
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 001-34947

BITAUTO HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

New Century Hotel Office Tower, 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People's Republic of China
(Address of principal executive offices)

Xuan Zhang

Chief Financial Officer

New Century Hotel Office Tower, 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People's Republic of China
Tel: (86-10) 6849-2345
Email: ir@bitauto.com
Fax: (86 10) 6849-2200

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Exchange on Which Registered</u>
American depositary shares, each representing one ordinary share Ordinary shares, par value US\$0.00004 per share*	New York Stock Exchange

* Not for trading, but only in connection with the listing on New York Stock Exchange of the American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report. 42,285,840.5 ordinary shares issued and outstanding and excluding treasury shares, par value US\$0.00004 per share, as of December 31, 2014.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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INTRODUCTION

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- “we,” “us,” “our company,” “our” and “Bitauto” refer to Bitauto Holdings Limited, a Cayman Islands company, its subsidiaries and structured entities;
- “ADSs” refers to our American depositary shares, each of which represents one ordinary share, and “ADRs” refers to American depositary receipts, which, if issued, evidence our ADSs;
- “China” or the “PRC” refers to the People’s Republic of China excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan;
- “IFRS” refers to International Financial Reporting Standards, as issued by the International Accounting Standards Board, or IASB;
- “RMB” or “Renminbi” refers to the legal currency of China; and
- “shares” or “ordinary shares” refers to our ordinary shares, par value US\$0.00004 per share.

Our financial statements are expressed in Renminbi, which is our presentation currency. Certain of our financial data in this annual report are translated into U.S. dollars solely for your convenience. Unless otherwise noted, all translations from Renminbi to U.S. dollars in this annual report were made at a rate of RMB6.2046 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2014. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rate stated above, or at all. For more information, see “Exchange Rate Information” on page 4 of this annual report.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “is expected to,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our goals and strategies;
- our future development, financial positions and results of operations;
- the expected growth of automotive industry and internet marketing industry in China and globally;
- market acceptance of our services;
- our expectations regarding demand for our services;
- competition in the automotive industry and internet marketing industry;
- PRC governmental policies and regulations relating to the automotive industry and internet marketing industry; and
- general economic and business conditions, particularly in China.

You should read thoroughly this annual report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. Other sections of this annual report, including the Risk Factors and Operating and Financial Review and Prospects, discuss factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our selected consolidated statements of comprehensive income data presented below for the years ended December 31, 2010, 2011, 2012, 2013 and 2014 and our selected consolidated statements of financial position data as of December 31, 2010, 2011, 2012, 2013 and 2014 have been derived from our audited consolidated financial statements. The selected consolidated statements of comprehensive income data and the selected consolidated statements of financial position data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. Our audited consolidated financial statements are prepared in accordance with IFRS. Our consolidated financial statements for the years ended December 31, 2012, 2013 and 2014 are included elsewhere in this annual report. Our historical results do not necessarily indicate results expected for any future periods.

