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CAR Inc.

神州租車有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0699)

2015 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of CAR Inc. (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015 prepared pursuant to International Financial Reporting Standards (“IFRSs”).

I. FINANCIAL HIGHLIGHTS

	For the years ended 31 December		Year-over-year
	2015	2014	change
	(in RMB millions, except otherwise stated)		%
Rental revenue	4,399	2,866	53%
Total revenue	5,003	3,520	42%
Gross profit	2,091	1,239	69%
Gross profit margin ⁽²⁾	47.5%	43.2%	+4.3pp
Net profit ⁽³⁾	1,401	436	221%
Adjusted EBITDA ⁽¹⁾	2,764	1,629	70%
Adjusted EBITDA margin ⁽²⁾	62.8%	56.8%	+6.0pp
Adjusted net profit ⁽¹⁾	944	562	68%
Adjusted net profit margin ⁽²⁾	21.5%	19.6%	+1.9pp
Basic EPS (RMB)	0.59	0.22	168%

Notes:

- (1) Adjusted EBITDA and adjusted net profit are non-IFRS measures. Please refer to V. Non-IFRS financial reconciliation for details.
- (2) These margins are presented as a percentage of rental revenue.
- (3) Please refer to pages 2 and 17 of this announcement for details.

II. BUSINESS OVERVIEW

China's GDP growth moderated to 6.9% for the year. Both industrial production and fixed investment growth came in on the soft side. Consumer spending, on the other hand, maintained very strong growth in 2015. Consumer spending's contribution to the country's GDP reached 66.4% in 2015, up 15.4 percentage points from 2014. New technology and business innovations around auto and internet are reforming the auto related industry and pushing it to a critical crossroad. Moreover, these trends are driving significant consumer behavior changes and leading to revolutionary changes in the auto value chain. Throughout 2015, we continued to execute our strategy of expanding along the value chain through technology innovations. We dedicated ourselves to becoming China's leading auto mobility provider and transforming our eco-system to best position ourselves for long-term success.

In 2015, the Group reported yet another year of robust financial and operational results as we demonstrated solid growth and strong profitability. We strive to provide a best-in-class customer experience and optimize our cost structure. Through the solid performance of our short-term rental business and the successful collaboration with UCAR Technology Inc. ("UCAR"), we were able to capture growth opportunities in the fast growing auto mobility industry in China. For the full year of 2015, rental revenue increased 53% to RMB4,399.3 million. Our profitability and margins continued to improve as we optimized our business mix, improved operating leverage and increased operating efficiency. Net profit was RMB1,401.4 million in 2015. Adjusted net profit increased 68% to RMB943.8 million. Adjusted net profit margin and adjusted EBITDA margin as a percentage of rental revenue increased to 21.5% and 62.8% in 2015, representing year-over-year improvement of 1.9pp and 6.0pp, respectively.

Our total fleet comprised of 91,179 vehicles as at 31 December 2015, compared with 63,522 vehicles as at 31 December 2014. Our operating fleet was 83,168 vehicles as at 31 December 2015, compared with 58,773 vehicles as at 31 December 2014. The strong growth was supported by the rapid development of UCAR's sizable operations and steady growth of our short-term self-drive. During the year, we also continued to downsize the fleet for traditional long-term rentals in an effort to optimize our business mix and improve capital returns. We disposed of 9,284 used vehicles in 2015 and the cost to sales ratio was 101.1%, which continued to demonstrate our capabilities of managing the full cycle of our rental business.

Number of Fleet	FY2014	1Q'15	2Q'15	3Q'15	4Q'15	FY2015
Fleet size as at period end						
Short-term rental	43,836	49,346	54,797	58,789	56,759	56,759
Long-term rental	9,368	14,562	20,960	22,879	22,252	22,252
Finance leasing	<u>5,569</u>	<u>5,159</u>	<u>4,889</u>	<u>4,755</u>	<u>4,157</u>	<u>4,157</u>
Total operating fleet	<u>58,773</u>	<u>69,067</u>	<u>80,646</u>	<u>86,423</u>	<u>83,168</u>	<u>83,168</u>
Retired vehicles awaiting sale	3,497	2,352	2,685	5,565	6,837	6,837
Vehicles held for sale	<u>1,252</u>	<u>1,575</u>	<u>1,388</u>	<u>1,216</u>	<u>1,174</u>	<u>1,174</u>
Total fleet	<u>63,522</u>	<u>72,994</u>	<u>84,719</u>	<u>93,204</u>	<u>91,179</u>	<u>91,179</u>

In the past year, we continued to strengthen our leading position and demonstrate strong profitability in our short-term rental business. We noted that the demand growth for short-term self-drive was partially offset by the fast emerging supply of ride sharing services, which brought additional convenience for short-distance mobility needs and provided competitive pricing due to the current environment of heavy subsidies. On the other hand, we were able to take advantage of this rapidly growing market through our collaboration with UCAR and by addressing more car ownership replacement demand in short-term self-drive. Our collaboration with UCAR allowed us to realize better synergies through fleet sharing. Our short-term rental fleet grew to 56,759 vehicles as at 31 December 2015 and short-term rental revenue for the full year increased 35% to RMB3,103.5 million. Our average daily rental revenue per short-term rental vehicle (“RevPAC”) remained solid at RMB170 in 2015. Our fleet utilization rate further increased to 63.0%, with a deliberate balance to secure more license plates.

As at 31 December 2015, we had 738 directly operated service locations, which included 250 stores and 488 pick-up points, in 74 major cities covering all provinces of China. Our franchisee network has grown to 236 service locations in 186 small cities. Our mobile application continued to gain in popularity. Reservations via our mobile application as a percentage of total reservations increased to 61.2% in 2015 from 35.5% in 2014.

In January 2015, we entered into a strategic collaboration with UCAR. The collaboration brought us sustainable financial returns, additional license plate resources, and better fleet efficiency. Also, it further enhanced our brand recognition and customer retention, created cross-selling opportunities and increased economies of scale. As at 31 December 2015, a total of 19,883 vehicles were rented to UCAR under long-term rental terms. Additionally, we continued to see strong synergies in terms of fleet management. Over 10,000 vehicles were shared with UCAR under short-term rental term during weekdays. For the year ended 31 December 2015, revenue contribution from the UCAR collaboration was RMB1.6 billion. As at 31 December 2015, we held 9.35% of the total issued and outstanding shares of UCAR on a fully diluted basis. We recorded a fair value gain of RMB797.1 million in 2015 for such shareholding. UCAR has also implemented a corporate restructuring (which was completed in January 2016) to transfer its chauffeured car services business to Huaxia United Science & Technology Co., Ltd. (For details, please refer to the Company's announcement dated 18 December 2015 and Note 11(b) to Financial Statements.) Huaxia United Science & Technology Co., Ltd. has subsequently changed its name to UCAR Inc. (神州優車股份有限公司).

In October 2015, we launched a pilot program of our own used car direct sales and service network. We opened 8 pilot stores in eight third-tier cities at the beginning. These stores ramped up in-line with our expectations and sold an average of 30 used cars each in December 2015. We opened another 6 pilot stores early this year as planned. We are confident that this initiative will enable us to realize higher residual values, better manage the full life cycle of rental vehicles, and capture the vast growth potential in China's used car market. By the end of 2015, we have incurred operating expenses of approximately RMB15 million for this new business initiative.

