Total RMB'000
Cost:					
At 1 January 2013 and at 31 December 2013 and 2014	3,888,752	36,904	362,732	363	4,288,751
Accumulated amortisation:					
At 1 January 2013	(209,884)	(5,698)	–	–	(215,582)
Charge for the year	(94,519)	(4,390)	–	–	(98,909)
At 31 December 2013 and 1 January 2014	(304,403)	(10,088)	–	–	(314,491)
Charge for the year	(94,519)	(4,390)	–	–	(98,909)
At 31 December 2014	(398,922)	(14,478)	–	–	(413,400)
Net book Value:					
At 31 December 2014	3,489,830	22,426	362,732	363	3,875,351
At 31 December 2013	3,584,349	26,816	362,732	363	3,974,260

15 INTANGIBLE ASSETS (continued)

The car dealerships arise from relationship with automobile manufacturers, with an estimated useful life of 40 years. The fair value of the car dealerships as at the respective acquisition date was determined by using the multiple excess earning method.

The trademark, arising from the acquisition of Top Globe Limited, has an indefinite useful life because it is expected to contribute net cash inflows to the Group indefinitely. The fair value of the trademark as at the acquisition date was determined by using the relief from royalty method.

The amortisation charge for the year is included in “administrative expenses” in the consolidated statement of profit or loss.

16 GOODWILL

	The Group At 31 December	
	2014 RMB’000	2013 RMB’000
At 1 January and at 31 December	1,926,551	1,926,551

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group’s cash-generating units (“CGU”) identified according to the operating segments as follows:

	The Group At 31 December	
	2014 RMB’000	2013 RMB’000
4S dealership business	1,926,551	1,926,551

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are projected by using a steady growth rate of 3% (2013: 3%). The discount rates applied to the cash flow projections beyond the one year period is 12% (2013: 13%).

Key assumptions used for value in use calculations are the gross margins and growth rates of the sales and service of motor vehicles, based on past performance and its expectation for market development.

17 INTEREST IN SUBSIDIARIES

	The Company As at 31 December 2014 RMB'000	2013 RMB'000
Investment, at cost	6,057,599	5,582,599
Add: Amounts due from subsidiaries	206,669	782,766
	6,264,268	6,365,365

Amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

As of 31 December 2014, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Big Glory International Limited (浩榮國際有限公司)		British Virgin Islands ("BVI") 22 June 2006	US$100	100%	–	Investment holding
Top Globe Limited (同方有限公司)		British Virgin Islands ("BVI") 27 August 2007	US$100	100%	–	Investment holding
Acme Joy Group Limited		British Virgin Islands ("BVI") 28 April 2011	US$50,000	–	100%	Investment holding
Chang Jun Limited (昌駿有限公司)		British Virgin Islands ("BVI") 16 June 2011	US$100	–	100%	Investment holding
Silver Journey Global Limited		British Virgin Islands ("BVI") 6 July 2011	US$50,000	–	100%	Investment holding
Rising Wave Development Limited (升濤發展有限公司)		Hong Kong 21 April 2006	HK$100	–	100%	Investment holding
Wealth Fame Holdings Limited (佳名集團有限公司)		Hong Kong 19 July 2007	HK$1	–	100%	Investment holding
Tongda Group (China) Co., Ltd. (通達集團(中國)有限公司)		Hong Kong 10 November 2008	HK$10,000	–	100%	Investment holding
Wuhan Shengze Jietong Logistics Co., Ltd. (武漢聖澤捷通物流有限公司)	(i)	The PRC 22 November 2002	RMB399,539,000	–	100%	Provision of auto-mobile related logistic services

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Shenxie Automobile Trading Co., Ltd. (上海紳協汽車貿易有限公司)		The PRC 21 April 1999	RMB50,000,000	–	100%	Automobile dealership
Shanghai Yige Science & Technology Trading Co., Ltd. (上海繹格科工貿有限公司)	(iii)	The PRC 25 September 2002	RMB15,000,000	–	50%	Distribution of lubricant oil
Hubei Dingjie Automobile Sales Services Co., Ltd. (湖北鼎傑汽車銷售服務有限公司)		The PRC 12 December 2002	RMB55,000,000	–	100%	Automobile dealership
Inner Mongolia Dingjie Automobile Trading Co., Ltd. (內蒙古鼎傑汽車貿易有限公司)		The PRC 23 January 2003	RMB7,000,000	–	100%	Automobile dealership
Hubei Bocheng Automobile Sales Services Co., Ltd. (湖北博誠汽車銷售服務有限公司)		The PRC 30 May 2003	RMB20,000,000	–	100%	Automobile dealership
Wuhan Kaitai Automobile Sales Services Co., Ltd. (武漢開泰汽車銷售服務有限公司)		The PRC 20 October 2003	RMB10,000,000	–	100%	Automobile dealership
Hubei Xinrui Automobile Sales Services Co., Ltd. (湖北欣瑞汽車銷售服務有限公司)		The PRC 18 March 2004	RMB10,000,000	–	100%	Automobile dealership
Wuhan Baoze Automobile Sales Services Co., Ltd. (武漢寶澤汽車銷售服務有限公司)		The PRC 26 May 2004	RMB70,000,000	–	100%	Automobile dealership
Shiyan Shenxie Automobile Trading Co., Ltd. (十堰紳協汽車貿易有限公司)		The PRC 18 June 2004	RMB19,000,000	–	100%	Automobile dealership
Shanghai Luda Automobile Sales Services Co., Ltd. (上海陸達汽車銷售服務有限公司)		The PRC 8 November 2004	RMB10,000,000	–	100%	Automobile dealership
Changsha Ruibao Automobile Sales Services Co., Ltd. (長沙瑞寶汽車銷售服務有限公司)		The PRC 21 June 2005	RMB20,000,000	–	100%	Automobile dealership
Hubei Jierui Automobile Sales Services Co., Ltd. (湖北捷瑞汽車銷售服務有限公司)		The PRC 24 June 2005	RMB22,000,000	–	100%	Automobile dealership
Huhhot Qibao Automobile Sales Services Co., Ltd. (呼和浩特市祺寶汽車銷售服務有限公司)		The PRC 23 February 2006	RMB10,000,000	–	100%	Automobile dealership
Yichang Baoze Automobile Sales Services Co., Ltd. (宜昌寶澤汽車銷售服務有限公司)		The PRC 13 June 2006	RMB8,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Chenzhou Ruibao Automobile Sales Services Co., Ltd. (郴州瑞寶汽車銷售服務有限公司)		The PRC 6 September 2006	RMB6,000,000	–	100%	Automobile dealership
Shanghai Shenxie Shentong Automobile Sales Services Co., Ltd. (上海紳協紳通汽車銷售服務有限公司)		The PRC 31 January 2007	RMB15,000,000	–	100%	Automobile dealership
Nanchang Baoze Automobile Sales Services Co., Ltd. (南昌寶澤汽車銷售服務有限公司)		The PRC 2 June 2008	RMB29,000,000	–	100%	Automobile dealership
Zhuhai Baoze Automobile Sales Services Co., Ltd. (珠海寶澤汽車銷售服務有限公司)		The PRC 27 June 2008	RMB30,000,000	–	100%	Automobile dealership
Shanghai Aohui Automobile Sales Services Co., Ltd. (上海奧滙汽車銷售服務有限公司)		The PRC 4 December 2008	RMB10,000,000	–	100%	Automobile dealership
Guangzhou Baoze Automobile Sales Services Co., Ltd. (廣州寶澤汽車銷售服務有限公司)		The PRC 20 April 2009	RMB30,000,000	–	100%	Automobile dealership
Dongguan Jieyunhang Automobile Sales Services Co., Ltd. (東莞捷運行汽車銷售服務有限公司)		The PRC 6 July 2009	RMB10,000,000	–	100%	Automobile dealership
Baotou Baoze Automobile Sales Services Co., Ltd. (包頭市寶澤汽車銷售服務有限公司)		The PRC 6 August 2009	RMB26,000,000	–	100%	Automobile dealership
Beijing Baozehang Automobile Sales Services Co., Ltd. (北京寶澤行汽車銷售服務有限公司)		The PRC 16 October 2009	RMB90,000,000	–	100%	Automobile dealership
Inner Mongolia Dingze Automobile Sales Services Co., Ltd. (內蒙古鼎澤汽車銷售服務有限公司)		The PRC 27 October 2009	RMB20,000,000	–	100%	Automobile dealership
Shantou Hongxiang Materials Co., Ltd. (汕頭市宏祥物資有限公司)	(ii)	The PRC 12 July 2000	RMB5,000,000	–	80%	Automobile dealership
Shangrao Baoze Automobile Sales Services Co., Ltd. (上饒市寶澤汽車銷售服務有限公司)		The PRC 2 November 2010	RMB10,000,000	–	100%	Automobile dealership
Ganzhou Baoze Automobile Sales Services Co., Ltd. (贛州寶澤汽車銷售服務有限公司)		The PRC 3 December 2010	RMB10,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Xiangyang Baoze Automobile Sales Services Co., Ltd. (襄陽寶澤汽車銷售服務有限公司)		The PRC 1 November 2010	RMB10,000,000	–	100%	Automobile dealership
Xiangtan Baoze Automobile Sales Services Co., Ltd. (湘潭寶澤汽車銷售服務有限公司)		The PRC 9 November 2010	RMB10,000,000	–	100%	Automobile dealership
Wuhan Shengtong Investment Management Co., Ltd. (武漢升通投資管理有限公司)		The PRC 22 April 2011	RMB10,000,000	–	100%	Investment holding
Baotou Luze Automobile Sales Services Co., Ltd. (包頭市路澤汽車銷售服務有限公司)		The PRC 4 May 2011	RMB20,000,000	–	100%	Automobile dealership
Ganzhou Yizezhiye Co., Ltd. (贛州益澤置業有限公司)		The PRC 19 November 2010	RMB10,000,000	–	100%	Real Estate Development
Xiangtan Yizezhiye Co., Ltd. (湘潭益澤置業有限公司)		The PRC 18 November 2010	RMB10,000,000	–	100%	Real Estate Development
Shangrao Yizezhiye Co., Ltd. (上饒市益澤置業有限公司)		The PRC 18 November 2010	RMB10,000,000	–	100%	Real Estate Development
Ulanqab Yizezhiye Co., Ltd. (烏蘭察布市益澤置業有限公司)		The PRC 21 December 2010	RMB10,000,000	–	100%	Real Estate Development
Hubei Aoze Automobile Sales Services Co., Ltd. (湖北奧澤汽車銷售服務有限公司)		The PRC 25 May 2011	RMB20,000,000	–	100%	Automobile parts sales
Lhasa Jinsheng Automobile Sales Co., Ltd. (拉薩金勝汽貿有限公司)		The PRC 13 April 2011	RMB20,000,000	–	100%	Automobile parts sales
Qingdao Huacheng Automobile Services Co., Ltd. (青島華成汽車服務有限公司)		The PRC 8 March 2001	RMB8,800,000	–	100%	Automobile dealership
Shantou Lujie Automobile Sales Services Co., Ltd. (汕頭市路傑汽車銷售服務有限公司)		The PRC 2 September 2011	RMB10,000,000	–	75%	Automobile dealership
Lhasa Hongjin Automobile Sales Co., Ltd. (拉薩弘進汽貿有限公司)		The PRC 12 April 2011	RMB15,000,000	–	100%	Automobile parts sales

