BAOXIN AUTO GROUP LIMITED
寶信汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code:1293)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2013

The board (the "**Board**") of directors (the "**Directors**") of Baoxin Auto Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2013, as well as comparative figures for the corresponding period in 2012.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2013:

- Total revenue increased by 66.3% to RMB30,081.7 million.
- Automobile sales volume increased by 61.5% to 69,852 units, and the relevant revenue increased by 63.0% to RMB27,378.2 million.
- After-sales revenue increased by 108.7% to RMB2,703.5 million.
- Gross profit margin reached 9.7%, expanded by 1.0 percentage points from 2012.
- Profit attributable to owners of the parent increased by 41.9% to RMB1,006.8 million.
- Earnings per share attributable to ordinary equity holders of the parent were RMB0.39 and the proposed final dividend was HK$0.15 per ordinary share.

SUMMARY FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
REVENUE	*3*	**30,081,687**	18,092,903
Cost of sales and services provided		**(27,161,294)**	(16,510,006)
Gross profit		**2,920,393**	1,582,897
Other income and gains, net	*3*	**468,872**	373,793
Selling and distribution costs		**(946,815)**	(461,187)
Administrative expenses		**(538,713)**	(261,411)
Profit from operations		**1,903,737**	1,234,092
Finance costs	*4*	**(544,601)**	(336,906)
Share of profits of a joint venture		**10,544**	14,443
Profit before tax	*5*	**1,369,680**	911,629
Income tax expense	*6*	**(355,345)**	(190,743)
Profit for the year		**1,014,335**	720,886
Attributable to:			
Owners of the parent		**1,006,805**	709,699
Non-controlling interests		**7,530**	11,187
		1,014,335	720,886
Earnings per share attributable to ordinary equity holders of the parent	*7*		
Basic and diluted — For profit for the year (RMB)		**0.39**	0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 *RMB'000*	2012 *RMB'000* (Restated)
PROFIT FOR THE YEAR	**1,014,335**	720,886
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be classified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**17,349**	1,024
Net other comprehensive income to be classified to profit or loss in subsequent periods	**17,349**	1,024
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,349**	1,024
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,031,684**	721,910
Attributable to:		
Owners of the parent	**1,024,154**	710,723
Non-controlling interests	**7,530**	11,187
	1,031,684	721,910

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**December 31, 2013** **RMB'000**	December 31, 2012 *RMB'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,310,388**	2,720,264
Prepaid land lease payment		**375,619**	277,176
Intangible assets		**943,206**	982,560
Prepayments		**402,960**	163,627
Goodwill		**75,674**	75,674
Interest in a joint venture		**38,233**	27,689
Available-for-sale investment		**16,518**	17,035
Deferred tax assets		**59,219**	55,486
Total non-current assets		**5,221,817**	4,319,511
CURRENT ASSETS			
Inventories	*8*	**3,002,286**	2,174,650
Trade and bills receivables	*9*	**556,939**	1,352,173
Prepayments, deposits and other receivables		**4,168,968**	3,307,556
Due from related parties		**41,188**	42,969
Pledged bank deposits		**2,769,886**	2,614,531
Cash in transit		**89,716**	88,166
Cash and cash equivalents		**2,020,926**	2,668,169
Total current assets		**12,649,909**	12,248,214
CURRENT LIABILITIES			
Bank loans and other borrowings		**5,857,684**	5,757,810
Trade and bills payables	*10*	**4,364,349**	4,414,598
Other payables and accruals		**722,036**	878,275
Due to related parties		**–**	1,353
Income tax payable		**340,055**	168,437
Total current liabilities		**11,284,124**	11,220,473
NET CURRENT ASSETS		**1,365,785**	1,027,741
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,587,602**	5,347,252

	December 31, 2013 *RMB'000*	December 31, 2012 *RMB'000* (Restated)
NON-CURRENT LIABILITIES		
Bank loans	**1,164,144**	779,789
Bonds	**374,632**	365,566
Deferred tax liabilities	**325,561**	267,246
Total non-current liabilities	**1,864,337**	1,412,601
NET ASSETS	**4,723,265**	3,934,651
EQUITY		
Share capital	**20,836**	20,836
Reserves	**4,345,395**	3,645,484
Proposed finial dividend	**303,885**	207,321
	4,670,116	3,873,641
Non-controlling interests	**53,149**	61,010
Total equity	**4,723,265**	3,934,651

Notes to consolidated financial statements:

1. CORPORATE INFORMATION

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *— Transaction Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets-Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

3. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

	2013 *RMB'000*	2012 *RMB'000*
Revenue from the sale of motor vehicles	**27,378,214**	16,797,703
Others	**2,703,473**	1,295,200
	30,081,687	18,092,903

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

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

Information about geographical areas

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

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year, major customer segment information as required by HKFRS 8 *Operating Segments* is not presented.