III. STRATEGIC HIGHLIGHTS

In 2015, we continued to execute our strategy and dedicated ourselves to becoming China's leading auto mobility provider. We have strengthened our leadership in China's car rental market and made solid progress in expanding along the value chain. We are strategically positioning ourselves to best capture the future growth opportunities arising from revolutionary changes in the auto related industry.

During the year, we witnessed two quickly developing trends emerge in China. First, in first- and second-tier cities, car sharing becomes increasingly popular, a trend disrupting what was once the major market for car ownership. Second, in third- and fourth-tier cities, car ownership is still essential in helping consumers upgrade their living standards. We believe there is a huge opportunity incubating in car sharing in higher-tier cities and an underserved vacancy in the used car market in lower-tier cities. At the same time, the slowdown in new car sales also put pressure on used car sales prices.

The Group has evolved its business and embraced the surge in on-demand chauffeured services. In January 2015, we initiated a strategic collaboration with UCAR through a co-branding and fleet rental agreement. In July 2015, we invested in UCAR for a consideration of US\$125 million, with a post money valuation of US\$1.25 billion. In September 2015, we also participated in UCAR's series B fund raising and invested another US\$50 million. We held 9.35% of UCAR shares as at 31 December 2015 on a fully diluted basis. The collaboration with UCAR enabled us to provide a total solution for customers' auto mobility needs in first- and second-tier cities and capture the growth opportunities in both self-drive and on-demand chauffeured service markets. The collaboration brings multiple benefits to us, including committed long-term financial returns, enhancement in fleet management efficiency, extra license plate resources and massive strategic value.

UCAR focuses on the mid-to-high-end sector and adopts an asset-light yet operation-heavy B2C model. We believe its unique business focus and B2C model meet customers' unsatisfied demand for available, reliable and value-for-money chauffeured services in China. Its business model has unique competitive advantages and has a high entry barrier. We are delighted to observe that UCAR has grown into a market leader in the mid-to-high-end on-demand chauffeured service sector while its premium customer experience has been highly praised by consumers. It ranked No. 1 nationwide in customer satisfaction and monthly customer retention rate, according to recent third party surveys. In the past year, UCAR demonstrated outstanding operational performance and

healthy cash flow. Its clear business model was also widely recognized by the capital market. UCAR raised US\$800 million in two fund raising rounds and its valuation reached US\$3.55 billion. In regards to government regulation, China's Ministry of Transport issued a draft guidance for the chauffeured service industry in October 2015, which we believe will benefit UCAR positively as its business model is generally already in compliance. We expect UCAR to deliver strong financial results as it continues to enhance customer experience and optimize efficiency.

As China's leading car rental company and largest supplier of used cars, we have been exploring China's used car market. Along with the increase in car ownership for the past several years, China's used car market has entered into a period of rapid development. As consumers upgrade their living standards and customer behavior evolves, the used car market in lower-tier cities will see accelerated growth in the next few years. We have accumulated extensive experience in used car disposal over the past three years and have a deep understanding of customers' desire for reliable and value for money products and services. We launched our used car B2C pilot program in October 2015, focusing on third- and fourth-tier cities. We believe this initiative will enable us to realize higher residual values, better manage a full life cycle of rental vehicles and capture the growth potential in China's used car market.

Looking ahead to 2016, we expect to continue seeing healthy growth, strong profitability and great opportunities to develop along the value chain. We are committed to strengthening technology innovations and enhancing our operating efficiency.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenues and Profitability Analysis

Rental revenue

	Year ended 31 December			
	2015		2014	
	RMB	% of rental revenue	RMB	% of rental revenue
	<i>(in thousands, except percentages)</i>			
Short-term rentals	3,103,486	70.5%	2,295,752	80.1%
Long-term rentals	1,201,185	27.3%	466,418	16.3%
Finance lease	30,294	0.7%	46,825	1.6%
Other revenue	<u>64,286</u>	<u>1.5%</u>	<u>57,215</u>	<u>2.0%</u>
Total rental revenue	<u>4,399,251</u>	<u>100.0%</u>	<u>2,866,210</u>	<u>100.0%</u>

Short-term rental metrics

	FY14	1Q'15	2Q'15	3Q'15	4Q'15	FY15
Average daily fleet ⁽¹⁾	37,755	47,099	47,117	53,949	55,186	50,869
ADRR ⁽²⁾ (RMB)	272	275	276	271	261	270
Utilization rate ⁽³⁾ (%)	62.2%	63.7%	64.1%	64.5%	60.1%	63.0%
RevPAC ⁽⁴⁾ (RMB)	170	175	177	175	157	170

Notes:

- (1) Average daily short-term rental fleet is calculated by dividing the aggregate days of our short-term rental vehicles in operation in a given period by the aggregate days of that period. "Short-term rental vehicles in operation" refers to our entire short-term fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported.
- (2) Average daily rental rate or ADRR is calculated by dividing our short-term rental revenue in a given period by the fleet rental days in that period. Fleet rental days are the total rental days for all vehicles in our short-term rental fleet in a given period.
- (3) Fleet utilization rate is calculated by dividing the aggregate days that our vehicles are rented out for short-term rentals by the aggregate days that our short-term rental vehicles are in operation.
- (4) RevPAC refers to average daily rental revenue per short-term rental vehicle, which is calculated by multiplying the average daily rental rate in a given period by the fleet utilization rate in that same period.

Our total rental revenue increased 53% to RMB4,399.3 million for the year ended 31 December 2015 from RMB2,866.2 million for the same period of 2014.

- *Short-term rentals.* Revenue from short-term rentals increased 35% year-over-year to RMB3,103.5 million for the year ended 31 December 2015, mainly driven by the growing short-term rental fleet size. Short-term rental revenue consisted of revenue from both traditional self-drive and the daily sharing fleet with UCAR under short-term rental contract. Our RevPAC remained stable at RMB170 for the year ended 31 December 2015, compared with RMB170 for the year of 2014. Utilization rate was 63.0% for the year ended 31 December 2015, as we continue to deliberately balance between our fleet expansion for securing license plates and our financial results.
- *Long-term rentals.* Revenue from long-term rentals increased 158% year-over-year to RMB1,201.2 million for the year ended 31 December 2015. The long-term fleet size increased to 22,252 vehicles as at 31 December 2015 from 9,368 vehicles as at 31 December 2014. As at 31 December 2015, we further increased the fleet size for UCAR to 19,883 vehicles. We also continued to downsize the fleet for traditional long-term rentals in order to improve capital returns and make the best use of our license plate resources.
- *Finance lease.* Revenue from finance leases decreased 35% to RMB30.3 million for the year ended 31 December 2015 from RMB46.8 million for the same period of 2014. Since the beginning of 2015, we have changed the used car financing program for franchisees from 2-year financial leases to a 1-year installment program.
- *Other revenue.* Other revenue was RMB64.3 million for the year ended 31 December 2015 compared with RMB57.2 million for the same period of 2014. The increase was primarily driven by the increase of insurance claims for in-house repair and maintenance.