Consolidated Statements of Comprehensive Income Data	For the Year Ended December 31,					
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	US\$
	(In thousands, except share and per share data)					
Continuing Operations						
Revenue	458,105	669,954	1,056,906	1,439,332	2,458,938	396,309
Cost of revenue ⁽¹⁾	(148,701)	(213,770)	(292,151)	(335,198)	(597,011)	(96,221)
Gross profit	309,404	456,184	764,755	1,104,134	1,861,927	300,088
Selling and administrative expenses ⁽²⁾	(212,002)	(347,734)	(557,355)	(748,869)	(1,175,687)	(189,486)
Product development expenses	(29,778)	(36,635)	(53,795)	(104,406)	(148,078)	(23,866)
Operating profit	67,624	71,815	153,605	250,859	538,162	86,736
Other income	5,358	24,840	6,580	12,419	3,676	592
Other expenses	(1,346)	(2,372)	(7,280)	(6,893)	(14,579)	(2,350)
Changes in fair value of derivative component of convertible preference shares	(1,270,702)	—	—	—	—	—
Interest income	618	3,963	5,535	8,111	13,607	2,193
Interest expense ⁽³⁾	(993)	(1,238)	(3,772)	(2,751)	(6,340)	(1,022)
Finance costs on convertible preference shares	(9,355)	—	—	—	—	—
Changes in fair value of financial assets	—	—	(267)	—	—	—
Share of (losses)/profits of associates and joint ventures ⁽⁴⁾	—	(77)	(316)	1,738	(1,342)	(216)
Gain from step acquisition arising from revaluation of previously held equity interest	—	—	—	—	53,581	8,636
(Loss)/profit before tax from continuing operations	(1,208,796)	96,931	154,085	263,483	586,765	94,569
Income tax expense	(13,185)	(9,758)	(18,923)	(22,255)	(97,643)	(15,737)
(Loss)/profit from continuing operations	(1,221,981)	87,173	135,162	241,228	489,122	78,832
(Loss)/profit for the year⁽⁵⁾	(1,273,291)	87,173	135,162	241,228	489,122	78,832
Total comprehensive (loss)/income⁽⁶⁾	(1,247,878)	58,696	134,575	235,128	498,262	80,305
(Loss)/profit attributable to ordinary shareholders of the parent	(1,273,291)	87,173	135,162	241,228	485,190	78,198
Total comprehensive (loss)/income attributable to ordinary shareholders of the parent	(1,247,878)	58,696	134,575	235,128	494,330	79,672
(Loss)/profit per share from continuing operations attributable to ordinary shareholders of the parent						
Basic	(36.74)	2.11	3.40	6.07	11.62	1.87
Diluted	(36.74)	2.06	3.33	5.74	10.88	1.75
(Loss)/profit per share attributable to ordinary shareholders						
Basic	(38.29)	2.11	3.40	6.07	11.62	1.87
Diluted	(38.29)	2.06	3.33	5.74	10.88	1.75

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Consolidated Statements of Comprehensive Income Data

	For the Year Ended December 31,					US\$
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	
(In thousands, except share and per share data)						
Weighted average number of ordinary shares outstanding used in (loss)/profit per share calculation						
Basic	15,987,475	41,233,110	39,757,311	39,724,505	41,762,778	
Diluted	15,987,475	42,408,833	40,571,361	41,997,123	44,576,182	

- (1) Including amortization of intangible assets resulting from business acquisitions of RMB8.5 million (US\$1.4 million) in 2014.
- (2) Including share-based payments of RMB7.5 million, RMB18.7 million, RMB13.3 million, RMB19.4 million and RMB57.1 million (US\$9.2 million) in 2010, 2011, 2012, 2013 and 2014, respectively. Also including non-capitalized initial public offering expenses of RMB4.8 million in 2010, non-capitalized follow-on public offering expenses of RMB2.6 million in 2013 and amortization of intangible assets resulting from business acquisitions of RMB6.7 million (US\$1.1 million) in 2014.
- (3) Including fair value adjustment of contingent considerations of RMB2.7 million (US\$0.4 million) in 2014.
- (4) Including share of amortization of equity investments' intangible assets not on their books of RMB0.4 million (US\$0.1 million) in 2014.
- (5) Including (loss)/profit for the year from continuing operations and loss after tax for the year from discontinued operations.
- (6) Including (loss)/profit for the year, foreign currency exchange differences net of tax of nil and net gain on available-for-sale financial instrument net of tax of nil.

The following table sets forth our selected consolidated statements of financial position as of December 31, 2010, 2011, 2012, 2013 and 2014.