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Henan Jintangsheng Automobile Co., Ltd. (河南省錦堂盛汽車有限公司)		The PRC 7 May 2008	RMB10,000,000	–	100%	Automobile dealership
Zhengzhou Jiwo Automobile Sales Services Co., Ltd. (鄭州吉沃汽車銷售服務有限公司)		The PRC 3 June 2010	RMB10,000,000	–	100%	Automobile dealership
ZhengTong Automobile Investment Holding (Wuhan) Co., Ltd. (正通汽車投資控股（武漢）有限公司)	(i)	The PRC 29 March 2011	RMB600,000,000	–	100%	Investment holding
Chengdu Qibao Automobile Sales Services Co., Ltd. (成都祺寶汽車銷售服務有限公司)		The PRC 13 July 2011	RMB50,000,000	–	100%	Automobile dealership
Wuhan ZhengTong Second Hand Automobile Brokerage Co., Ltd. (武漢正通二手車經紀有限公司)		The PRC 27 June 2011	RMB500,000	–	100%	Automobile trading agency
Beijing ZhengTong Old Automobile Brokerage Co., Ltd. (北京正通舊機動車經紀有限公司)		The PRC 5 May 2011	RMB10,000,000	–	100%	Automobile trading agency
Huhhot Jietong Second Hand Automobile Brokerage Co., Ltd. (呼和浩特市捷通二手車經紀有限公司)		The PRC 16 June 2011	RMB500,000	–	100%	Automobile trading agency
Foshan Zheng Tong Zhong Rui Automobile Sales Services Co., Ltd. (佛山正通眾鋭汽車銷售服務有限公司)		The PRC 18 April 2011	RMB10,000,000	–	100%	Automobile dealership
Baotou Zhongrui Automobile Sales Service Co., Ltd. (包頭眾鋭汽車銷售服務有限公司)		The PRC 21 September 2010	RMB10,000,000	–	100%	Automobile dealership
ZhengTong Automobile Services Co., Ltd. (正通汽車服務有限公司)		The PRC 1 September 2011	RMB50,000,000	–	100%	Automobile parts sales
Jiangxi Deao Automobile Sales Services Co., Ltd. (江西德奧汽車銷售服務有限公司)		The PRC 17 September 2002	RMB5,000,000	–	100%	Automobile dealership
Huhhot Jieyun Automobile Sales Services Co., Ltd. (呼和浩特市捷運行汽車銷售服務有限公司)		The PRC 29 December 2011	RMB10,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jieyang Dingjie Automobile Sales Services Co., Ltd. (揭陽鼎傑汽車銷售服務有限公司)		The PRC 19 July 2011	RMB20,000,000	–	80%	Automobile dealership
Shenzhen Roadmate Technology Co., Ltd. (深圳路美特科技有限公司)	(iv)	The PRC 15 March 2004	US$2,100,000	–	100%	Investment holding
Shenzhen SCAS Investment Group Co., Ltd. (深圳市中汽南方投資集團有限公司)		The PRC 21 May 2001	RMB50,000,000	–	100%	Investment holding
Shenzhen Yama Automobile Trading Co., Ltd. (深圳野馬汽車貿易有限公司)		The PRC 15 June 1993	RMB15,000,000	–	100%	Investment holding
Shenzhen SCAS Electric Machinery Co., Ltd. (深圳市中汽南方機電設備有限公司)		The PRC 25 November 1996	RMB30,000,000	–	100%	Automobile dealership
Shenzhen SCAS Automobile Maintenance Co., Ltd. (深圳市中汽南方汽車維修有限公司)		The PRC 14 August 2000	RMB5,000,000	–	100%	Provision of automobile maintenance services
Guangdong SCAS Automobile Sales Services Co., Ltd. (廣東中汽南方汽車銷售服務有限公司)		The PRC 21 July 2004	RMB20,000,000	–	100%	Automobile dealership
Dongguan SCAS Automobile Sales Services Co., Ltd. (東莞中汽南方汽車銷售服務有限公司)		The PRC 30 July 2004	RMB5,000,000	–	100%	Automobile dealership
Zhongshan SCAS Automobile Sales Services Co., Ltd. (中山中汽南方汽車銷售服務有限公司)		The PRC 29 April 2011	RMB5,000,000	–	100%	Automobile dealership
Zhuhai SCAS Automobile Sales Services Co., Ltd. (珠海中汽南方汽車銷售服務有限公司)		The PRC 10 March 2005	RMB5,000,000	–	100%	Automobile dealership
Hunan SCAS Automobile Sales Services Co., Ltd. (湖南中汽南方汽車銷售服務有限公司)		The PRC 26 May 2005	RMB10,000,000	–	90%	Automobile dealership
Hainan SCAS Automobile Sales Services Co., Ltd. (海南中汽南方汽車銷售服務有限公司)		The PRC 23 May 2008	RMB20,000,000	–	100%	Automobile dealership
Fujian SCAS Automobile Sales Services Co., Ltd. (福建中汽南方汽車銷售服務有限公司)		The PRC 29 April 2005	RMB20,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing SCAS North China Automobile Services Co., Ltd. (北京中汽南方華北汽車服務有限公司)		The PRC 2 July 2001	RMB10,000,000	–	100%	Automobile dealership
Beijing BWWR Automobile Sales Services Co., Ltd. (北京百旺沃瑞汽車銷售服務有限公司)		The PRC 27 March 2008	RMB5,000,000	–	100%	Automobile dealership
Beijing Dewanlong Trading Co., Ltd. (北京德萬隆經貿有限公司)		The PRC 9 September 1999	RMB30,000,000	–	100%	Automobile dealership
Beijing SCAS Zhongguan Automobile Sales Co., Ltd. (北京中汽南方中關汽車銷售有限公司)		The PRC 19 March 2010	RMB5,000,000	–	100%	Automobile dealership
Tianjin SCAS Automobile Sales Services Co., Ltd. (天津中汽南方汽車銷售服務有限公司)		The PRC 21 May 2004	RMB10,000,000	–	100%	Automobile dealership
Tianjin Automobile Industry SCAS Sales Co., Ltd. (天津汽車工業銷售深圳南方有限公司)		The PRC 28 November 1995	RMB20,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd. (深圳市南方騰星汽車銷售服務有限公司)		The PRC 15 May 2006	RMB50,000,000	–	100%	Automobile dealership
Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd. (深圳市南方英菲尼迪汽車銷售服務有限公司)		The PRC 19 October 2006	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Changfu Automobile Sales Co., Ltd. (深圳市中汽南方長福汽車銷售有限公司)		The PRC 10 December 2004	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd. (深圳市南方騰田汽車銷售服務有限公司)		The PRC 24 March 2006	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd. (深圳市南方騰龍汽車銷售服務有限公司)		The PRC 5 December 2005	RMB5,000,000	–	100%	Automobile dealership
Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd. (深圳南方豐田汽車銷售服務有限公司)		The PRC 9 April 2002	RMB10,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Qingyuan SCAS Hezhong Automobile Sales Services Co., Ltd. (清遠南方合眾汽車銷售服務有限公司)		The PRC 31 December 2009	RMB10,000,000	–	100%	Automobile dealership
Qingyuan SCAS Heda Automobile Sales Services Co., Ltd. (清遠南方合達汽車銷售服務有限公司)		The PRC 26 October 2010	RMB8,000,000	–	100%	Automobile dealership
Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd. (清遠南方豐田汽車銷售服務有限公司)		The PRC 17 October 2008	RMB10,000,000	–	100%	Automobile dealership
ZhengTong Supply Chain Investment Holding (Shenzhen) Co., Ltd. (正通供應鏈投資控股(深圳)有限公司)	(i)	The PRC 10 January 2012	USD7,000,000	–	100%	Investment holding
Baotou Lizhongyou Materials Co., Ltd. (包頭市利中友物資有限公司)		The PRC 6 November 2003	RMB1,000,000	–	100%	Automobile parts sales
Changchun Yilong Transportation Co., Ltd. (長春億隆運輸有限公司)		The PRC 24 October 2008	RMB5,000,000	–	94%	Provision of automobile related logistic services
Wuhan Yuntong Investment Management Co., Ltd. (武漢運通行投資管理有限公司)		The PRC 1 March 2012	RMB10,000,000	–	100%	Investment holding
Shanxi Zhengtong Lanbo Automobile Sales Services Co., Ltd. (山西正通蘭博汽車銷售服務有限公司)		The PRC 5 April 2012	RMB10,000,000	–	100%	Automobile dealership
Dongguan Liaobu SCAS Automobile Sales Services Co., Ltd. (東莞寮步中汽南方汽車銷售服務有限公司)		The PRC 15 May 2012	RMB15,000,000	–	100%	Automobile dealership
Guangdong SCAS Shengwo Automobile Sales Services Co., Ltd. (廣東中汽南方勝沃汽車銷售服務有限公司)		The PRC 11 June 2012	RMB10,000,000	–	100%	Automobile dealership
Wuhan Baoze Automobile Maintenance Co., Ltd. (武漢寶澤行汽車維修服務有限公司)		The PRC 12 June 2012	RMB10,000,000	–	100%	Provision of automobile maintenance services