Depreciation of rental vehicles and direct operating expenses of rental services

	Year ended 31 December			
	2015		2014	
		<i>% of</i>		<i>% of</i>
		<i>rental</i>		<i>rental</i>
	<i>RMB revenue</i>		<i>RMB revenue</i>	
	<i>(in thousands, except percentages)</i>			
Depreciation of rental vehicles	939,364	21.4%	670,163	23.4%
Direct operating expenses				
- Payroll costs	380,005	8.6%	354,533	12.4%
- Store expenses	163,120	3.7%	123,925	4.3%
- Insurance fees	235,205	5.3%	151,582	5.3%
- Repair and maintenance fees	164,988	3.8%	98,409	3.4%
- Fuel expenses	80,475	1.8%	78,336	2.7%
- Others	<u>338,726</u>	<u>7.8%</u>	<u>182,091</u>	<u>6.4%</u>
Total direct operating expenses	<u>1,362,519</u>	<u>31.0%</u>	<u>988,876</u>	<u>34.5%</u>
Total costs of car rental business	<u>2,301,883</u>	<u>52.4%</u>	<u>1,659,039</u>	<u>57.9%</u>

Depreciation of rental vehicles. As a percentage of rental revenue, depreciation expenses decreased from 23.4% for the year ended 31 December 2014 to 21.4% for the year ended 31 December 2015. The decrease was primarily driven by (i) an increase in the average discount on new car purchases for the rental fleet due to our enhanced bargaining power with automobile manufacturers (OEMs), (ii) a higher concentration of core car models, and was offset by (iii) changes in the residual value of certain vehicle models, and (iv) an upgrade in the vehicle mix due to the increased size of UCAR fleet.

Direct operating expenses of rental services. As a percentage of rental revenue, direct operating expenses decreased from 34.5% for the year ended 31 December 2014 to 31.0% for the year ended 31 December 2015. The decrease was primarily due to greater operating leverage, higher efficiency in managing UCAR fleet and continuous improvement in operational efficiency.

Sales of used vehicles (revenue & cost)

	Year ended 31 December	
	2015	2014
	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands, except percentages)</i>	
Revenue from sales of used vehicles	603,468	654,226
Cost of sales of used vehicles	<u>609,966</u>	<u>621,982</u>
Cost as a % of revenue (sales of used vehicles)	101.1%	95.1%
Number of used vehicles sold	9,284	10,185
— Inclusive of used vehicles sold to franchisees via installment program	1,561	—
Number of used vehicles disposed to franchisees through finance lease	<u>—</u>	<u>5,298</u>
Total number of used vehicles disposed	<u>9,284</u>	<u>15,483</u>

The Group disposed of 9,284 used vehicles for the year ended 31 December 2015, compared with 15,483 for the year ended 31 December 2014. With the UCAR collaboration, we were able to extend the holding period for certain vehicle models by continuing operation in UCAR fleet. In the past year, we also extended the holding period of core models to mostly 3 years to mitigate residual risk. As a result of the new initiative of used car B2C platform, the number of retired vehicles awaiting for sale increased to 6,837 as at 31 December 2015.

Cost of sales of used vehicles amounted to 101.1% and 95.1% of revenue from the sales of used vehicles for the years ended 31 December 2015 and 2014, respectively. The cost of sales of used vehicles represents the net book value of the sold rental vehicles from our fleet.

The results continued to demonstrate our proven and enhancing capabilities at managing the full cycle of rental vehicles, which includes used vehicle disposal and the effective estimation of residual values.

Gross profit

	Year ended 31 December	
	2015	2014
	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands, except percentages)</i>	
Gross profit of car rental business	2,097,368	1,207,171
<i>Gross profit margin of car rental business</i>	48%	42%
Gross profit/(loss) of sales of used vehicles	(6,498)	32,244
<i>Gross profit/(loss) margin of sales of used vehicles</i>	<u>(1)%</u>	<u>5%</u>
Total gross profit	<u>2,090,870</u>	<u>1,239,415</u>
Total gross profit margin as a % of rental revenue	<u>48%</u>	<u>43%</u>

Total gross profit of the car rental business increased 74% to RMB2,097.4 million for the year ended 31 December 2015 from RMB1,207.2 million for the year ended 31 December 2014. Our gross profit margin of the car rental business as a percentage of rental revenue increased to 48% for the year ended 31 December 2015 from 42% for the year ended 31 December 2014, primarily due to greater operating leverage, lower fleet costs, improved operational efficiency and reduced costs related to the suspended fleet.

Selling and distribution expenses

	Year ended 31 December			
	2015		2014	
		<i>% of rental RMB revenue</i>		<i>% of rental RMB revenue</i>
	<i>(in thousands, except percentages)</i>			
Payroll costs	20,006	0.5%	18,261	0.6%
Advertising expenses	44,711	1.0%	53,260	1.9%
Share-based compensation	1,300	0.0%	2,199	0.1%
Others	<u>13,490</u>	<u>0.3%</u>	<u>18,990</u>	<u>0.7%</u>
Total	<u>79,507</u>	<u>1.8%</u>	<u>92,710</u>	<u>3.3%</u>

Selling and distribution expenses decreased 14% from RMB92.7 million for the year ended 31 December 2014 to RMB79.5 million for the year ended 31 December 2015. As a percentage of rental revenue, selling and distribution expenses decreased from 3.3% in 2014 to 1.8% in 2015. The decrease was mainly due to our established brand recognition, an increase in mobile transactions and greater operating leverage.

Administrative expenses

	Year ended 31 December			
	2015		2014	
		<i>% of rental RMB revenue</i>		<i>% of rental RMB revenue</i>
	<i>(in thousands, except percentages)</i>			
Payroll costs	186,429	4.2%	140,681	4.9%
Office expenses	59,181	1.3%	42,783	1.5%
Rental expenses	22,873	0.5%	21,447	0.7%
Share-based compensation	84,273	1.9%	77,642	2.7%
Others	<u>112,852</u>	<u>2.6%</u>	<u>67,554</u>	<u>2.4%</u>
Total	<u>465,608</u>	<u>10.5%</u>	<u>350,107</u>	<u>12.2%</u>

Administrative expenses increased 33% to RMB465.6 million for the year ended 31 December 2015 from RMB350.1 million for the year ended 31 December 2014. The increase in payroll costs was related to improved IT and R&D capabilities. The comparatively higher office expenses were mainly due to the new operation center in Tianjin. As a percentage of rental revenue, administrative expenses decreased from 12.2% in 2014 to 10.5% in 2015. The change was in line with our business expansion and reflected economies of scale and greater operating leverage.

Other income and expenses, net

	Year ended 31 December	
	2015	2014
	<i>(RMB in thousands)</i>	
Interest income from bank deposit	25,248	34,620
Unrealized exchange loss	(253,481)	(16,941)
Realized exchange gain/(loss)	61,615	(2,623)
Fair value gain on redeemable preference shares in UCAR	797,095	—
(Loss)/gain on disposals of items of other property, plant and equipment	(72)	(49)
Others	<u>39,416</u>	<u>11,188</u>
Total	<u><u>669,821</u></u>	<u><u>26,195</u></u>

The net gain in other income and expenses was RMB669.8 million for the year ended 31 December 2015, compared with RMB26.2 million for the year ended 31 December 2014. The net gain in 2015 was mainly due to a fair value gain on the preference shares of UCAR of RMB797.1 million related to our subscription of preference shares in UCAR (for details, please refer to Note 11(b) under Notes to Financial Statements), combined with interest income of RMB25.2 million, a realized foreign exchange gain of RMB61.6 million, and was partially offset by the recognition of an unrealized foreign exchange loss of RMB253.5 million on USD-denominated liabilities.