Consolidated Statements of Financial Position Data	As of December 31,					US\$
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	
(In thousands)						
Assets						
Current assets	1,137,963	1,159,200	1,222,846	1,908,290	2,917,013	470,138
Non-current assets	37,733	142,120	200,935	213,811	758,294	122,215
Total assets	<u>1,175,696</u>	<u>1,301,320</u>	<u>1,423,781</u>	<u>2,122,101</u>	<u>3,675,307</u>	<u>592,353</u>
Liabilities						
Current liabilities	352,283	405,760	428,685	641,219	1,427,533	230,078
Non-current liabilities	—	9,698	7,292	5,033	86,859	13,999
Total liabilities	<u>352,283</u>	<u>415,458</u>	<u>435,977</u>	<u>646,252</u>	<u>1,514,392</u>	<u>244,077</u>
Total equity	<u>823,413</u>	<u>885,862</u>	<u>987,804</u>	<u>1,475,849</u>	<u>2,160,915</u>	<u>348,276</u>
Total liabilities and equity	<u>1,175,696</u>	<u>1,301,320</u>	<u>1,423,781</u>	<u>2,122,101</u>	<u>3,675,307</u>	<u>592,353</u>

Exchange Rate Information

We conduct our operations in China. Our sales, costs and expenses are denominated in Renminbi. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On April 10, 2015, the noon buying rate was RMB6.2082 to US\$1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you. For January 1, 2009 and all later dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.2046 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2014.

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Period	Exchange Rate			
	Period End	Average()	Low	High
		(RMB per US\$1.00)		
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
October	6.1124	6.1251	6.1385	6.1107
November	6.1429	6.1249	6.1429	6.1117
December	6.2046	6.1886	6.2256	6.1490
2015				
January	6.2495	6.2181	6.2535	6.1870
February	6.2695	6.2518	6.2695	6.2399
March	6.1990	6.2386	6.2741	6.1955
April (through 10, 2015)	6.2082	6.1989	6.2082	6.1930

- (1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant period.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business and Industry

Our future growth depends on the increased acceptance of the internet as an effective marketing platform by the automotive industry and the increased internet penetration among the general population in China.

We generate a significant portion of our revenues from providing internet marketing services to automakers and automobile dealers. However, internet marketing has not yet been widely accepted as an effective marketing platform by China's automotive industry. Many of our current or potential customers have not traditionally devoted a significant portion of their advertising or marketing budgets to web-based media. They may have limited experience with the internet as an advertising and marketing medium and therefore may not find the internet to be effective for promoting their automobiles and related services. Some automakers and dealers may still prefer traditional print and broadcast media and may not be willing to spend a significant portion of their marketing budgets on online advertising. In addition, development of web software that blocks internet advertisements before they appear on a user's screen may hinder the growth of internet marketing. Our customers may choose not to use internet marketing services if their advertisements cannot reach the intended population due to the block function of this kind of software. Any negative perceptions as to the effectiveness of internet marketing services may limit the growth of our business and adversely affect our results of operations. If the internet does not become more widely accepted as a media platform for advertising and marketing, our business, financial position and results of operations could be materially and negatively affected.

Internet usage in China is limited among the general population. China has a relatively low penetration rate compared to most developed countries. The relatively high cost of internet access may limit the increase in internet penetration rate in China. The relatively underdeveloped telecommunications infrastructure and capacity constraints may further impede the development of the internet to the extent that users experience delays, transmission errors and other difficulties. In addition, China has only recently developed the internet as a commercial medium and as a result, our internet marketing business is subject to many uncertainties, which could materially and adversely affect our business prospects, financial condition and results of operations.

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Our dealer service delivery model is relatively new in China, and if we cannot attract enough dealers to subscribe to such service, we may not be able to sustain our revenue growth and operating profit.

The manner in which we deliver our subscription services is relatively new in China. Our EP platform, designed mostly for automobile dealers, is based on a service distribution model through which we deliver a package of software applications over the internet to the subscribers of our EP platform services. Such internet-based products from our EP platform enable our dealer customers to create their own websites, publish automobile pricing and other promotional information and communicate with interested buyers. Used automobile dealers may list their automobiles in our database and have the option to publish their listings on our taoche.com website. This differs from the traditional licensing arrangements for software applications. Furthermore, our platform and applications enable our customers to publish their automobile listing and promotional information simultaneously on our websites and our partners' websites. We may pay a fixed fee to our partners for space on their websites in order to extend the customer reach of our automotive database and content and to attract dealers to subscribe to our EP platform and applications on our taoche.com website. If our service delivery model cannot gain sufficient market acceptance, we may not be able to sustain our revenue growth and operating profit.