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jingdezhen Shengtong Trading Co., Ltd. (景德鎮升通貿易有限公司)		The PRC 20 June 2012	RMB10,000,000	–	100%	Automobile parts sales
Zhuhai SCAS Jielu Automobile Sales Services Co., Ltd. (珠海中汽南方捷路汽車銷售服務有限公司)		The PRC 21 June 2012	RMB10,000,000	–	100%	Automobile dealership
Hunan SCAS Xingsha Automobile Sales Services Co., Ltd. (湖南中汽南方星沙汽車銷售服務有限公司)		The PRC 27 June 2012	RMB20,000,000	–	100%	Automobile dealership
Dongguan Zhengtong Kaidi Automobile Sales Services Co., Ltd. (東莞正通凱迪汽車銷售有限公司)		The PRC 29 October 2012	RMB10,000,000	–	100%	Automobile dealership
Jiangxi Zhengtong Zetian Automobile Sales Services Co., Ltd. (江西正通澤田汽車銷售服務公司)		The PRC 19 November 2012	RMB10,000,000	–	100%	Automobile dealership
Shanghai Zhengtong Zhonghui Automobile Sales Services Co., Ltd. (上海正通眾輝汽車銷售服務有限公司)		The PRC 21 December 2012	RMB10,000,000	–	100%	Automobile dealership
Shanghai Qibao Automobile Sales Services Co., Ltd. (上海祺寶汽車銷售服務有限公司)		The PRC 8 June 2013	RMB10,000,000	–	100%	Automobile dealership
Chenzhou Haochi Automobile Sales Services Co., Ltd (郴州豪馳汽車銷售服務有限公司)		The PRC 21 March 2013	RMB10,000,000	–	100%	Automobile dealership
Zhanjiang Zhengtong Kaidi Automobile Sales Services Co., Ltd. (湛江正通凱迪汽車銷售服務有限公司)		The PRC 15 April 2013	RMB10,000,000	–	100%	Automobile dealership
Wuhan Zhengtong Yuechi Automobile Sales Services Co., Ltd (武漢正通悦馳汽車銷售服務有限公司)		The PRC 14 May 2013	RMB10,000,000	–	100%	Automobile dealership
Shantou Baoze Automobile Sales Services Co., Ltd. (汕頭市寶澤汽車銷售服務有限公司)		The PRC 2 September 2013	RMB10,000,000	–	100%	Automobile dealership
Jingmen Aoze Automobile Sales Services Co., Ltd.. (荊門奧澤汽車銷售服務有限公司)		The PRC 11 October 2013	RMB10,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Weihai Luze Automobile Sales Services Co., Ltd. (威海路澤汽車銷售服務有限公司)		The PRC 31 October 2013	RMB10,000,000	–	100%	Automobile dealership
Baotou Baozehang Automobile Maintenance Services Co., Ltd. (包頭寶澤行汽車維修服務有限公司)		The PRC 18 December 2013	RMB10,000,000	–	100%	Provision of automobile maintenance services
Shantoushi Luze Automobile Sales Services Co., Ltd. (汕頭市路澤汽車銷售服務有限公司)		The PRC 20 November 2013	RMB10,000,000	–	100%	Automobile dealership
Shenzhenshi Qianhaizhengtong Logistic Equipment Services Co., Ltd. (深圳市前海正通物流設備服務有限責任公司)	(i)	The PRC 24 May 2013	RMB6,170,000	–	100%	Automobile dealership
Changsha Ruize Real Estate Development Co., Ltd.. (長沙瑞澤房地產開發有限公司)		The PRC 4 March 2013	RMB20,000,000	–	100%	Property management
Shantoushi Ruize Automobile Sales Services Co., Ltd. (汕頭市瑞澤房地產開發有限公司)		The PRC 14 August 2013	RMB20,000,000	–	100%	Property management
Dingze Insurance Agency Co., Ltd.. (鼎澤保險代理有限公司)		The PRC 16 September 2013	RMB50,000,000	–	100%	Insurance services
Wuhan Jiewo Advisory Services Limited (武漢捷沃諮詢服務有限公司)		The PRC 8 August 2013	RMB1,000,000	–	100%	Consulting services
Sky Wonder Limited (天悅有限公司)		Hong Kong 14 March 2014	HK$1	–	100%	Investment holding
Shenzhenshi Zhuoruixiang Information Advisory Co., Ltd. (深圳市卓瑞翔資訊諮詢有限公司)		The PRC 31 December 2013	RMB32,000,000	–	100%	Consulting services
ChengTong Developments Limited (成通發展有限公司)		British Virgin Islands ("BVI") 1 April 2014	US$1	–	100%	Investment holding
Landtime International Limited (裕泰國際有限公司)		Hong Kong 7 April 2014	US$1	–	100%	Investment holding