(b) Other income and gains, net:

	2013 *RMB'000*	2012 *RMB'000* (Restated)
Commission income	**231,473**	95,907
Advertisement support received from motor vehicle manufacturers	**25,596**	19,827
Rental income	**1,352**	978
Government grants	**28,436**	19,973
Interest income	**31,769**	34,035
Service fee income	**–**	90,000
Net gain/(loss) on disposal of items of property, plant and equipment	**100,476**	(4,326)
Foreign exchange differences, net	**24,952**	–
Gains on disposal of a subsidiary	**2,212**	–
Gain on bargain purchase	**–**	106,226
Others	**22,606**	11,173
Total	**468,872**	373,793

4. FINANCE COSTS

	2013 *RMB'000*	2012 *RMB'000*
Interest expense on bank borrowings wholly repayable within five years	**545,456**	329,734
Interest expense on other borrowings	**7,337**	17,935
Interest expense on bonds	**20,345**	–
Less: Interest capitalised	**(28,537)**	(10,763)
	544,601	336,906

5. PROFIT BEFORE TAX

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

	2013 *RMB'000*	2012 *RMB'000* (Restated)
(a) Employee benefit expense (including Directors' and chief executive's remuneration):		
Wages and salaries	**379,859**	125,274
Other welfare	**165,041**	57,706
Equity-settled share option expense	**15,925**	–
	560,825	182,980
(b) Cost of sales and services:		
Cost of sales of motor vehicles	**25,743,204**	15,832,888
Others	**1,418,090**	677,118
	27,161,294	16,510,006
(c) Other items:		
Depreciation of items of property, plant and equipment	**228,495**	121,902
Amortisation of land use rights	**6,281**	1,836
Amortisation of intangible assets	**39,385**	4,874
Advertisement and business promotion expenses	**177,545**	101,290
Auditors' remuneration	**4,300**	4,000
Bank charges	**60,062**	15,751
Foreign exchange differences, net	**(24,952)**	1,166
Lease expenses	**156,171**	76,309
Logistics and petroleum expenses	**94,210**	58,716
Office expenses	**23,562**	12,969
Gain on bargain purchase*	**–**	(106,226)

* Gain on bargain purchase is included in "Other income and gains, net" in the consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

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

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Current:		
Mainland China corporate income tax	**301,436**	167,981
Deferred tax	**53,909**	22,762
Total tax charge for the year	**355,345**	190,743

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

The subsidiary incorporated in the BVI is not subject to income tax as this subsidiary does neither have a place of business (other than a registered office only) nor carry on any business in the BVI.

The subsidiary incorporated in Hong Kong is subject to a profits tax at the rate of 16.5% (2012: 16.5%) during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate is 25% (2012: 25%).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,557,311,429 (2012: 2,528,818,064) in issue during the year.

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

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,006,805**	709,699

	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year	**2,557,311,429**	2,528,818,064

	2013	2012
	RMB	*RMB*
Earnings per share		
Basic	**0.39**	0.28

8. INVENTORIES

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Motor vehicles	**2,694,793**	1,944,504
Spare parts and accessories	**307,493**	230,146
	3,002,286	2,174,650

Certain of the Group's inventories with an aggregate carrying amount of RMB177,304,000 (2012: RMB298,746,000) as at December 31, 2013 were pledged as security for the Group's bank loans and other borrowings.

Certain of the Group's inventories with an aggregate carrying amount of RMB1,764,229,000 (2012: RMB1,201,571,000) as at December 31, 2013 were pledged as security for the Group's bills payable.

There were no inventories carried at fair value less costs to sell.

9. TRADE AND BILLS RECEIVABLES

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Trade receivables	**556,939**	504,286
Bills receivable	**–**	847,887
Trade and bills receivables	**556,939**	1,352,173

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a large number of diversified customers. Trade and bills receivables are non-interest-bearing.

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

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Within 3 months	**500,320**	1,321,068
More than 3 months but less than 1 year	**47,026**	27,429
Over 1 year	**9,593**	3,676
	556,939	1,352,173

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

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**547,346**	1,348,497
Over one year past due	**9,593**	3,676
	556,939	1,352,173

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

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

10. TRADE AND BILLS PAYABLES

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Trade payables	**120,040**	107,834
Bills payable	**4,244,309**	4,306,764
Trade and bills payables	**4,364,349**	4,414,598

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

	December 31, 2013	December 31, 2012
	RMB'000	*RMB'000*
Within 3 months	**4,227,539**	4,117,606
3 to 6 months	**131,677**	291,068
6 to 12 months	**300**	1,671
Over 12 months	**4,833**	4,253
	4,364,349	4,414,598

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

11. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final — HK$0.15 (2012: HK$0.10) (approximately RMB0.12) per ordinary share	**303,885**	207,321

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. ADJUSTMENT MADE DURING THE MEASUREMENT PERIOD TO PROVISIONAL AMOUNTS

The Group disclosed in its 2012 financial statements that the initial accounting for the business combination has not been completed because the appraisal of intangible assets, land use rights and property, plant and equipment have not yet been finalised.

During the current year, the Company received the independent appraisal of which the acquisition-date fair values of intangible assets, prepaid land lease payments and property, plant and equipment were RMB939,841,000, RMB106,145,000 and RMB746,680,000, respectively.

The Group retrospectively adjusted the 2012 prior year information as follows:

(a) The carrying amount of intangible assets as of December 31, 2012 is decreased by RMB2,015,000. That adjustment is measured as the fair value adjustment at the acquisition date of RMB1,200,000 plus the additional amortization of RMB815,000 that would have been recognised if the asset's fair value at the acquisition date had been recognised from that date.