Failure to enhance our brand recognition could have a material adverse effect on our results of operations and growth prospects.

We believe the importance of brand recognition will increase as the number of internet users in China grows. If we fail to effectively enhance our brand recognition, we may not be able to attract new advertising business to our own websites. Furthermore, for our websites to be successful, we need to attract visitors to our websites on a regular basis by providing automobile and other relevant information. We may need to offer news, reports, reviews and specifications on substantially all automobile models available in China even though the manufacturers of some automobiles do not use any of our internet marketing services. If such free offerings fail to attract enough visitors to our websites or automakers and dealers to use our services, we may not be able to generate sufficient revenues to pay for these offerings, which could materially and adversely affect our financial position and results of operations.

We also need to continue to enhance our brand awareness among automobile dealers and automakers in order to build on our position as a leading automobile internet marketing service provider. While we have a large network of dealer customers and can reach a broad consumer base by partnering with other portals, listings by our dealer customers are placed on our partners in addition to our own websites. Our partners that distribute dealers' listing information may not always quote our names on their websites, and as a result, we may not achieve the expected visibility among internet users. This could increase our reliance on our partners.

We have taken steps to enhance our brand recognition and gradually establish our identity independent of our partners by expending significant time and resources, including participating in trade shows and other branding events. In June 2011, we entered into an agreement with Baidu, Inc., or Baidu, the leading Chinese language internet search provider, to be the exclusive supplier of auto-related content for Aladdin, Baidu's open data platform. We have constantly renewed our agreement with Baidu and in January 2015, we continued our cooperation with Baidu as an exclusive supplier for auto-related content on the mobile version of Aladdin with a term of six months until June 30, 2015. We provide selected auto-related content such as auto listings, pictures, reviews, and dealer information to enhance Baidu's Aladdin-enabled search results, which display real-time, dynamic and interactive content alongside static search results. When Baidu users search for auto-related information, Baidu exclusively displays relevant content provided by us in the Aladdin-enabled section of the search results page. In addition, we work with Qihoo 360, a leading internet platform company in China, to market and promote our services. Our branding efforts have had a positive impact on our brand awareness.

While we plan to continue to enhance our brand recognition, we may not always be able to achieve our expected results or do so in a short period of time. If this happens, our business prospects, financial condition and results of operations may be materially adversely affected.

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A limited number of automakers have contributed to a significant portion of our revenues, and if we are unable to maintain these key relationships or establish new relationships with additional automakers, our results of operations would be materially and adversely affected.

In the past, a limited number of automakers have contributed a significant portion of our revenues, primarily in the form of service fees for our digital marketing solutions and advertising fees for advertisement placements on our *bitauto.com* and *taoche.com* websites. Revenue concentration is primarily a factor for our digital marketing solutions business due to the relatively small number of automaker customers for this business and the large amounts of their contracts with us. In 2012, 2013 and 2014, revenues from the top three customers in each period accounted for approximately 13.9%, 12.2% and 8.6% respectively, of our total revenues. No single customer contributed more than 5% of our total revenues in 2014. In addition, we generate revenue indirectly from these top customers in the form of performance-based rebates. When we place advertisements on behalf of our automaker customers, we typically receive performance-based rebates from third-party media vendors calculated as a percentage of qualifying payments for the advertising space purchased and utilized by our automaker customers. See “—Risks Related to Our Business and Industry—We may not be able to continue to collect performance-based rebates for the advertisements we place on third-party websites, which is an important source of revenues for us.”

There is no assurance that our relationships with any of our existing automaker customers will continue in the future, or we could receive any minimum level of revenues from them. If we lose one or more of our important automaker customers, or if they materially reduce their purchase of our services, our results of operations would be materially and adversely affected.