Finance costs. Finance costs increased 77% to RMB546.8 million for the year ended 31 December 2015 from RMB309.5 million for the year ended 31 December 2014, primarily due to the Company's higher debt position, which was partially offset by lower average funding costs.

Profit before tax. Profit before tax increased 225% to RMB1,668.7 million for the year ended 31 December 2015 from RMB513.3 million for the year ended 31 December 2014.

Income tax expenses. Income tax expenses increased to RMB267.3 million for year ended 31 December 2015 from RMB77.2 million for the year ended 31 December 2014 due to the increased profitability of the Group.

Profit after tax. As a result of the aforementioned factors, we recorded a net profit of RMB1,401.4 million and RMB436.1 million for the years ended 31 December 2015 and 2014, respectively.

Adjusted net profit. Adjusted net profit was RMB943.8 million and RMB562.4 million for the years ended 31 December 2015 and 2014, respectively. As a percentage of rental revenue, adjusted net profit margin increased to 21.5% in 2015 from 19.6% in 2014.

Adjusted EBITDA. Adjusted EBITDA was RMB2,763.5 million and RMB1,628.8 million for the years ended 31 December 2015 and 2014, respectively. As a percentage of rental revenue, adjusted EBITDA margin increased to 62.8% in 2015 from 56.8% in 2014.

2. Financial Positions

	As at 31 December	
	2015	2014
	<i>(RMB in millions)</i>	
Total assets	16,342.4	9,842.3
Total liabilities	9,243.1	4,252.7
Total equity	7,099.3	5,589.6
Cash and cash equivalents	1,987.9	1,352.4
Restricted cash	53.1	53.1
Available-for-sale investments	<u>—</u>	<u>1,070.0</u>
Total cash	<u>2,041.0</u>	<u>2,475.5</u>
Interest bearing bank and other borrowings - current	1,154.4	2,778.9
Interest bearing bank and other borrowings - non-current	2,168.7	831.8
Senior notes	<u>5,190.6</u>	<u>—</u>
Total debt	<u>8,513.7</u>	<u>3,610.7</u>
Net debt (total debt less total cash)	<u>6,472.7</u>	<u>1,135.2</u>
Total debt/adjusted EBITDA (times)	3.1x	2.2x
Net debt/adjusted EBITDA (times)	2.3x	0.7x

Cash

In 2015, we financed our business operations and fleet expansions primarily through cash generated from operations, bank and other borrowings, and the net proceeds we received from the issuance of our senior notes in February and August 2015.

We continued to generate strong operating cash flows and maintain strong liquidity during the year. As at 31 December 2015, we had cash and cash equivalents of RMB1,987.9 million and restricted cash of RMB53.1 million.

Trade receivables and Due from related parties

Trade receivables were RMB239.4 million and RMB216.3 million as at 31 December 2015 and 2014, respectively. The slight increase in trade receivables was mainly due to the introduction of installment plan for the sale of used vehicles to franchisees in 2015. The comparatively low increase trade receivables compared with the high increase in total revenue indicated the continuous improvement in trade receivable management.

Due from related parties, which relates to the trade receivables from UCAR, was RMB475.9 million and RMB20.1 million as at 31 December 2015 and 2014, respectively. Fleet rent to UCAR carries a 90-day payment term and UCAR has been paying on schedule. (For details, please refer to Note 17 to Financial Statements.)

Capital expenditures

The majority of our capital expenditure was for vehicle acquisitions. During the year ended 31 December 2015, we purchased approximately RMB5,219.8 million of rental vehicles, which is inclusive of payment for rental vehicles that have not commenced service. We also spent approximately RMB248.1 million on purchases of other property, plant and equipment, prepaid land lease payment and other intangible assets.

Borrowings

As at 31 December 2015, we had total debt of RMB8,513.7 million, compared with RMB3,610.7 million as at 31 December 2014. We have not taken any new loans with guarantees from Legend Holdings Corporation in the past 18 months. Meanwhile, we have further diversified the funding tenors and optimized asset and liability matching by acquiring new loans of 2 to 3 years tenor with mostly amortized repayment schedule and tapping into the bond market. As at 31

December 2015, the current debt portion was RMB1,154.4 million, representing 13.6% of total debt. Based on the repayment schedule as at 31 December 2015, we had a total amount of approximately RMB618.1 million to be repaid in the first quarter of 2016.

We further strengthened our credit profile and diversified our funding sources in 2015, while maintaining balanced leverage ratios and credit metrics. We have expanded our funding sources to include onshore loans, offshore bonds, offshore USD loans and offshore CNH loans. In January 2015, three major international credit rating agencies, Moody's, S&P, and Fitch assigned credit ratings of Ba1, BB+, and BB+ respectively to us, with stable rating outlook. In February 2015, we issued our inaugural Reg S/144A US\$500 million 6.125% senior unsecured notes due in 2020. In August 2015, we completed our second international bond offering, an issuance of US\$300 million 6.00% senior notes due 2021. Both bonds achieved considerable oversubscription. In August 2015, we entered into an unsecured 3-year onshore RMB syndicated term loan facility of RMB1.3 billion with eight banks, seven of which are foreign banks. This is a milestone transaction for us to further expand our RMB borrowing capabilities beyond domestic banks. As at 31 December 2015, we had active relationships of loan financing with over 40 commercial banks or financial institutions.

We have been paying close attention in asset and liability management, including liquidity risks and currency risks. We were exposed to currency mis-match since we started raising debt denominated in USD in 2015. We have been very closely monitoring our foreign currency exposures and analyzing market conditions. As at 31 December 2015, we had not used any hedging instrument yet. Our management recognized the recent development and further depreciation of RMB and strong performance of USD. We will continue to closely evaluate market conditions and ensure appropriate measures, including hedging and liability management, are implemented should the need arise.

V. NON-IFRS FINANCIAL RECONCILIATION

	For the year ended 31 December	
	2015	2014
	<i>(RMB in thousands, except percentages)</i>	
<i>A. Adjusted net profit</i>		
Net Profit	1,401,396	436,113
Adjusted for:		
Share-based compensation	86,001	80,632
Fair value gain on preference shares	(797,095)	—
Foreign exchange loss related to corporate reorganization	—	18,050
IPO-related expenses	—	27,557
Unrealized foreign exchange loss related to USD denominated liabilities	<u>253,481</u>	<u>—</u>
Adjusted net profit	<u>943,783</u>	<u>562,352</u>
Adjusted net profit margin (as a percentage of rental revenue)	21.5%	19.6%
<i>B. Adjusted EBITDA</i>		
<i>Reported EBITDA calculation</i>		
Profit before tax	1,668,727	513,327
Adjusted for:		
Finance costs	546,849	309,466
Interest income from bank deposit	(25,248)	(34,620)
Depreciation of rental vehicles	939,364	670,163
Depreciation of other property, plant and equipment	37,910	29,279
Amortization of other intangible assets	10,332	9,390
Amortization of prepaid land lease payment	1,252	169
Impairments on trade receivables	<u>41,942</u>	<u>5,434</u>
Reported EBITDA	<u><u>3,221,128</u></u>	<u><u>1,502,608</u></u>