(b) The carrying amount of prepaid land lease payments as of December 31, 2012 is decreased by RMB6,244,000. That adjustment is measured as the fair value adjustment at the acquisition date of RMB6,262,000 less the amortization of RMB18,000 that would have been reversed if the asset's fair value at the acquisition date had been recognised from that date.

(c) The carrying amount of deferred tax liabilities as of December 31, 2012 is decreased by RMB2,065,000, which is resulted from the changes in the carrying amounts of intangible assets and land use rights as of 31 December 2012.

(d) Other income and gains (gain on bargain purchase) for the year ended December 31, 2012 is decreased by RMB5,596,000 to RMB106,226,000.

(e) Amortisation expense for the year ended December 31, 2012 is increased by RMB797,000.

(f) Tax expense for the year ended December 31, 2012 is decreased by RMB199,000.

INDUSTRY OVERVIEW

During the year under review, China's automobile market experienced solid growth, driven by a steady macro-economic expansion, the accelerating urbanization and continued growth of disposable personal income in China. According to the statistics and analysis from the China Association of Automobile Manufacturers (CAAM), the automobile production and sales volume in 2013 were 22.1 million units and 22.0 million units respectively, representing a year-on-year growth of 14.8% and 13.9%, which is higher than the market estimate at the beginning of the year. The production and sales volumes in 2013 was at an all-time high. According to the statistics of the CAAM, the sales volume of passenger vehicles in 2013 were nearly 18 million units, a record high representing a year-on-year growth of 15.7%. Within this category, the sales volume of basic passenger vehicles (sedans) reached 12.0 million units, which represented a year-on-year growth of 11.8%.

As the central government advocated frugality and cracked down on corruption since the beginning of 2013, the luxury automobile market was cooled down in the first quarter. However, as the luxury automobile manufacturers developed and introduced additional new entry-level models to adapt to the Chinese consumer market and the strong demand for automobile replacement and upgrade, the luxury automobile market maintained a steady growth in 2013. The sales of which was about 1.456 million units, representing an annual growth rate of 22%[a], which exceeded market expectation at the beginning of the year. In 2013, BMW reached its highest sales record in the Chinese mainland market, with a total of 391,000 units of BMW and MINI delivered to customers, which represented a year-on-year increase of 19.7%, thereby making China the largest market of the BMW Group in the world. Sales of Audi also reached record-high in the Chinese market, with sales volume in the mainland and Hong Kong reaching 492,000 units, representing an increase of 21.2% year on year, thereby further strengthening its leading position. Furthermore, as a result of the introduction of new models and the significant improvement of brand awareness among consumers, Jaguar & Land Rover continued to gain market share in the luxury automobile market, with sales volume of 95,000 units in the Chinese market, representing a year-on-year growth of 30%. Volvo is another luxury brand that is quickly expanding its footprint and gaining market share in China, with annual sales volume increasing by 45.6% to 61,000 units. It ranked 6th by total sales volume in the luxury automobile market.

Over the past decade, the automobile ownership in China's large and medium cities has grown rapidly. According to data of the Traffic Management Bureau of the Ministry of Public Security, as of the end of 2013, the automobile ownership in China has reached 137 million units, or 5.7 times the total units in 2003. By 2013, the automobile ownership in each of 31 cities in China has exceeded one million, and the automobile ownership in each of eight cities such as Beijing, Tianjin and Chengdu exceeded two million units. Nevertheless, the automobile ownership per thousand people in China was 89 units, which is still relatively low compared with the world average of 146 units per one thousand people.

Regarding luxury automobile market, the major customers group of luxury automobiles has shifted from ultra-high net worth class in the past to middle and upper classes. With purchase restrictions policy implemented in more major cities, more and more consumers prefer luxury brand automobile with better quality. On the other hand, in light of the increasing localization rate, luxury automobile manufacturers will introduce more local entry and mid-level luxury automobiles into the Chinese market and the competition is extended to the mid-end market.

(a) Luxury brand automobiles market includes Audi, BMW & MINI, Mercedes-Benz, Jaguar & Land Rover, Lexus, Volvo, Cadillac, Porsche, Infiniti, Ferrari/Maserati, Lamborghini, Bentley and Rolls-Royce.

Furthermore, as the luxury automobile market's penetration rate continued to rise, there has been an increasing demand for high quality after-sales service. Compared with the mid-to-lower-end brands, luxury automobile customers have higher demands over service quality and lower price sensitivity. Luxury brand stores also have a higher after-sales customer retention rate than the mid-to-lower end brands. Therefore, the automobile dealerships who mainly operate luxury automobile brands usually have more stable profits from after-sales service and enjoy higher margins.

As China's automobile industry continues to develop and mature as a whole, the automobile ownership and the demand for replacement keep rising, and the pre-owned automobile market also shows the trend of rapid development. According to the statistics of China Automobile Dealers Association, China's pre-owned automobile trading volume reached 5.2 million units in 2013, only as 23.7% of total new automobiles sold in 2013. In addition, there were only 3.1 million units of sedans among the traded pre-owned automobiles, up 12.4% year on year, accounting for only 58.0% of the total trading volume of pre-owned automobiles. Compared with Europe, U.S. and other mature markets, China's pre-owned automobile market is still at its early stage and has tremendous development potential.