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Goldrich Holdings Limited (啟富集團有限公司)		Hong Kong 16 January 2014	HK$1	–	100%	Investment holding
Beijing Zhengtong Baozehang Automobile Sales Services Co., Ltd. (北京正通寶澤行汽車銷售有限公司)		The PRC 7 January 2014	RMB10,000,000	–	100%	Automobile dealership
Wuhan Luze Automobile Sales Services Co., Ltd. (武漢路澤汽車銷售服務有限公司)		The PRC 6 January 2014	RMB15,000,000	–	70%	Automobile dealership
Shangraoshi Luze Automobile Sales Services Co., Ltd. (上饒市路澤汽車銷售服務有限公司)		The PRC 17 February 2014	RMB10,000,000	–	100%	Automobile dealership
Langfangshi Luze Automobile Sales Services Co., Ltd. (廊坊市路澤汽車銷售服務有限公司)		The PRC 23 May 2014	RMB10,000,000	–	100%	Automobile dealership
Yichun Baoze Automobile Sales Services Co., Ltd. (宜春寶澤汽車銷售服務有限公司)		The PRC 6 March 2014	RMB10,000,000	–	100%	Automobile dealership
Qingdao Aoze Automobile Sales Services Co., Ltd. (青島奧澤汽車銷售服務有限公司)		The PRC 9 May 2014	RMB10,000,000	–	100%	Automobile dealership
Baotoushi Jieyunhang Automobile Sales Services Co., Ltd. (包頭市捷運行汽車銷售服務有限公司)		The PRC 24 March 2014	RMB65,000,000	–	100%	Automobile dealership
Shengzhou Aoze Automobile Sales Services Co., Ltd. (嵊州奧澤汽車銷售服務有限公司)		The PRC 30 May 2014	RMB10,000,000	–	100%	Automobile dealership
Dongguan Zhengtong Kaize Automobile Sales Services Co., Ltd. (東莞正通凱澤汽車銷售服務有限公司)		The PRC 17 February 2014	RMB5,000,000	–	100%	Automobile dealership
Shanghai Chichang Trading Co., Ltd. (上海馳暢貿易有限公司)	(i)	The PRC 24 July 2014	RMB100,000,000	–	100%	Automobile parts sales
Beijing Zhengtong Baoze Automobile Maintenance Services Co., Ltd. (北京正通寶澤汽車維修服務有限公司)		The PRC 14 July 2014	RMB5,000,000	–	100%	Provision of automobile maintenance services

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Loudi Dingwo Automobile Sales Services Co., Ltd. (婁底鼎沃汽車銷售服務有限公司)		The PRC 10 July 2014	RMB5,000,000	–	100%	Automobile dealership
Shenzhen Aoze Automobile Sales Services Co., Ltd. (深圳奧澤汽車銷售服務有限公司)		The PRC 2 July 2014	RMB10,000,000	–	100%	Automobile dealership
Dongguan Aoze Automobile Sales Services Co., Ltd. (東莞奧澤汽車銷售服務有限公司)		The PRC 21 July 2014	RMB10,000,000	–	100%	Automobile dealership
Foshan Aoze Automobile Sales Services Co., Ltd. (佛山奧澤汽車銷售服務有限公司)		The PRC 5 September 2014	RMB10,000,000	–	100%	Automobile dealership
Zhengzhou Aoze Automobile Sales Services Co., Ltd. (鄭州奧澤汽車銷售服務有限公司)		The PRC 25 July 2014	RMB10,000,000	–	100%	Automobile dealership
Baoding Aoze Automobile Sales Services Co., Ltd. (保定奧澤汽車銷售服務有限公司)		The PRC 18 September 2014	RMB10,000,000	–	100%	Automobile dealership
Fuzhou Dingwo Automobile Sales Services Co., Ltd. (福州鼎沃汽車銷售服務有限公司)		The PRC 19 August 2014	RMB5,000,000	–	100%	Automobile dealership
Shenzhen Dingwo Automobile Sales Services Co., Ltd. (深圳鼎沃汽車銷售服務有限公司)		The PRC 3 September 2014	RMB5,000,000	–	100%	Automobile dealership
Jieyang Luze Automobile Sales Services Co., Ltd. (揭陽路澤汽車銷售服務有限公司)		The PRC 14 August 2014	RMB10,000,000	–	100%	Automobile dealership
ShenzhenLuze Automobile Sales Services Co., Ltd. (深圳路澤汽車銷售服務有限公司)		The PRC 15 August 2014	RMB10,000,000	–	100%	Automobile dealership
Yichang Baozehang Automobile Sales Services Co., Ltd. (宜昌寶澤行汽車銷售服務有限公司)		The PRC 22 August 2014	RMB10,000,000	–	100%	Automobile dealership

17 INTEREST IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Registered/ issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenzhenshi SCAS Huawo Automobile Sales Services Co., Ltd. (深圳市中汽南方華沃汽車銷售服務有限公司)		The PRC 11 June 2014	RMB5,000,000	–	100%	Automobile dealership
Shenzhen Hengyiyingtong Investment Management Co., Ltd. (深圳恒毅盈通投資管理有限公司)		The PRC 3 April 2014	RMB100,000,000	–	100%	Investment holding
Shenzhenshi Huianqi Investment Advisory Co., Ltd. (深圳市匯安啟投資諮詢有限公司)		The PRC 13 May 2014	HK$500,000	–	100%	Consulting services

Notes:

(i) These entities are incorporated in the PRC as wholly foreign-owned enterprises by Rising Wave Development Limited.

(ii) This entity is a 4S dealership company ultimately owned and controlled by Mr. Wang Muqing (the "Controlling Shareholder") through indirect equity holdings. The Group, also owned and controlled by the Controlling Shareholder, controlled this entity through certain agreements (the "Contractual Arrangements") with the entity and its equity holder.

(iii) This entity is considered a subsidiary of the Group because the Group has rights to variable returns from its involvement with the entity and has the ability to affect those returns by virtue of an agreement signed with another equity shareholder which holds 50% interest in this entity, that results in the Group has the power to appoint the sole director of the entity.