	For the year ended 31	
	December	
	2015	2014
	<i>(RMB in thousands, except percentages)</i>	
Reported EBITDA margin (as a percentage of rental revenue)	73.2%	52.4%
Adjusted EBITDA calculation		
Reported EBITDA	3,221,128	1,502,608
Adjusted for:		
Share-based compensation	86,001	80,632
Fair value gain on preference shares	(797,095)	—
Foreign exchange loss related to corporate reorganization	—	18,050
IPO-related expenses	—	27,557
Unrealized foreign exchange loss related to USD denominated liabilities	<u>253,481</u>	<u>—</u>
Adjusted EBITDA	<u><u>2,763,515</u></u>	<u><u>1,628,847</u></u>
Adjusted EBITDA margin (as a percentage of rental revenue)	62.8%	56.8%

The Group employed certain non-IFRS financial measures in measuring the performance of the Group. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and when planning and forecasting future periods. The Group's management believes that adjusted EBITDA, defined as earnings before interest, income tax expenses, depreciation and amortization, share-based compensation, impairment on trade receivables, foreign exchange loss related to corporation reorganization (details of which are set out in the section entitled "Our History, Reorganization and Corporate Structure" in our prospectus dated 8 September 2014) and IPO related expenses, is a useful financial metric to assess the Group's operating and financial performance.

VI. FINANCIAL INFORMATION

Consolidated statements of profit or loss

	<i>Notes</i>	For the year ended 31	
		2015	December
		<i>RMB'000</i>	<i>RMB'000</i>
Rental revenue		4,399,251	2,866,210
Sales of used vehicles		<u>603,468</u>	<u>654,226</u>
Total revenue	4	5,002,719	3,520,436
Depreciation of rental vehicles		(939,364)	(670,163)
Direct operating expenses of rental services		(1,362,519)	(988,876)
Cost of sales of used vehicles		<u>(609,966)</u>	<u>(621,982)</u>
Gross profit		2,090,870	1,239,415
Other income and expenses, net	4	669,821	26,195
Selling and distribution expenses		(79,507)	(92,710)
Administrative expenses		(465,608)	(350,107)
Finance costs		<u>(546,849)</u>	<u>(309,466)</u>
Profit before tax	5	1,668,727	513,327
Income tax expenses	6	<u>(267,331)</u>	<u>(77,214)</u>
Profit for the year		<u><u>1,401,396</u></u>	<u><u>436,113</u></u>

	<i>Notes</i>	For the year ended 31	
		2015	December
		<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
Owners of the parent		<u>1,401,396</u>	<u>436,113</u>
Earnings per share attributed to ordinary equity holders of the parent			
Basic (RMB)	7	<u>0.591</u>	<u>0.218</u>
Diluted (RMB)	7	<u>0.575</u>	<u>0.212</u>
Profit for the year		<u>1,401,396</u>	<u>436,113</u>
Other comprehensive income for the year, net of tax		<u>—</u>	<u>—</u>
Total comprehensive income for the year, net of tax		<u>1,401,396</u>	<u>436,113</u>
Attributable to:			
Owners of the parent		<u>1,401,396</u>	<u>436,113</u>

Consolidated statements of financial position

		As at 31 December	
	Notes	2015	2014
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Rental vehicles	8	9,338,873	5,234,194
Other property, plant and equipment	9	320,185	213,804
Finance lease receivables — non-current	10	43,309	132,782
Prepayments for rental vehicles		29,231	440,910
Prepaid land lease payments		62,019	6,907
Goodwill		6,659	6,224
Other intangible assets		159,745	158,179
Investments in unlisted companies in the PRC	11	2,042,103	—
Rental deposits		8,150	4,626
Deposits for borrowings		30,000	—
Restricted cash		—	53,129
Deferred tax assets		<u>63,662</u>	<u>573</u>
Total non-current assets		<u>12,103,936</u>	<u>6,251,328</u>
CURRENT ASSETS			
Inventories		111,743	121,905
Trade receivables	13	239,360	216,338
Prepayments, deposits and other receivables	14	1,258,347	655,172
Available-for-sale investments	12	—	1,070,000
Due from related parties	17	475,852	20,069
Finance lease receivables — current	10	112,170	155,072
Restricted cash		53,129	—
Cash and cash equivalents		<u>1,987,878</u>	<u>1,352,435</u>
Total current assets		<u>4,238,479</u>	<u>3,590,991</u>

	<i>Notes</i>	As at 31 December	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables		21,000	24,671
Other payables and accruals		336,951	326,813
Advances from customers		192,928	192,771
Interest-bearing bank and other borrowings	15	1,154,411	2,778,887
Due to related parties	17	2,585	6,707
Income tax payable		<u>52,708</u>	<u>38,999</u>
Total current liabilities		<u>1,760,583</u>	<u>3,368,848</u>
NET CURRENT ASSETS		<u>2,477,896</u>	<u>222,143</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,581,832</u>	<u>6,473,471</u>
NON-CURRENT LIABILITIES			
Senior notes	16	5,190,607	—
Interest-bearing bank and other borrowings	15	2,168,714	831,802
Deposits received for rental vehicles		3,550	14,777
Deferred tax liabilities		<u>119,640</u>	<u>37,308</u>
Total non-current liabilities		<u>7,482,511</u>	<u>883,887</u>
Net assets		<u>7,099,321</u>	<u>5,589,584</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		147	145
Reserves		5,951,865	5,762,413
Retained profits / (accumulated losses)		<u>1,147,309</u>	<u>(172,974)</u>
Total equity		<u>7,099,321</u>	<u>5,589,584</u>

Consolidated statements of cash flows

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,668,727	513,327
Adjustments for operating activities:		
Impairment on trade receivable	41,942	5,434
Depreciation of rental vehicles	939,364	670,163
Fair value gain investment in redeemable preference shares	(797,095)	—
Depreciation of other property, plant and equipment	37,910	29,279
Loss on disposal of other property, plant and equipment	72	49
Loss on disposal of subsidiary	—	417
Amortization of other intangible assets	10,332	9,390
Amortization of prepaid land lease payment	1,252	169
Unrealized foreign exchange loss	253,015	6,235
Equity-settled share option expenses	86,001	80,632
Finance costs	546,849	309,466
Interest income	(25,248)	(34,620)
	<u>2,763,121</u>	<u>1,589,941</u>
Net increase of rental vehicles	(5,044,043)	(1,880,401)
Increase of trade receivables	(64,964)	(13,180)
Increase in due from related parties	(455,783)	(20,069)
Decrease of inventories	10,162	208,399
Increase in prepayments and other receivables	(193,680)	(700,491)
(Increase)/decrease of trade payables	(3,671)	10,869
(Increase)/decrease of due to a shareholder	(4,122)	24,222
Decrease of advances from customers	157	13,419
(Increase)/decrease of other payables and accruals	20,785	(66,143)
Increase/(decrease) of finance lease receivables	132,503	(176,815)
Tax paid	<u>(215,576)</u>	<u>(19,943)</u>
Net cash flows used in operating activities	<u>(3,055,111)</u>	<u>(1,030,192)</u>