BUSINESS OVERVIEW

Continued strengthening of strategic cooperation with luxury and ultra-luxury brands and consolidation of our leading position in the dealership market

As a leading luxury 4S dealership group in China, we continued to refine our industry positioning and further strengthened our strategic cooperation with a number of world-leading luxury and ultra-luxury automobile manufacturers in 2013. For the year ended December 31, 2013, the Group recorded a sales volume of 37,785 units of BMW & MINI automobiles, accounting for 9.7% of BMW Group's total sales volume in China. The Group's total sales volume of Jaguar & Land Rover automobiles reached 12,164 units in 2013, accounting for 12.8% of Jaguar & Land Rover's sales volume in China. In addition to increased automobile sales, we have also developed a strong partnership with and gained great support from BMW, Jaguar & Land Rover and other luxury brands in the areas of network development, after-sales business, pre-owned automobile business, auto financing and staff training. Furthermore, a number of BMW, Jaguar & Land Rover and luxury brand stores operated by us received various honorary awards in areas such as sales and after-sales result and customer service.

We further strengthened our relationship with Ferrari/Maserati in 2013 and increased our network of Ferrari/Maserati dealerships from one showroom to five dealerships, including four 3S dealerships with after-sales service and one showroom.

In October 2013, we entered into a strategic cooperation intention agreement with Volvo, pursuant to which we have become one of the strategic partners for Volvo in China. The cooperation agreement provides us with the advantages to form a comprehensive development strategy and plan for Volvo from network development to product sourcing and extended service businesses. As of December 31, 2013, Baoxin has obtained preliminary approval for various 4S stores and after-sales centres in numerous provinces such as Beijing, Tianjin, Shanghai, Jiangsu province and Zhejiang province from Volvo.

In 2013, Baoxin also received its first authorization from Infiniti to build 4S dealership in Tianjin, Shanghai and Hebei province. With a strong management team, outstanding marketing strategy and attractive product pipeline, Infiniti experienced 54% growth in sales volume in 2013, becoming one of the fastest growing luxury brand in China.

As of December 31, 2013, we owned dealerships authorizations for a total of 19 brands, including ultra-luxury brands such as Ferrari, Maserati, Porsche, Jaguar & Land Rover, luxury brands such as BMW, MINI, Audi, Volvo, Infiniti, Cadillac and GMC as well as mid-to-upper brands such as Volkswagen, Buick, Toyota, Honda, Nissan, Chevrolet and Hyundai.

Optimizing the existing dealership network

For the year ended December 31, 2013, the Group further developed and optimized the dealership network through opening new stores and upgrading existing dealerships. We built eight new stores during 2013, including two Ferrari/Maserati dual-brands dealerships, two Maserati single-brand stores, two BMW 4S dealerships, one Jaguar & Land Rover 4S stores and one BMW after-sales service center. In addition, we have upgraded one BMW showroom and one Jaguar & Land Rover showroom to 4S dealerships. In addition, as of December 31, 2013, we also have 9 luxury and ultra-luxury brand 4S dealership stores under construction, including BMW, Jaguar & Land Rover, Audi, Porsche, Maserati and Infiniti stores. We have also expanded the after-sales capacity for the BMW and Audi 4S dealership stores in Shanghai and Xi'an, which had previously experienced capacity constraint. We have undergone a series of restructuring of NCGA Holdings Limited and its subsidiaries (the "**NCGA Group**") since we acquired the NCGA Group in 2012 (the "**NCGA Acquisition**"). Throughout 2013, there has been significant increase in revenue and profitability from the NCGA Group. Furthermore, to optimize our network quality and profitability, we decided to divest one BMW 4S store located in northeast China due to its poor performance.

As of December 31, 2013, our sales network, with both established and under construction, was expanded to 91 stores, consisting of 75 luxury and ultra-luxury brand dealership stores and 11 mid-to-upper brand dealership stores, 2 automobile customization centers, 1 certified collision damage assessment center and 2 after-sales service centers. Furthermore, the Group received various authorizations for luxury and ultra-luxury automobiles such as Volvo, Jaguar & Land Rover, Infiniti and Audi, in 2013 and will build out these dealerships in the coming 2-3 years.

Location is one of the critical factors to the performance and profitability of automobile dealership. The Group has always maintained a prudent and practical approach in the selection of dealership location. Most of our stores are located in populous and affluent regions in China, such as Beijing, Tianjin, Shanghai, Jiangsu, Zhejiang, Shandong, Liaoning, Hebei and Guangdong. We will also continue to strengthen our network in the central and western regions (such as Shaanxi and Xinjiang Autonomous Region). As of December 31, 2013, the Group's dealership network has covered eight provinces, three municipalities and 28 cities.

Sales of luxury and ultra-luxury brand automobiles continue to grow rapidly

Benefiting from the stable growth of our luxury and ultra-luxury dealerships and the successful integration of the NCGA Group, we have recorded a significant growth in automobile sales for the year ended December 31, 2013. Our revenue from sales of automobiles for the year ended December 31, 2013 was RMB27,378.2 million, representing a growth of approximately 63.0%. The sales of luxury and ultra-luxury automobiles amounted to RMB25,455.6 million, representing a growth of approximately 68.9%. This contributed to 93.0% of our total automobile revenue for the year, 3.3 percentage points higher than that in 2012.