(iv) This entity is incorporated in the PRC as a wholly foreign-owned enterprise by Wealth Fame Holdings Limited.

(v) Except for Big Glory International Limited, Rising Wave Development Limited, Tongda Group (China) Co., Ltd., Silver Journey Global Limited, Acme Joy Group Limited, Chang Jun Limited, Top Globe Limited and Wealth Fame Holdings Limited, the English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

The directors are of the view that the Group had no individually material non-controlling interest as at 31 December 2014.

18 INTEREST IN A JOINT VENTURE

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Share of net assets	186,772	162,702

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

			Proportion of ownership interest		
Name of the investee	Place of incorporation/ establishment	Particulars of issued and paid up capital	Group's effective interest	held by subsidiaries	Principal activities
Guangzhou Fengshen Logistics Co., Ltd.	The PRC	RMB60,000,000	50%	50%	Provision of automobile related logistics

Guangzhou Fengshen Logistics Co., Ltd ("Guangzhou Fengshen") is an unlisted joint arrangement in which the Group has joint control and a 50% ownership interest. Guangzhou Fengshen is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Guangzhou Fengshen as a joint venture, which is equity-accounted for.

The following is summarised financial information for Guangzhou Fengshen. For the years presented, no adjustments have been made (or are necessary) to conform the joint venture's accounting policies to those of the Group as there are no material differences between the accounting policies adopted by the joint venture and the Group.

Gross amounts of Guangzhou Fengshen:

	At 31 December	
	2014 RMB'000	2013 RMB'000
Current assets	420,792	324,235
Non-current assets	489,216	436,484
Current liabilities	(536,464)	(435,315)
Equity	373,544	325,404

18 INTEREST IN A JOINT VENTURE (continued)

Included in the above assets and liabilities:

	At 31 December	
	2014 RMB'000	2013 RMB'000
Cash and cash equivalents	1,379	1,196

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Revenue	1,531,837	1,245,425
Profit from continuing operations	48,140	43,329
Total comprehensive income	48,140	43,329

Included in the above profit:

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Depreciation and amortisation	(49,402)	(43,127)
Interest income	47	6
Interest expenses	(3,679)	(5,666)
Income tax expense	(14,904)	(6,396)

Reconciled to the Group's interest in Guangzhou Fengshen:

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Gross amounts of Guangzhou Fengshen's net assets	373,544	325,404
Group's effective interest	50%	50%
Group's share of Guangzhou Fengshen's net assets	186,772	162,702
Carrying amount in the consolidated financial statements	186,772	162,702

19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group At 31 December 2014 RMB'000	The Group At 31 December 2013 RMB'000
Motor vehicles	4,053,604	2,174,365
Automobile spare parts	277,753	342,287
Others	14,660	11,650
	4,346,017	2,528,302

As at 31 December 2014 and 2013, there were no inventories carried at net realisable value.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group At 31 December 2014 RMB'000	The Group At 31 December 2013 RMB'000
Carrying amount of inventories sold	27,764,174	26,947,997

Inventories with carrying amount of RMB2,410,149,232 have been pledged as security for the bills payable (see note 24) as at 31 December 2014 (2013: RMB1,027,533,973).

Inventories with carrying amount of RMB111,869,496 have been pledged as security for loans and borrowings from banks and other financial institutions (see note 23) as at 31 December 2014 (2013: RMB76,594,255).

20 TRADE AND OTHER RECEIVABLES

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables	550,058	1,473,954	–	–
Bills receivable	4,995	4,649	–	–
	555,053	1,478,603	–	–
Prepayments	724,234	764,758	7,840	7,840
Other receivables and deposits	3,528,114	2,517,410	28,198	22,867
Amount due from third parties	4,807,401	4,760,771	36,038	30,707
Amount due from related parties (note 33(b))	–	10,080	–	–
Trade and other receivables	4,807,401	4,770,851	36,038	30,707

All of the trade and other receivables are expected to be recovered within one year.

Trade and other receivables with carrying amount of RMB3,891,000 are pledged against bank loans (see note 23) as at 31 December 2014 (2013: RMB33,113,000).

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Within 3 months	521,724	1,387,360
More than 3 months but within 1 year	31,899	90,933
Over 1 year	1,430	310
	555,053	1,478,603

Details on the Group's credit policy are set out in note 30(a).

21 PLEDGED BANK DEPOSITS

Guarantee deposits in respect of:

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Bank loans (note 23)	241,804	270,167
Bills payable (note 24)	1,269,967	937,116
Standby letter of credit (note 25)	151,000	320,000
Total	1,662,771	1,527,283

The bank deposits pledged for banks loans and bills payables will be released upon the settlement of relevant bank loans and bills payable.

The bank deposits pledged for the standby letter of credit (see note 25) will be released upon the maturity day of the standby letter of credit or to be replaced by other pledged property, plant and equipment or lease prepayments. The directors consider the bank deposits will be released through replacement by pledged property, plant and equipment or lease prepayments within one year.

22 CASH AND CASH EQUIVALENTS

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Deposit with banks within 3 months of maturity	32,652	24,743	–	–
Cash at banks and on hand	1,402,431	1,443,521	14,448	97,459
Cash and cash equivalents in consolidated cash flow statements	1,435,083	1,468,264	14,448	97,459

23 LOANS AND BORROWINGS

The analysis of the carrying amount of loans and borrowings is as follows:

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Current				
Unsecured bank loans (i)	2,590,800	1,995,800	–	–
Unsecured borrowings from other financial institutions	350,000	220,000	–	–
Unsecured short-term commercial paper (ii)	750,000	350,000	–	–
	3,690,800	2,565,800	–	–
Secured bank loans (iii)	188,328	290,019	–	67,326
Secured borrowings from other financial institutions (iv)	136,490	85,857	–	–
	4,015,618	2,941,676	–	67,326
Secured long-term bank loans repayable within 1 year (iii)	332,213	–	–	–
Sub-total	4,347,831	2,941,676	–	67,326
Non-current				
Secured bank loans (iii)	–	333,489	–	–
Sub-total	–	333,489	–	–
Total	4,347,831	3,275,165	–	67,326

(i) Unsecured bank loans carried interest at annual rates ranging from 5.88% to 8.40% as at 31 December 2014 (2013: from 5.88% to 7.84%).

(ii) On 22 April 2014, a subsidiary of the Group issued the second tranche of unsecured one year short-term commercial paper of RMB350,000,000 in the PRC inter-bank debenture market with an interest rate of 7.49% per annum.

On 1 December 2014, a subsidiary of the Group issued the first tranche of unsecured one year private placement note of RMB400,000,000 in the PRC inter-bank debenture market with an interest rate of 7.70% per annum.

(iii) Secured bank loans carried interest at annual rates ranging from 6.00% to 7.20% as at 31 December 2014 (2013: from 5.60% to 7.28%).

23 LOANS AND BORROWINGS (continued)

(iv) Borrowings from other financial institutions mainly represent loans obtained from the auto finance companies of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates ranging from 7.50% to 8.25% as at 31 December 2014 (2013: from 6.30% to 8.25%).

(v) As at 31 December 2014, the following assets of the Group had been pledged to secure for the Group's banking facilities totalling to RMB1,955,188,000 (2013: RMB1,755,316,000):

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Inventories	**111,869**	76,594
Pledged bank deposits	**241,804**	270,167
Trade and other receivables	**3,891**	33,113
Total	**357,564**	379,874

As of 31 December 2014, the above banking facilities were utilised to the extent of RMB657,031,000 (2013: RMB709,365,000).

Certain banking facilities of the Group's subsidiaries are subject to the fulfilment of covenants relating to the subsidiaries' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b). As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: None).