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of other property, plant and equipment	(178,634)	(81,220)
Proceeds from disposal of other property, plant and equipment	453	3,857
Additions to prepaid land lease payments	(57,809)	—
Purchases of other intangible assets	(11,706)	(21,901)
Acquisition of subsidiaries	(695)	(1,321)
Redemption of available-for-sale investment	1,570,000	725,000
Purchase of available-for-sale investments	(500,000)	(1,795,000)
Investments in redeemable preference shares of unlisted companies and ordinary shares of an unlisted company in the PRC	(1,245,008)	—
Interest received	<u>25,353</u>	<u>34,620</u>
Net cash flows used in investing activities	<u>(398,046)</u>	<u>(1,135,965)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted cash	—	(51,299)
Deposits for borrowings	(30,000)	—
Proceeds from bank and other borrowings	2,958,668	1,612,618
Repayments of bank and other borrowings	(3,295,850)	(1,812,804)
Proceeds from a related party	—	195,277
Proceeds from increase of senior notes	4,820,605	—
Proceeds from issuance of ordinary shares	—	3,183,306
Proceeds from exercise of share options	22,340	—
Repayments to related parties	—	(133,542)
Interest paid	<u>(409,911)</u>	<u>(315,762)</u>
Net cash flows generated from financing activities	<u>4,065,852</u>	<u>2,677,794</u>
Net increase in cash and cash equivalents	612,695	511,637
Cash and cash equivalents at the beginning of the year	1,352,435	841,835
Effect of foreign exchange rate changes, net	<u>22,748</u>	<u>(1,037)</u>
Cash and cash equivalents at the end of the year	<u><u>1,987,878</u></u>	<u><u>1,352,435</u></u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standard Board (“IASB”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“RMB”), with values rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015.

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

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 19 <i>Annual Improvements</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of IFRSs
2010-2012 Cycle <i>Annual Improvements</i> 2011-2013 Cycle	Amendments to a number of IFRSs

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

3. OPERATING SEGMENT INFORMATION

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

Information about geographical area

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

Information about major customers

None of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year ended 31 December 2014. Revenue of approximately RMB1,633,173,000, accounting for 32.6% of the Group's revenue was derived from a single customer for the year ended 31 December 2015.

4. REVENUE, OTHER INCOME AND EXPENSES, NET

Revenue, which is also the Group's turnover, mainly represents the value of car rental service rendered and the net invoiced value of rental vehicles sold, net of business tax and discounts allowed.

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

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Short-term rental income	3,103,486	2,295,752
Long-term rental income	1,201,185	466,418
Finance lease income	30,294	46,825
Sales of used rental vehicles	603,468	654,226
Franchise related income	3,932	11,396
Others	<u>60,354</u>	<u>45,819</u>
	<u><u>5,002,719</u></u>	<u><u>3,520,436</u></u>
Other income and expenses, net		
Interest income from bank deposit	25,248	34,620
Exchange loss	(191,866)	(19,564)
Fair value gain on investment in redeemable preference shares	797,095	—
Government grants*	43,134	10,530
Loss on disposals of items of other property, plant and equipment	(72)	(49)
Others	<u>(3,718)</u>	<u>658</u>
	<u><u>669,821</u></u>	<u><u>26,195</u></u>

* There were no unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

5. PROFIT BEFORE TAX

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

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales of used vehicles	609,966	621,982
Depreciation of rental vehicles	939,364	670,163
Depreciation of other property, plant, and equipment	37,910	29,279
Recognition of prepaid land lease payments	1,252	169
Amortization of other intangible assets*	10,332	9,390
Minimum lease payments under operating leases in respect of		
— offices and stores	69,221	52,802
— rental vehicles	61,683	40,243
Wages and salaries	467,400	414,046
Equity-settled share option expenses	86,001	80,632
Pension scheme contribution**	119,040	99,429
Insurance expenses	235,205	151,582
Repair and maintenance	164,988	98,409
Exchange loss	191,866	19,564
Auditors' remuneration	4,000	5,902
Impairment on trade receivables	41,942	5,434
Loss on disposal of items of other property, plant and equipment	72	49
Advertising and promotion expenses	44,711	53,260
Fair value change for investment in redeemable preference shares	(797,095)	—

* The amortization of other intangible assets for the years ended 31 December 2014 and 2015 is included in "Administrative expenses" in the consolidated statements of profit or loss.

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

6. INCOME TAX EXPENSES

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

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
Mainland China	248,088	57,936
Deferred tax	<u>19,243</u>	<u>19,278</u>
Total tax charge for the year	<u><u>267,331</u></u>	<u><u>77,214</u></u>

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

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

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

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on earnings of non-resident enterprises derived from the operation in Mainland China. The withholding tax derived from inter-company charges of certain overseas subsidiaries to PRC subsidiaries amounted to RMB18,851,000 during the year (2014: nil).

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

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>1,668,727</u>	<u>513,327</u>
Tax at PRC statutory tax rate of 25%	417,182	128,332
Tax effect of tax rate difference between PRC and oversea entities	(109,478)	21,424
Utilization of unrecognized deferred tax assets	(43,482)	(73,353)
PRC entities with preferential tax rate	(29,335)	—
Expenses not deductible for tax	13,593	811
Withholding tax on the deemed income	<u>18,851</u>	<u>—</u>
Total charge for the year	<u><u>267,331</u></u>	<u><u>77,214</u></u>

The effective tax rate of the Group was 16.02% for the year ended 31 December 2015 (for the year ended 31 December 2014: 15.04%).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,372,040,532 (for the year ended 31 December 2014: 2,005,050,818) in issue during the year, as adjusted to reflect the rights issue during the year.

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

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

	For the year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,401,396	436,113
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,372,040,532	2,005,050,818
Effect of dilution — weighted average number of ordinary shares:		
Share option	<u>65,802,978</u>	<u>56,498,477</u>
	<u><u>2,437,843,510</u></u>	<u><u>2,061,549,295</u></u>

8. RENTAL VEHICLES

	For the year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January:		
Cost	6,420,412	5,015,742
Accumulated depreciation	<u>(1,186,218)</u>	<u>(991,786)</u>
Net carrying amount	<u>5,234,194</u>	<u>4,023,956</u>
At 1 January, net of accumulated depreciation	5,234,194	4,023,956
Additions	5,633,306	2,729,073
Disposals and transfers to inventories	(586,459)	(411,257)
Transfers to finance leases	(2,804)	(437,415)
Depreciation provided during the year	<u>(939,364)</u>	<u>(670,163)</u>
At 31 December, net of accumulated depreciation	<u>9,338,873</u>	<u>5,234,194</u>
At 31 December:		
Cost	11,016,202	6,420,412
Accumulated depreciation	<u>(1,677,329)</u>	<u>(1,186,218)</u>
Net carrying amount	<u><u>9,338,873</u></u>	<u><u>5,234,194</u></u>

Vehicles with carrying values of RMB 117,797,000 as at 31 December 2015 (31 December 2014: RMB 378,816,000) had been pledged to secure certain of the Group's interest-bearing loans.