In terms of sales volume, we sold 69,852 units of automobiles in the year ended December 31, 2013, representing an increase of 26,599 units, or 61.5%, from 43,253 units for the same period ended December 31, 2012. For the year ended December 31, 2013, we sold 55,411 units of luxury and ultra-luxury automobiles, representing an increase of 25,236 units, or 83.6%, from 30,175 units for the same period ended December 31, 2012, and accounted for 79.3% of our total automobile sales volume, 9.5 percentage points higher than in 2012.

	Year ended December 31,			
	2013		2012	
Automobile sales volume	**Volume** ***(units)***	**Contribution** ***(%)***	Volume *(units)*	Contribution *(%)*
Luxury and ultra-luxury brands	**55,411**	**79.3**	30,175	69.8
Mid-to-upper market brands	**14,441**	**20.7**	13,078	30.2
Total	**69,852**	**100.0**	43,253	100.0

Focusing more on the fast developing after-sales market and extended automobile services

Amid the rapid increase of the penetration rate of luxury and ultra-luxury automobiles, demand for high-quality after-sales services keeps rising accordingly. In 2013, we have been focusing even more on after-sales services as well as the extended automobile services such as automobile insurance, automobile financing, pre-owned automobiles, automobile accessories and decoration.

Benefiting from the Group's rapid expansion of dealership network in recent years, the successful acquisition of the NCGA Group, and the maturity of the dealership network, the after-sales service business is entering a period of rapid development. The Group has improved same-store profitability as well as operational efficiency of after-sales services by implementing effective management systems, improving service quality, broadening the scope of services and improving the skills and efficiency of after-sales personnel. During the year, the Group exerted a greater effort in retaining customers by organizing promotion events with a focus on its customers from new car sales, VIP, and migrated customer, and promoted warranty extension service, effectively enhanced the automobile ownerships and increased the customer flow. In addition, through forming strategic cooperation with leading insurance companies, the Group successfully increased the number of accident repair cars recommended by insurance companies. In addition, we effectively improved the after-sale capacity value with lower cost through upgrading the showrooms into 4S dealerships and expanding the after-sales capacity for the stores with longer history and experiencing capacity constraint. For the year ended December 31, 2013, the revenue from after-sales services reached RMB2,703.5 million, representing a significant increase of 108.7% as compared to the same period of 2012. The revenue from after-sales service for luxury and ultra-luxury automobiles was RMB2,464.1 million, representing an increase of 132.3% as compared to the same period of 2012.

In line with the continuous development of China's automobile market, extended automobile services relating to automobile sales and after-sales, such as automobile financing, automobile insurance and pre-owned automobiles trading are growing rapidly. As a result, commission income received from these businesses also experienced a significant growth. For the year ended December 31, 2013, commission income of the Group, which mainly consisted of commissions from automobile insurance, automobile financing and pre-owned automobile business, reached RMB231.5 million, representing an increase of 141.4% from the year ended December 31, 2012.

In 2013, the Group went through organization restructure and formally set up automobile insurance division, automobile finance division, pre-owned automobile division and automobile decorations division at the group level, and hired senior industry experts to lead and manage each division. Meanwhile, each dealership has also designated personnel or department for automobile insurance, automobile financing, pre-owned automobile and automobile decorations. The Group's headquarter is responsible for strategic planning, forming strategic partnership and liaising with external institutions, operational supervision and human resource management in recruiting of key managing personnel at store level.

In September 2013, the Group established insurance agency company and set up insurance agency branch offices in the regions covered by dealership network across China. Greater supervision of automobile insurance business not only increased initial insurance rate for each store's new automobile selling, but also increased the insurance renewal rate. In addition, the Group formed strategic partnership with three leading Chinese insurance companies, effectively increased automobile repair service demand from the insurance companies and grew the customer base.

In 2013, the Group obtained approval from the Ministry of Commerce of the PRC and established finance lease company, which will be used as a platform for the rapid development of the automobile financing services business. The Group has also hired a professional team in automobile financial leasing business to lead the business.

In 2013, the Group established a pre-owned automobile trading website platform based on the existing pre-owned automobile business and realized automobile trading through online bidding. The replacement and update demand from our large customer base as well as retirement of test driving cars have provided quality pre-owned automobile sources to the Group. Meanwhile, the Group's dealerships offer quality certification and extended warranty services for pre-owned automobiles so as to enhance the customer confidence on the products and establish a good reputation and credibility among customers.

Successfully integrate NCGA Group and significantly improve operation efficiency and profitability

During the year ended 31 December 2013, we successfully completed the comprehensive integration of NCGA Group and significantly improved the operational efficiency and profitability of NCGA Group.

We have fully integrated NCGA in respect of sales, after-sales, extended services (including automobile finance, insurance, pre-owned automobile business and automobile decoration), marketing and promotion, customer service and quality control, finance, human resources, training and other aspects and all businesses and departments are operated, supervised and managed by Baoxin Group.

To successfully reduce the costs while ensuring a stable growth of the business is the biggest challenge facing the Group after NCGA acquisition. We effectively reduce the operating, administration and financial expenses after carefully analyzing and collating the cost structure and expenditure items. We canceled a number of outsourcing businesses, cleared idle leased assets, strictly controlled marketing and administrative expenses and made reasonable adjustment on the efficiency of human resources and the payroll system.

After a year of integration, the new automobile sales volume, after-sales service and extended services of NCGA Group have realized a steady growth, and the cost has been effectively reduced with significant increase in profitability.