24 TRADE AND OTHER PAYABLES

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Trade payables	**589,311**	403,020	**–**	–
Bills payable	**4,346,639**	3,254,590	**–**	–
	4,935,950	3,657,610	**–**	–
Receipts in advance	**442,894**	412,502	**–**	–
Other payables and accruals	**447,207**	558,144	**1,892**	1,872
Trade and other payables	**5,826,051**	4,628,256	**1,892**	1,872

All trade and other payables are expected to be settled within one year.

Bills payable of RMB1,269,967,000 as at 31 December 2014 (2013: RMB937,116,000) were secured by pledged bank deposits (see note 21).

24 TRADE AND OTHER PAYABLES (continued)

Bills payable of RMB3,076,672,000 as at 31 December 2014 (2013: RMB2,317,475,000) were secured by inventories (see note 19).

As of the end of reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Within 3 months	4,787,976	3,359,358
Over 3 months but within 6 months	146,156	295,748
Over 6 months but within 12 months	1,818	2,504
	4,935,950	3,657,610

25 BONDS PAYABLE

	The Group and the Company At 31 December	
	2014 RMB'000	2013 RMB'000
Bonds payable	2,031,803	2,019,845
Details of the bonds are as follows:		
Bonds issued on 16 September 2013	2,044,740	2,044,740
Discount on issue	(5,153)	(5,153)
Bonds issue costs	(18,618)	(18,618)
Proceeds received	2,020,969	2,020,969
Accumulated amortised amounts of discount on issue and issue costs	5,764	1,016
Exchange differences	5,070	(2,140)
As at 31 December	2,031,803	2,019,845

On 16 September 2013, the Company issued credit enhanced bonds with an aggregate principal amount of USD335,000,000 (the "Bonds"). The Bonds bear interest from 16 September 2013 (inclusive) at the rate of 4.5% per annum and were issued at a price of 99.748% of their principal amount. Interest on the Bonds is payable semi-annually in arrears. Payments of principal and interest in respect of the Bonds have the benefit of an irrevocable standby letter of credit (the "Standby Letter of Credit") denominated in U.S. dollars and issued by Bank of China Limited, Macau Branch (the "LC Bank"). The bonds have been listed on The Stock Exchange of Hong Kong Limited. The Bonds mature on 16 June 2018 at their principal amount.

25 BONDS PAYABLE (continued)

As at 31 December 2014, the following assets of the Group had been pledged to secure for the Standby Letter of Credit:

	The Group and the Company At 31 December	
	2014 RMB'000	2013 RMB'000
Pledged bank deposits (i)	151,000	320,000
Property, plant and equipment	106,368	59,343
Lease prepayments	69,160	70,930
Shares of subsidiary (ii)	3,108,053	2,856,033
Total	3,434,581	3,306,306

(i) The pledged bank deposits will be released upon the maturity date of the Standby Letter of Credit or to be replaced by other pledged property, plant and equipment or lease prepayments.

(ii) The Standby Letter of Credit was secured by the Group's entire equity interest in Wuhan Shengze Jietong Logistics Co., Ltd. ("Wuhan Shengze Jietong Logistics"), which is a wholly foreign-owned enterprise incorporated in the PRC. Total net asset value of Wuhan Shengze Jietong Logistics and its subsidiaries as at 31 December 2014 was approximately RMB3,108,053,000.

26 EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries of the Company participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal government authorities where the subsidiaries are registered whereby these PRC subsidiaries are required to make a contribution at the respective local rates of the eligible employees' salaries to the Schemes. The Group has accrued for the required pension fund contributions which are remitted to the respective social security offices when the contributions become due. The social security offices are responsible for making the benefit payments to the retired employee covered under the Schemes.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to a resolution passed on 9 August 2010, the Company adopted a pre-IPO employee share option scheme (the "Option Scheme") whereby 93 employees of the Group were granted the rights to subscribe for share options of the Company. A total number of 23,435,900 share options were granted on 10 August 2010, 20 August 2010 and 10 November 2010 respectively, and are then exercisable within a period of seven years. The exercise price are equivalent to RMB1.5, RMB2.0 and RMB2.5 for type 1, type 2 and type 3 correspondingly.

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions
Options granted to employees on:		
10 August 2010 including:		
Type 1	17,540,700	50% on 1 January 2012, 25% on 1 January 2013, 25% on 1 January 2014
Type 2	2,062,400	50% on 1 April 2012, 25% on 1 April 2013, 25% on 1 April 2014
Type 3	1,452,000	50% on 1 July 2012, 25% on 1 July 2013, 25% on 1 July 2014
20 August 2010 including:		
Type 3	2,018,800	50% on 1 July 2012, 25% on 1 July 2013, 25% on 1 July 2014
10 November 2010 including:		
Type 3	362,000	50% on 1 July 2012, 25% on 1 July 2013, 25% on 1 July 2014
Total share options granted	23,435,900	

(b) The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	RMB1.6	6,761,400	RMB1.6	9,148,400
Exercised during the year	RMB1.6	–	RMB1.6	(1,365,200)
Forfeited during the year	RMB1.9	(279,420)	RMB1.9	(1,021,800)
Outstanding at the end of the year	RMB1.6	6,481,980	RMB1.6	6,761,400
Exercisable at the end of the year	RMB1.6	6,481,980	RMB1.6	3,249,325

The options outstanding at 31 December 2014 had a weighted average remaining contractual life of 2.61 years (2013: 2.88 years).

Total expenses of RMB(319,000) (2013: RMB328,000) were recognised as personnel expenses during the year ended 31 December 2014 (see note 6(b)).

28 DEFERRED TAX ASSETS AND LIABILITIES

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

The Group:

	Fair value adjustment arising from business combination	Depreciation allowances in excess of depreciation charges	Future benefits of tax losses	Deferred revenue	Capitalisation of interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets/(liabilities) arising from:						
At 1 January 2013	(930,088)	(8,037)	18,350	4,132	(2,374)	(918,017)
Credited/(charged) to profit or loss (note 7(a))	24,807	575	14,688	1,180	(5,866)	35,384
At 31 December 2013 and 1 January 2014	(905,281)	(7,462)	33,038	5,312	(8,240)	(882,633)
Credited/(charged) to profit or loss (note 7(a))	24,807	219	31,154	(1,015)	(8,669)	46,496
At 31 December 2014	(880,474)	(7,243)	64,192	4,297	(16,909)	(836,137)

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Representing:		
Net deferred tax assets	67,180	36,270
Net deferred tax liabilities	(903,317)	(918,903)
	(836,137)	(882,633)

Deferred tax liabilities not recognised:

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. The Group has not recognised deferred tax liabilities as at 31 December 2014 in respect of undistributed earnings of RMB3,458,746,000 (2013: RMB2,565,439,000) as the Company controls the dividend policy of the subsidiaries and it has been determined that these profit will not be distributable in the foreseeable future.

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Attributable to shareholders of the Company			
	Share premium RMB'000	Capital reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2013	4,544,907	86,835	(174,136)	4,457,606
Shares issued pursuant to pre-IPO employee share option scheme	3,858	(1,776)	–	2,082
Equity settled share-based transactions (note 27)	–	328	–	328
Total comprehensive income for the year	–	–	(243,711)	(243,711)
Balance at 31 December 2013 and 1 January 2014	**4,548,765**	**85,387**	**(417,847)**	**4,216,305**
Equity settled share-based transactions (note 27)	–	(319)	–	(319)
Total comprehensive income for the year	–	–	52,054	52,054
Dividends (note 29 (b))	–	–	(175,358)	(175,358)
Balance at 31 December 2014	**4,548,765**	**85,068**	**(541,151)**	**4,092,682**

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2014 RMB'000	2013 RMB'000
Final dividend proposed after the end of the reporting period of HK$0.10 (2013: HK$0.10 per ordinary share)	174,351	173,754

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2014 RMB'000	2013 RMB'000
Final dividend in respect of the previous Financial year, approved and paid during the year, of HK$0.10 per share (2013: Nil)	175,358	–

(iii) Other dividends

During the year of 2014, certain subsidiaries of the Group declared and paid dividends of RMB19,038,000 (2013: RMB13,832,000) in cash to equity holders.