9. OTHER PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the year ended 31 December 2015, the Group acquired items of other property, plant and equipment with a cost of RMB 145,330,000 (for the year ended 31 December 2014: RMB 157,763,000); and depreciation for items of other property, plant and equipment of RMB37,910,000 during the year (for the year ended 31 December 2014: RMB29,279,000).

Assets with a net book value of RMB 1,317,000 were disposed of by the Group during the year ended 31 December 2015 (for the year ended 31 December 2014: RMB 3,906,000).

During the year ended 31 December 2015, the Group acquired assets with a net book value of RMB 278,000 by the acquisition of subsidiaries (for the year ended 31 December 2014: nil).

As at 31 December 2015, the Group was in the process of obtaining the property rights certificates of certain of the Group's buildings with a net carrying amount of approximately RMB 131,661,000 (31 December 2014: RMB129,376,000).

10. FINANCE LEASE RECEIVABLES

Certain rental vehicles have been leased out through finance leases entered into by the Group. These leases have remaining terms ranging generally from three to five years. Finance lease receivable is comprised of the following:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Net minimum lease payments receivable	181,504	360,278
Unearned finance income	<u>(26,025)</u>	<u>(72,424)</u>
Total net finance lease receivables	<u>155,479</u>	<u>287,854</u>
Less: current portion	<u>122,170</u>	<u>155,072</u>
Non-current portion	<u>43,309</u>	<u>132,782</u>

Future minimum lease payments to be received under non-cancellable finance lease arrangements as at 31 December 2015 and 31 December 2014 are as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	133,237	204,492
In the second to fifth years, inclusive	<u>48,267</u>	<u>155,786</u>
	<u><u>181,504</u></u>	<u><u>360,278</u></u>

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as at 31 December 2015 and 31 December 2014 are as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	112,170	155,072
In the second to fifth years, inclusive	<u>43,309</u>	<u>132,782</u>
	<u><u>155,479</u></u>	<u><u>287,854</u></u>

11. INVESTMENTS IN UNLISTED COMPANIES IN THE PRC

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in redeemable preference shares — unlisted companies in the PRC	<u><u>2,042,103</u></u>	<u><u>—</u></u>

(a) Souche Holdings Ltd. (“Souche”)

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

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

(b) **UCAR Technology Inc. (“UCAR”)**

On 1 July 2015, the Group, among others, entered into the Series A preference share subscription agreement with UCAR, pursuant to which the Group agreed to subscribe for 2,500,000 Series A preference shares in UCAR for a consideration of US\$125.0 million. On 16 September 2015, the Group, among others, entered into the Series B preference share subscription agreement with UCAR pursuant to which the Group agreed to subscribe for 443,263 Series B preference shares for a consideration of US\$50.0 million. On the assumption that all Series A and Series B preference shares are fully converted into ordinary shares of UCAR based on the conversion ratio of 1:1, the Company will hold approximately 9.35% of the total issued and outstanding shares of UCAR on a fully diluted basis. The directors of the Company were of the opinion that the Group did not have significant influence over UCAR.

The Group designated such preference share investment in UCAR (a hybrid contract, i.e. host debt plus embedded conversion derivative) as a financial asset at fair value through profit or loss upon initial recognition. The unlisted preference shares were measured at fair value and were classified as level 3 fair value measurement. The fair value of the investment in UCAR was estimated with the assistance of an independent valuation company. The fair value of the Group’s Series B preference shares investment in UCAR was based on the Back-solve method of the market approach, with reference to the market multiples from comparable companies with consideration of the size, profitability and development stage of the industry and those comparable companies. The associated gain in fair value of RMB797,095,000 for the year ended 31 December 2015 has been recognised through profit or loss under “other income and expenses, net”.

In December 2015, UCAR implemented a corporate restructuring (the “UCAR Restructuring”), whereby the existing shareholders of UCAR will acquire equity interest in Huaxia United Science & Technology Co., Ltd. (“Huaxia United”, which subsequently changed its name to UCAR Inc. (神州優車股份有限公司)), an unlisted company with registered capital of RMB117,023,949. As part of the UCAR Restructuring and at UCAR’s request, on 18 December 2015, China Auto Rental Limited (“CAR HK”), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, entered into a capital increase agreement with Huaxia United, among others. Pursuant to the terms of the capital increase agreement, upon completion of the UCAR Restructuring, the percentage of equity interest held by CAR HK in Huaxia United will be the same as the Company’s existing shareholding percentage in UCAR. The amount for the capital increase in Huaxia United under the capital increase agreement has been contributed out of the funds of UCAR, and the Company is not required to make any new investment in Huaxia United. CAR HK held 9.35% of the equity interest in Huaxia United as at 31 December 2015.

12. AVAILABLE-FOR-SALE INVESTMENTS

The following table sets forth the available-for-sale investments for the year:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Investment in financial products	<u>—</u>	<u>1,070,000</u>
	<u>—</u>	<u>1,070,000</u>

The available-for-sale investments as at 31 December 2014 were financial products with expected interest rates ranging from 1.9% to 5.4% per annum with a maturity period of 60 to 180 days offered by financial institutions in the PRC. The fair values of the financial products were approximate to their costs.

13. TRADE RECEIVABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	278,452	242,192
Impairment provision	<u>(39,092)</u>	<u>(25,854)</u>
	<u>239,360</u>	<u>216,338</u>

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

An aging analysis of the trade receivables as at 31 December 2015 and 31 December 2014, based on the invoice date and net of provisions, is as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	177,431	136,456
3 to 6 months	33,621	38,998
6 to 12 months	13,515	40,884
Over 1 year	<u>14,793</u>	<u>—</u>
	<u><u>239,360</u></u>	<u><u>216,338</u></u>

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

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	132,482	110,215
Past due but not impaired:		
Less than 3 months past due	73,774	57,749
3 months to 1 year past due	17,419	46,263
Over 1 year past due	<u>12,011</u>	<u>—</u>
	<u><u>235,686</u></u>	<u><u>214,227</u></u>

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

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Deductible VAT input	833,508	278,233
Prepayments	250,361	247,128
Other receivables	108,454	95,227
Rental deposits	21,812	16,477
Others	44,212	18,107
	<u>1,258,347</u>	<u>655,172</u>

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Current:		
Short-term loans		
— guaranteed	1,500	199,160
— unsecured and unguaranteed	147,354	—
Current portion of sale and leaseback obligations		
— secured	151,474	51,727
Current portion of long-term bank loans		
— guaranteed	100,009	968,063
— unsecured and unguaranteed	180,578	—
Current portion of long-term other loans		
— guaranteed	496,917	1,439,625
— secured and guaranteed	—	91,363
— secured	76,579	28,949
	<u>1,154,411</u>	<u>2,778,887</u>

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:		
Bank loans		
— guaranteed	944,876	253,793
— unsecured and unguaranteed	592,297	—
Other loans		
— guaranteed	—	496,667
— unsecured and unguaranteed	600,000	—
— secured	5,566	81,342
Sale and leaseback obligations		
— secured	<u>25,975</u>	<u>—</u>
	<u>2,168,714</u>	<u>831,802</u>
	<u>3,323,125</u>	<u>3,610,689</u>
Analyzed into:		
Bank loans and repayable:		
within one year or on demand	429,442	1,167,222
in the second year	892,514	253,793
in the third to fifth years, inclusive	<u>644,659</u>	<u>—</u>
	<u>1,966,615</u>	<u>1,421,015</u>
Other borrowings repayable:		
within one year or on demand	573,495	1,559,938
in the second year	605,566	572,419
in the third to fifth years, inclusive	<u>—</u>	<u>5,590</u>
	<u>1,179,061</u>	<u>2,137,947</u>
Sale and leaseback obligations:		
within one year or on demand	151,474	51,727
in the second year	<u>25,975</u>	<u>—</u>
	<u>177,449</u>	<u>51,727</u>
	<u>3,323,125</u>	<u>3,610,689</u>

As at 31 December 2015, the Group's overdraft bank facilities amounted to RMB6,861,039,000 (31 December 2014: RMB2,426,608,000), of which RMB2,408,496,000 (31 December 2014: RMB2,026,608,000) had been utilized.