Continue to enhance management and operational quality

Inventories management

In response to the increased volatilities in the market, the Group further enhanced its efforts to manage inventories, closely monitored inventories level and aging structure and disposed aging vehicles through marketing activities. The Group also adjusted marketing strategy in line with market conditions and inventories level, and used inventories level as one of the performance evaluation criteria for managing personnel.

Capital management

In 2013, as impacted by macro policies, financing cost increased significantly in China and many small- and middle-size enterprises and private enterprises experienced difficulties in obtaining funding. Over the last year, the Group closely monitored and forecasted future funding cost movement to strictly control overall liabilities level. The Group also actively adjusted liabilities structure, reasonably allocated bank credit facilities and improved internal capital control system to enhance capital utilization. In September 2013, the Group successfully entered into a syndicated loan of US$170 million in Hong Kong and cooperated with Standard Chartered Bank to launch the first two-way trade in RMB capital pool business in Shanghai Free Trade Zone.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2013, our revenue was RMB30,081.7 million, representing a growth of approximately 66.3%. The increase was primarily due to an increase of RMB10,580.5 million, or 63.0%%, in revenue from the automobile sales, in particular from the sales of luxury and ultra-luxury automobiles, as compared to the same period in 2012.

The following table sets forth a breakdown of our revenue for the period indicated.

	Year ended December 31,			
	2013		2012	
Revenue source	**Revenue** *(RMB'000)*	**Contribution** *(%)*	Revenue *(RMB'000)*	Contribution *(%)*
Automobile Sales	**27,378,214**	**91.0**	16,797,703	92.8
Luxury and ultra-luxury brands	**25,455,559**	**84.6**	15,067,605	83.3
Mid-to-upper market brands	**1,922,655**	**6.4**	1,730,098	9.5
After-sales Business	**2,703,473**	**9.0**	1,295,200	7.2
Luxury and ultra-luxury brands	**2,464,083**	**8.2**	1,060,805	5.9
Mid-to-upper market brands	**239,390**	**0.8**	234,395	1.3
Total revenue	**30,081,687**	**100.0**	18,092,903	100.0

Revenue from the sales of automobiles increased by 63.0% due to (1) the realization of revenue from the sales of automobiles from the dealership stores acquired through the NCGA Acquisition, and (2) continued sales growth at our more mature stores.

Automobile sales generated a substantial portion of our revenue, accounting for 91.0% of our total revenue for the year ended December 31, 2013. Revenue generated from the sales of luxury and ultra-luxury brands and our mid-to-upper market brands accounted for approximately 93.0% (2012: 89.7%) and 7.0% (2012: 10.3%), respectively, of our revenue from the sales of automobiles.

Revenue from our after-sales business increased by 108.7% from RMB1,295.2 million for the year ended December 31, 2012 to RMB2,703.5 million for the same period in 2013. The strong after-sales revenue growth was driven by (i) the realization of revenue from after-sales services at NCGA, (ii) the improvement in service quality and efficiency achieved through training quality personnel; (iii) the implementation of a membership scheme to attract and retain customers; and (iv) the expansion of after-sales area of stores which experienced capacity constraint to increase capacity and service. The relative contribution of our after-sales business to our revenue increased from 7.2% in 2012 to 9.0% in 2013.

Cost of sales and services

For the year ended December 31, 2013, our cost of sales and services increased by 64.5%, from RMB16,510.0 million for the same period in 2012 to RMB27,161.3 million. This increase was basically consistent with the growth in our sales throughout the year ended December 31, 2013.

The cost of sales and services attributable to our automobile sales business amounted to RMB25,743.2 million for the year ended December 31, 2013, representing an increase of RMB9,910.3 million, or 62.6%, from the same period in 2012. The cost of sales attributable to our after-sales business amounted to RMB1,418.1 million for the year ended December 31, 2013, representing an increase of RMB741.0 million, or 109.4% from the same period in 2012.

Gross profit and gross profit margin

Gross profit for the year ended December 31, 2013 was RMB2,920.4 million, representing an increase of RMB1,337.5 million or 84.5% from the same period in 2012. Gross profit from automobile sales increased by 69.5% from RMB964.8 million for the year ended December 31, 2012 to RMB1,635.0 million for the same period in 2013, of which RMB1,606.5 million were from the sales of luxury and ultra-luxury automobiles. Gross profit from after-sales business increased by 108.0% from RMB618.1 million for the year ended December 31, 2012 to RMB1,285.4 million for the same period in 2013. Automobile sales and after-sales business contributed to 56.0% (2012: 61.0%) and 44.0% (2012: 39.0%), respectively, to the total gross profit for the year ended December 31, 2013.

Gross profit margin for the year ended December 31, 2013 was 9.7% (2012: 8.7%), of which the gross profit margin of automobile sales was 6.0% (2012: 5.7%) and of after-sales business was 47.5% (2012: 47.7%). The increase in gross profit margin from automobile sales was mainly due to (i) the increase in the proportion of sales of luxury and ultra-luxury automobiles, which had a higher gross profit margin and (ii) brands such as Jaguar & Land Rover, Porsche and Maserati maintaining a high profit margin in 2013. For after-sales services, the slight decrease in the gross profit margin in 2013, despite the high gross profit margin in after-sales service, was due to the decrease in gross profit margin of mid-to-upper market brands. However, since this category only accounted for a small percentage of the total services, its effect on the total gross profit margin of after-sales services was minor. In the long run, the gross profit margin of after-sales services is expected to remain steady due to the stable growth in after-sales services, especially in luxury and ultra-luxury brands.