29 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

Movements in the authorised share capital of the Company during the year are as follows:

	Note	2014 Number of shares (thousand)	2014 Amount HK$('000)	2013 Number of shares (thousand)	2013 Amount HK$('000)
Ordinary shares, authorised:					
Ordinary shares of HK$0.10 each		20,000,000	2,000,000	20,000,000	2,000,000
Ordinary shares, issued and fully paid:					
At 1 January		2,210,050	221,005	2,208,685	220,868
Shares issued pursuant to pre-IPO employee share option scheme		–	–	1,365	137
At 31 December		2,210,050	221,005	2,210,050	221,005
RMB equivalent ('000)			188,776		188,776

(d) Nature and purpose of reserves

(i) PRC statutory reserves

PRC Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meetings.

For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(ii) Exchange reserves

Foreign currency translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(s).

(e) Distributability of reserves

The Company was incorporated on 9 July 2010. Under the Companies Law of the Cayman Islands, all reserves of the Company may be applied for payment of distributions or dividends to equity holders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

At 31 December 2014, distributable reserves of the Company amounted to RMB4,092,682,000 (31 December 2013: RMB4,216,305,000). After the end of the reporting period, the directors proposed a final dividend of HK$0.10 (RMB0.08) per ordinary share (2013: HK$0.10 (RMB0.08) per share), amounting to RMB174,351,000 (2013: RMB173,754,000 (note 29 (b)). This dividend has not been recognised as a liability at the end of reporting date.

29 CAPITAL, RESERVES AND DIVIDENDS (continued)

(f) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose the Group defines net debt as interest-bearing loans and borrowings, bills payable, bonds payable and unaccrued proposed dividends less cash and cash equivalents, time deposits and pledged bank deposits, and capital is defined as the total equity less unaccrued proposed dividends.

The adjusted net debt-to-capital ratios at 31 December 2014 and 31 December 2013 were as follows:

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Loans and borrowings (note 23)	4,347,831	3,275,165	–	67,326
Bonds payable (note 25)	2,031,803	2,019,845	2,031,803	2,019,845
Bills payable (note 24)	4,346,639	3,254,590	–	–
Total borrowings	10,726,273	8,549,600	2,031,803	2,087,171
Add: Proposed dividends	174,351	173,754	174,351	173,754
Less: Pledged bank deposits (note 21)	(1,662,771)	(1,527,283)	–	–
Time deposits	(31,207)	(18,291)	–	–
Cash and cash equivalents (note 22)	(1,435,083)	(1,468,264)	(14,448)	(97,459)
Adjusted net debt	7,771,563	5,709,516	2,191,706	2,163,466
Total equity	8,297,108	7,638,087	4,281,458	4,405,081
Less: Proposed dividends	(174,351)	(173,754)	(174,351)	(173,754)
Adjusted total equity	8,122,757	7,464,333	4,107,107	4,231,327
Adjusted net debt-to-capital ratio	0.96	0.76	0.53	0.51

The Group is subject to capital requirements imposed by certain banks as disclosed in note 23(v).

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Financial assets of the Group include cash and cash equivalent, time deposits, pledged bank deposits, and trade and other receivables. Financial liabilities of the Group include loans and borrowings, bonds payable, and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

– credit risk

– liquidity risk

– interest rate risk

– foreign currency risk

– fair value

The Company's board of directors (the "Board") has the overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Group, which is normally settled within one month directly by major financial institutions. Normally, the Group does not obtain collateral from customers.

At the respective balance sheet dates, the Group has certain concentration of credit risk as prepayments to vendors and other receivables due from vendors constitute a large portion of trade and other receivables. The receivables from the five largest debtors at 31 December 2014 represented 65% of the total trade and other receivables (2013: 44%), while 22% of the total trade and other receivables were due from the largest single debtor (2013: 15%).

The Group does not provide any other guarantees outside the Group which would expose the Group to credit risk.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutes to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of the Group's financial liabilities at 31 December 2014, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

The Group

	At 31 December 2014 Contractual undiscounted cash outflow				At 31 December 2013 Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Loans and borrowings	4,466,713	–	4,466,713	4,347,831	3,022,595	341,364	3,363,959	3,275,165
Bonds payable	164,315	2,469,447	2,633,762	2,031,803	168,107	2,624,868	2,792,975	2,019,845
Trade and other payables	5,826,051	–	5,826,051	5,826,051	4,628,256	–	4,628,256	4,628,256
	10,457,079	2,469,447	12,926,526	12,205,685	7,818,958	2,966,232	10,785,190	9,923,266

The Company

	At 31 December 2014 Contractual undiscounted cash outflow				At 31 December 2013 Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Loans and borrowings	–	–	–	–	67,479	–	67,479	67,326
Bonds payable	164,315	2,469,447	2,633,762	2,031,803	168,107	2,624,868	2,792,975	2,019,845
Trade and other payables	1,892	–	1,892	1,892	1,872	–	1,872	1,872
	166,207	2,469,447	2,635,654	2,033,695	237,458	2,624,868	2,862,326	2,089,043

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)

(c) Interest rate risk

(i) Interest rate profile

Cash at bank, time deposits, pledged bank deposits, and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk. Cash at bank are with fixed interest rates ranging from 0.01% to 1.38% per annum as at 31 December 2014 (2013: 0.01% to 1.27%). Time deposits are with fixed interest rates of 1.43% per annum as at 31 December 2014 (2013: 1.35%). Pledged bank deposits are placed to satisfy conditions for issuance of commercial bills and bank loans granted to the Group, with fixed interest rates ranging from 0.35% to 3.30% per annum as at 31 December 2014 (2013: 0.35% to 2.86%).

The Group's interest-bearing borrowings and interest rates as at 31 December 2014 are set as follows:

		The Group At 31 December	
	Interest Rate	2014 RMB'000	2013 RMB'000
Fixed rate borrowings	4.50% to 8.40%	5,062,067	4,061,597
Variable rate borrowings	5.88% to 8.25%	1,317,567	1,233,413
		6,379,634	5,295,010

		The Company At 31 December	
	Interest Rate	2014 RMB'000	2013 RMB'000
Fixed rate borrowings	4.50%	2,031,803	2,019,845
Variable rate borrowings	7.08% to 7.28%	–	67,326
		2,031,803	2,087,171

(ii) Sensitivity analysis

The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A general increase/decrease of 100 basis points in interest rates prevailing at 31 December 2014, with all other variables held constant, would decrease/increase the Group's profit after tax and retained earnings by approximately RMB11,162,282 (2013: RMB10,252,633).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2013.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)

(d) Foreign currency risk

The Group is exposed to currency risk primarily through borrowings and cash balances that are dominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

(i) Exposure to currency risk

The following table details the group's and the company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of reporting period.

The Group

	2014			2013		
	United Sates Dollars RMB'000	Euro RMB'000	Hong Kong Dollars RMB'000	United Sates Dollars RMB'000	Euro RMB'000	Hong Kong Dollars RMB'000
Trade and other receivables	11,130	21,311	12,230	6,608	18,564	–
Cash and cash equivalents	227,802	186	558,107	312,098	197	99,455
Loans and borrowings	(332,213)	–	–	(398,079)	–	–
Bonds payable	(2,031,803)	–	–	(2,019,845)	–	–
Net exposure	(2,125,084)	21,497	570,337	(2,099,218)	18,761	99,455

The Company

	2014			2013		
	United Sates Dollars RMB'000	Euro RMB'000	Hong Kong Dollars RMB'000	United Sates Dollars RMB'000	Euro RMB'000	Hong Kong Dollars RMB'000
Trade and other receivables	–	–	12,230	–	7,413	–
Cash and cash equivalents	8,704	37	1,740	91,406	42	3,846
Loans and borrowings	–	–	–	(67,066)	–	–
Bonds payable	(2,031,803)	–	–	(2,019,845)	–	–
Net exposure	(2,023,099)	37	13,970	(1,995,505)	7,455	3,846

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)

(d) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2014		2013	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
United States Dollars	5%	(109,873)	5%	(107,719)
	(5)%	109,873	(5)%	107,719
Euro	5%	1,075	5%	938
	(5)%	(1,075)	(5)%	(938)
Hong Kong Dollars	5%	21,602	5%	3,787
	(5)%	(21,602)	(5)%	(3,787)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the profit after tax and retained profit of each entity of the Group measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2013.