16. SENIOR NOTES

(1) The 2015 Notes (A)

On 4 February 2015, the Company issued senior notes in an aggregate principal amount of US\$500,000,000 (the "2015 Notes (A)"). The 2015 Notes (A) are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 2015 Notes (A) carry interest at the rate of 6.125% per annum, payable semi-annually on 4 February and 4 August in arrears, and will mature on 4 February 2020, unless redeemed earlier.

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

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

Year	Redemption Price
2018	103.0625%
2019 and thereafter	101.53125%

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

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

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

	For the year ended 31 December 2015
	<i>RMB'000</i>
Carrying amount at 1 January	—
Additions, net of issuance costs	2,974,364
Exchange realignment	177,659
Interest expenses	189,811
Interest expenses payment	<u>(93,670)</u>
Carrying amount at 31 December	<u><u>3,248,164</u></u>

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

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

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

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

On or after 11 August 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (B), at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (B) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 August of the years indicated below, subject to the rights of holders of the 2015 Notes (B) on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price
2018	103.0%
2019 and thereafter	101.5%

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

	For the year ended 31 December 2015
	<i>RMB'000</i>
Carrying amount at 1 January	—
Additions, net of issuance costs	1,846,241
Exchange realignment	48,486
Interest expenses	47,716
Interest expenses payment	<u>—</u>
Carrying amount at 31 December	<u><u>1,942,443</u></u>

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

17. RELATED PARTY TRANSACTIONS

a) Related parties

Related parties for the years ended 31 December 2015 and 31 December 2014 were as follows:

Name	Relationship
China Auto Rental Holdings Inc. ("CARH")	Former shareholder of the Company but ceased to be so immediately before the listing of the Company's shares on the Stock Exchange
LC Fund III, L.P. ("LC Fund III")	Former limited partner of one shareholder of the Company but ceased to be so immediately after trade sale on 9 October 2015
Hertz International Ltd.	A shareholder of Hertz Holdings
Beijing Huaxia United Auto Network Technology Co., Ltd. ("Huaxia Auto Network")	A wholly-owned subsidiary of Legend Holdings Corporation
UCAR*	A shareholder has significant influence on the Company

* UCAR has significant influence over the Company from accounting perspective since UCAR executed a share purchase agreement with Grand Union Investment Fund, L.P. and nominated a director to the board of the Company on 17 November 2015.

b) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

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

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
UCAR	<u>1,633,173</u>	<u>17,954</u>

The prices for the above services were determined according to published prices and conditions offered to other customers of the Group.

(ii) Borrowing from a related party:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
CARH	<u>—</u>	<u>195,277</u>

(iii) Repayments of the borrowings from related parties:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Huaxia Auto Network	—	133,488
LC Fund III	<u>—</u>	<u>54</u>
	<u>—</u>	<u>133,542</u>

(iv) Commission charge from a related party

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Hertz International Ltd.	<u>4,813</u>	<u>6,707</u>

The commission expense was charged at agreed rate on rental revenue generated from customers referred by Hertz International Ltd.

(v) Commission charge to a related party

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Hertz International Ltd.	<u>39</u>	<u>41</u>

The commission income was charged at agreed rate on the rental revenue generated from customers referred to Hertz International Ltd.

(vi) House rental income from related parties:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
UCAR	<u>1,356</u>	<u>—</u>

The prices on house rental to related party are determined in accordance with the prevailing market price.

(vii) Collections on behalf of related parties:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
UCAR	<u>8,948</u>	<u>340</u>

During the year, a subsidiary collected advances from customers on behalf of a related party.

c) Outstanding balances with related parties

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets:		
Due from related parties		
- UCAR	<u>475,852</u>	<u>20,069</u>
Due to related parties:		
- UCAR	1,507	—
- Hertz International Ltd.	<u>1,078</u>	<u>6,707</u>
	<u>2,585</u>	<u>6,707</u>

As at 31 December 2015 and 31 December 2014, balances with related parties were unsecured, non-interest-bearing and repayable on demand.

The credit period for UCAR is three months. Balances due from UCAR were within three months. The management of the Company is of the view that no bad debt provision is necessary.

d) Compensation of key management personnel of the Group:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Short term employee benefits	3,964	2,206
Equity-settled share option expenses	<u>38,123</u>	<u>29,601</u>
	<u>42,087</u>	<u>31,807</u>

18. COMPARATIVE FIGURES

As mentioned in Note 17, the directors of the Company are of the opinion that UCAR became a related party of the Company with effect from 17 November 2015. Certain comparative figures regarding trade receivables and amounts due from UCAR as at 31 December 2014 have been restated to conform with the current year's presentation and disclosures.

19. EVENTS AFTER THE REPORTING PERIOD

As mentioned in Note 11, UCAR implemented its Restructuring in December 2015 and has transferred its chauffeured car services business to Huaxia United in January 2016 (the "UCAR Business Transfer"). As part of the UCAR Business Transfer, the existing co-branding arrangement between the Company and UCAR has been assigned to Huaxia United, which was subsequently changed its name to UCAR Inc. or 神州優車股份有限公司, since January 2016.

VII. CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. During the year ended 31 December 2015, the Company had been in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") save and except for code provision A.2.1 with details set out below.

Currently, the Chairman of the Board and Chief Executive Officer positions of the Company are held by Mr. Charles Zhengyao LU. While this constitutes a deviation from code provision A.2.1 as set out in the CG Code, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Lu acts as the Chairman of the Board and the Chief Executive

Officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the directors of the Company (the “Directors”) and that the Board comprises four independent non-executive Directors out of nine Directors, which is more than the Listing Rules requirement of one-third, and they believe that there is sufficient checks and balances in the Board; (ii) Mr. Lu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman of the Board and Chief Executive Officer is necessary.

VIII. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2015 and up to the date of this announcement.

IX. PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the year ended 31 December 2015.

X. AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the audited annual results of the Group for the year ended 31 December 2015 and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. The Audit and Compliance Committee considers that the audited annual results of the Group for the year ended 31 December 2015 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

XI. ANNUAL GENERAL MEETING

A notice convening the 2016 annual general meeting of the Company will be issued and dispatched to the shareholders in due course.

XII. DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2015.

XIII. PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.zuche.com) and the website of the Stock Exchange. The 2015 Annual Report of the Company containing all relevant information required under Appendix 16 to the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

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

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

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

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

Hong Kong, 8 March 2016

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