Other income and gains, net

Other income and gains, net, increased by 25.4% from RMB373.8 million for the year ended December 31, 2012 to RMB468.9 million for the same period in 2013, primarily due to a significant increase in the commission income. Our commission income increased mainly due to (i) the increase in insurance commission by 132.5% from RMB 45.8 million for the year ended December 31, 2012 to RMB 106.5 million for the same period in 2013 as a result of the Group's establishment of an individual insurance brokerage business; (ii) an increase in the number of customers purchasing vehicles through financing services, which resulted in an increase of 329.4% in financing service fees; (iii) an increase in the income generated from the pre-owned automobile business; and (iv) an increase in vehicle license application commission proportionated to the increase in automobile sales.

Selling and distribution costs and administrative expenses

For the year ended December 31, 2013, our selling and distribution costs increased by 105.3%, from RMB461.2 million for the same period in 2012 to RMB946.8 million; and our administrative expenses increased by 106.1%, from RMB261.4 million for the same period in 2012 to RMB538.7 million. These increases were mainly due to (i) the relatively higher costs of the NCGA Group compared with the rest of the Group such as wages, rent and marketing costs; (ii) the increase in staff headcount due to the opening of new stores and development of automobile financing, automobile insurance and pre-owned automobile business in 2013; (iii) the increase in the Group's fixed and intangible assets which led to relatively higher depreciation and amortization costs; (iv) the one-off head count reduction-related severance payments made to the employees of NCGA Group; and (v) the one-off costs related to the relocation of the headquarter and a BMW 4S dealership store in Shanghai.

Profit from operations

As a result of the foregoing, our profit from operations for the year ended December 31, 2013 increased by 54.3% from RMB1,234.1 million to RMB1,903.7 million, from the same period in 2012.

Finance costs

Finance costs increased by 61.7% from RMB336.9 million for the year ended December 31, 2012 to RMB544.6 million for the same period in 2013, primarily due to the Group's relatively high amount of banking loans in 2013 and the increase in costs of the bank acceptance bill discount. In 2013, the Group cooperated with both domestic and international banks to decrease borrowing costs and lower debt risk, by utilizing overseas financing platforms and entering into a syndicated loan bearing a lower interest rate.

Profit for the year

As a result of the cumulative effect of the foregoing, our profit for the year ended December 31, 2013 increased by 40.7% from RMB720.9 million to RMB1,014.3 million, from the same period in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As at December 31, 2013, our cash and cash equivalents amounted to RMB2,020.9 million, representing a decrease of 24.3% from RMB2,668.2 million in the year ended December 31, 2012.

Our primary uses of cash were to pay for purchases of new automobiles, spare parts and automobile accessories, to establish new dealership stores and to fund our working capital and normal operating costs. We financed our liquidity requirements through a combination of short-term bank loans and other borrowings and cash flows generated from our operating activities.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time. For the year ended December 31, 2013, our net cash generated from operating activities was RMB703.7 million (2012: RMB79.3 million). The significant growth in cash generated from operating activities indicates the Group's well-functioning amidst rapid development in operating activities.

Net current assets

As at December 31, 2013, we had net current assets of RMB1,365.8 million, representing an increase of RMB338.1 million from RMB1,027.7 million as at December 31, 2012.

Capital expenditure

Our capital expenditures primarily comprised expenditures on property, plant and equipment land use rights and intangible assets. During the year ended December 31, 2013, our total capital expenditures amounted to RMB1,289.8 million (2012: RMB1,325.3 million).

Inventories

Our inventories primarily consisted of new automobiles and spare parts and accessories. Each of our dealership stores individually manages their orders for new automobiles and after-sales products. We coordinate and aggregate orders for automobile accessories and other automobile-related products across our dealership network.

Our inventories increased by 38.1% from RMB2,174.7 million as of December 31, 2012 to RMB3,002.3 million as of December 31, 2013, primarily due to (i) the increase in sales of luxury and ultra-luxury automobiles, and (ii) the increase in after-sales services which led to higher inventories of automobile parts.

Our average inventory turnover days in the year ended December 31, 2013 decreased to 34.8 days from 38.2 days in 2012, primarily due to stringent inventory control policies, strict inventory monitoring and appropriate marketing strategies adopted according to market condition.

Trade and Bill Receivables

Trade and bill receivables decreased from RMB1,352.2 million for the year ended December 31, 2012 to RMB556.9 million for the year ended December 31, 2013, primarily due to the fact that the Group has obtained more of its bill receivables from its corporate clients for the year ended December 31, 2012 than for the year ended December 31, 2013.

Bank loans and other borrowings

As at December 31, 2013, the Group's available and unutilized banking facilities amounted to approximately RMB6,134.4 million (December 31, 2012: RMB4,732.0 million).

Our bank loans and other borrowings as at December 31, 2013 were RMB7,021.8 million, representing an increase of RMB484.2 million from RMB6,537.6 million as at December 31, 2012. The increase was due to (i) our capital expenditures on new stores in built; and (ii) increased working capital requirements due to our new stores and increased sales at our existing stores.