(e) Fair values

At 31 December 2014 and 2013, all financial assets and liabilities were carried at amounts not materially different from their fair values.

31 COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of property, plant and equipment outstanding at 31 December 2014 not provided for in the consolidated financial statements were as follows:

	The Group At 31 December	
	2014 RMB'000	2013 RMB'000
Contracted for	817,443	586,185

The Company has no capital commitments outstanding at 31 December 2014.

(b) Operating lease commitments

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group At 31 December		The Company At 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 1 year	225,870	192,661	1,576	–
After 1 year but within 5 years	395,381	427,009	1,445	–
After 5 years	392,208	385,590	–	–
	1,013,459	1,005,260	3,021	–

The Group leases a number of warehouses, lands and office premises under operating leases. The leases typically run for an initial period between 1 and 20 years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

32 CONTINGENT LIABILITIES

Financial guarantees issued

As at 31 December 2014, the Company has issued guarantees to certain banks in respect of banking facilities granted to certain subsidiaries which remain in force so long as the subsidiaries have drawn down under the banking facilities.

As at 31 December 2014, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 31 December 2014 under the guarantees by the Company is the aggregate amount of the facilities drawn down by the subsidiaries of RMB1,545,800,000 (2013: RMB1,350,800,000).

33 MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Wang Muqing 王木清	Controlling Shareholder
Hubei Shengze Industry Co., Ltd. ("Hubei Shengze") 湖北聖澤實業有限公司	Controlled by the Controlling Shareholder
Beijing Baoze Automobile Technology Development Co., Ltd. ("Beijing Baoze Technology") 北京寶澤汽車科技發展有限公司	Controlled by the Controlling Shareholder
Inner Mongolia Shengze Dingjie Automobile Trading Co., Ltd. ("Inner Mongolia Shengze Dingjie") 內蒙古聖澤鼎傑汽車貿易有限公司	Controlled by the Controlling Shareholder
Changsha Shengze Ruibao Electronics Trading Co., Ltd. ("Changsha Shengze Ruibao") 長沙聖澤瑞寶電子產品貿易有限公司	Controlled by the Controlling Shareholder
Wuhan Shengze Jieyun Trading Co., Ltd. ("Wuhan Jieyun") 武漢聖澤捷運貿易有限公司	Controlled by the Controlling Shareholder
Wuhan Shengze Jiezhong Logistics Co., Ltd. ("Wuhan Jiezhong") 武漢聖澤捷眾物流有限公司	Controlled by the Controlling Shareholder
Wuhan Jiangrong Investment Co., Ltd. ("Wuhan Investment") 武漢江融投資有限公司	Controlled by the Controlling Shareholder

Notes: The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

(a) Recurring transactions

	The Group For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Rental expense:		
Hubei Shengze	5,115	4,245
Beijing Baoze Technology	15,135	8,496
Inner Mongolia Shengze Dingjie	21,871	6,287
Changsha Shengze Ruibao	2,298	2,150
Wuhan Jieyun	11,968	8,661
Wuhan Jiezhong	2,149	1,770
Wuhan Investment	15,136	3,784
	73,672	35,393

The Company's directors are of the opinion that the above related party transactions were conducted on terms no less favourable to the Group than terms available to or from independent third parties and in the ordinary course of business.

33 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

As at the respective balance sheet dates, the Group had the following balances with related parties:

	The Group At 31 December	
	2014 **RMB'000**	2013 RMB'000
Due from related parties:		
Inner Mongolia Shengze Dingjie	–	1,053
Changsha Shengze Ruibao	–	575
Beijing Baoze Technology	–	3,129
Wuhan Investment	–	5,323
	–	10,080

(c) Key management personnel remuneration

Key management personnel remuneration is disclosed in note 8 and note 9.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of rental expenses above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Reports of the directors.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards, amendments and Interpretations which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 19	Employee benefits: Defined benefit plans: Employee contribution	1 July 2014
Annual Improvements to HKFRSs	2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs	2011-2013 Cycle	1 July 2014
Annual Improvements to HKFRSs	2012-2014 Cycle	1 January 2016
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

		Effective for accounting periods beginning on or after
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 27	Equity method in separate financial statements	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The directors have confirmed that the Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

35 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing these consolidated financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these consolidated financial statements.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

35 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairment losses on trade and other receivables

Impairment losses on trade and other receivables are assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer. Any increase or decrease in the impairment losses for bad and doubtful debt would affect the consolidated statement of profit or loss in future years.

(c) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(d) Provision for inventories

The Group reviews the carrying amounts of the inventories at the respective balance sheet dates to determine whether the inventories are carried at lower of cost and net realisable value. Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's net asset value.

(e) Fair value of assets acquired and liabilities assumed upon acquisition

In connection with acquisition of subsidiaries and joint venture through business combination, the assets acquired and liabilities assumed are adjusted to their estimated fair values on the respective date of acquisition. The determination of the values of assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed.

(f) Impairment of goodwill

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

(g) Useful lives of intangible assets

The intangible assets are depreciated on a straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition.

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Future details are disclosed in note 29(b).

37 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at 31 December 2014 to be Joy Capital Holdings Limited, which was incorporated in the British Virgin Islands.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Wang Muqing *(Chairman)*
Mr. Wang Kunpeng *(Chief Executive Officer)*
Mr. Li Zhubo *(Chief Financial Officer)*
Mr. Chen Tao *(Vice President)*
Mr. Shao Yong Jun *(Vice President)*

Independent non-executive Directors
Dr. Wong Tin Yau, Kelvin
Mr. Zhao Chunjun
Mr. Chang Xiuze

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS

Baoze Plaza
No. 59 West Third-Ring South Road
Beijing
PRC

PLACE OF BUSINESS IN HONG KONG

Unit 5905, 59/F
The Center
99 Queen's Road Central
Hong Kong

WEBSITE ADDRESS

www.zhengtongauto.com

COMPANY SECRETARY

Ms. Luo Xiao Jing

AUTHORIZED REPRESENTATIVES

Mr. Shao Yong Jun
Ms. Luo Xiao Jing

MEMBERS OF THE OPERATION AND MANAGEMENT COMMITTEE

Mr. Wang Kunpeng *(Chairman)*
Mr. Li Zhubo
Mr. Chen Tao
Mr. Shao Yong Jun
Mr. Li Yi

MEMBERS OF THE AUDIT COMMITTEE

Dr. Wong Tin Yau, Kelvin *(Chairman)*
Mr. Zhao Chunjun
Mr. Chang Xiuze

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Zhao Chunjun *(Chairman)*
Mr. Shao Yong Jun
Mr. Chang Xiuze

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Chang Xiuze *(Chairman)*
Mr. Wang Kunpeng
Dr. Wong Tin Yau, Kelvin

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Construction Bank Corporation,
Hubei Branch
Shenzhen Development Bank,
Shanghai Waitan Branch
Bank of China,
Wuhan Economic Development Zone Branch
China Merchants Bank, Liberation Park Branch
Industrial Bank, Hankou Branch
Bank of Communications, Pacific Branch

AUDITORS

KPMG
Certified Public Accountants

HONG KONG LEGAL COUNSEL

Chiu & Partners
Solicitors

正通

CHINA ZHENGTONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司

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