Interest rate risk and foreign exchange rate risk

The Group currently has not used any derivatives to hedge interest rate risk. The Group's businesses are located in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities were denominated in RMB. The Group's assets and liabilities denominated in US$ and HK$ were mainly held by certain subsidiaries incorporated outside Mainland China which had US$ or HK$ as their functional currencies. The Group did not have any material foreign currency transactions in Mainland China for the year ended December 31, 2013. The Group has minimal exposure of foreign currency risk. We have not used any derivative financial instruments to hedge our exposure to the foreign exchange rate risk during the year ended December 31, 2013.

Gearing ratio

Our gearing ratio (defined as net debt divided by equity attributable to owners of the Company plus net debt) for the year ended December 31, 2013 was 69.1% (December 31, 2012: 71.1%).

Human resources

As at December 31, 2013, the Group had approximately 6,646 employees (December 31, 2012: 6,051). Total staff costs for the year ended December 31, 2013, excluding Directors' remuneration were approximately RMB550.9 million (2012: RMB173.2 million).

The Group values the recruiting and training of quality personnel. We implement remuneration policy, bonus and long term incentive schemes with reference to the performance of the Group and individual employees. The Group also provides benefits, such as insurance, medical and retirement funds, to employees to sustain competitiveness of the Group.

Contingent liabilities

As at December 31, 2013, the Group had no significant contingent liabilities (December 31, 2012: RMB 223.9 million).

Pledge of the Group's assets

Our Group had pledged our group assets, shares in certain subsidiaries and letters of credit as securities against bank loans and other borrowings and bills payable which were used to finance daily business operation and acquisition. As at December 31, 2013, the pledged group assets amounted to approximately RMB4,716.5 million (2012: RMB4,304.5 million); the pledged letters of credit with an aggregate credit amount of approximately RMB613.0 million (2012: RMB1,410.0 million) and the entire shares in Suzhou Baoxin Automobile Sales & Services Co., Ltd. and Shanghai Baoxin Automobile Sales & Services Co., Ltd. were pledged.

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

During the year ended December 31, 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

OUTLOOK

We will continuously strengthen our strategic relationship with the global leading luxury and ultra-luxury automobile manufacturers and form more comprehensive collaboration not only in new automobile sales, but also in areas such as pre-owned automobile sales, automobile financing, customer service, marketing and training. Through organic expansion and strategic acquisition, the Group will continue to expand its dealership network in the most affluent and fast developing cities and regions in China. As of March 31, 2014, the Group has completed the acquisition of an Audi 4S dealership in Jincheng, Shanxi province. By leveraging our large automobile customer base, improving customer services, building more after-sales centres and upgrading showroom into 4S dealership, the Group expects after-sales service will continue to experience fast growth rate. For the pre-owned automobile business, we will continue to build online and offline pre-owned automobile business platforms to capture this opportunities from the fast developing market. After establishing our automobile leasing company in 2013, the Group is targeting to build on its automobile financial leasing business and establish strategic partnerships with financial institutions to further grow this business.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in the Corporate Governance Code ("**CG Code**") set out 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**").

In the opinion of the Directors, throughout the year ended December 31, 2013, the Company has complied with all the code provisions set out in the CG Code, save and except for code provision A.2.1.

Under the code provision A.2.1, the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Our chairman, Mr. Yang Aihua, is responsible for the operation and management of the Board, whilst our vice-chairman and chief executive officer, Mr. Yang Hansong, is responsible for the business operations of the Company. The Board considers that the respective responsibilities of the chairman and chief executive officer are clear and distinctive and therefore written terms thereof are not necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code throughout the year ended December 31, 2013.

The Board has also adopted the Model Code as guidelines for its employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.15 per ordinary share for the year ended December 31, 2013 (the "**2013 Final Dividend**") (2012: HK$0.10). The proposed dividend payment is subject to shareholder approval. If approved by shareholders, the 2013 Final Dividend is expected to be paid on or about July 11, 2014 to shareholders whose names shall appear on the register of members of the Company on July 4, 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from July 2, 2014 to July 4, 2014, both dates inclusive, for the purpose of ascertaining the shareholders' entitlement to the 2013 Final Dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed 2013 Final Dividend, all duly stamped share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on June 30, 2014.

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising Mr. Diao Jianshen (chairman), Mr. Wang Keyi and Mr. Chan Wan Tsun Adrian Alan, all of them are the Company's independent non-executive Directors.

The Audit Committee has reviewed the consolidated financial statements for the year ended December 31, 2013, and is of the view that the Group's consolidated financial statements for the year ended December 31, 2013 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

PUBLICATION OF FINAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.klbaoxin.com). The annual report of the Company for the year ended December 31, 2013 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board
Baoxin Auto Group Limited
YANG Aihua
Chairman

Shanghai, the People's Republic of China, March 31, 2014

As at the date of this announcement, the executive Directors are Mr. YANG Aihua, Mr. YANG Hansong, Mr. YANG Zehua, Ms. HUA Xiuzhen and Mr. ZHAO Hongliang, and the independent non-executive Directors are Mr. DIAO Jianshen, Mr. WANG Keyi and Mr. CHAN Wan Tsun Adrian Alan.