We may not be able to continue to collect performance-based rebates for the advertisements we place on third-party websites, which is an important source of revenues for us.

An important part of our digital marketing solutions business is to place advertisements on third-party websites on behalf of our automaker customers. Such media vendor websites often offer incentives in the form of performance-based rebates equal to a percentage of qualifying payments for advertising space purchased and utilized by our customers. Performance-based rebates are an important source of our revenues. In 2012, 2013 and 2014, income from performance-based rebates accounted for 6.6%, 5.5% and 7.5%, respectively, of our total revenues. Nonetheless, our ability to collect rebates from a media vendor website is contingent upon the total value of advertisements we place on such websites during a set time period and whether such value reaches the pre-determined thresholds. If we fail to reach the set threshold, we may not be able to continue to collect performance-based rebates at our expected levels, if at all. Under some media contracts for some customers, if we fail to reach the set minimum, we would lose not only part or all of the rebates, but also our performance security deposit. Some websites, in particular those with a large visitor base, may set the thresholds high or raise them from time to time and we may not be able to negotiate the rebate percentages or the threshold levels. Furthermore, media vendor websites may reduce the percentage of rebates or may not offer them at all. Our income from performance-based rebates may decrease or disappear, which could affect our financial condition and results of operations.

Our strategy to grow our used automobile-related business may not succeed.

One of our growth strategies is to continue investing in our used automobile business, which is currently a relatively small portion of our operations and for which we incurred a gross loss of RMB16.9 million, RMB11.2 million and a gross profit of RMB8.9 million (US\$1.4 million) in 2012, 2013 and 2014, respectively. In the past few years, automobile purchases by general consumers have experienced rapid growth in China. Automobiles are becoming more affordable to a broader group of consumers at different income levels. Many people in China have purchased or plan to purchase cars for the first time. We believe a market for used automobiles will gradually develop as the number of consumer-owned automobiles increases. However, the development of a used automobile market in China is subject to a high level of uncertainty and we cannot predict how the market will develop, if at all, in the future. Even if a used automobile market does develop, we cannot predict whether there will be a similar market on the internet and whether we will be poised to capture any of the growth. Our investment in the used automobile business may not prove profitable if the online market for used automobile information fails to develop or develops at a slower rate than expected, which could materially and adversely affect our financial condition and results of operations.

Our growth prospects may be materially and adversely affected if we are unable to successfully execute our mobile strategy.

There is an increasing trend of accessing the internet through devices other than a personal computer, such as smart phones, tablets and other mobile devices. We have developed a few mobile applications and plan to devote more resources to develop more applications for various mobile devices. Our mobile applications had over 50 million downloads and activations as of December 31, 2014 and we believe more and more sales leads were generated from our mobile applications. However, we have limited experience in developing and optimizing versions of applications for users on mobile devices and platforms. Currently, only a small portion of our automakers and dealers pay to use our mobile applications. As we begin to devote significant resources to developing mobile applications, we will face significant competition from established companies that may have far greater experience than we do. We expect existing competitors to allocate more resources to develop and market competing applications and new mobile-applications competitors to enter the market. Our limited experience makes it difficult to predict whether we will succeed in developing mobile applications that appeal to automakers and dealers. In addition, our experience in developing browser-based applications may not be relevant to developing mobile applications, and we have limited experience working with wireless carriers, mobile platform providers and other partners. These and other uncertainties make it difficult to predict whether we will succeed in developing commercially viable mobile applications.

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In addition, the generally lower processing speed, power, functionality and memory associated with mobile devices make using applications through such devices more difficult; and the versions of our applications developed for these devices may not be appealing to users. In addition, each device manufacturer or platform provider may impose unique or restrictive terms and conditions for developers relying on such devices or platforms, and our applications may not work well or be used on these devices as a result. As new devices, new mobile platforms and updates to platforms are continually being released, we may encounter problems in developing our applications for use on these devices and platforms and we may need to devote significant resources to creating, supporting and maintaining our applications on such devices and platforms. If we are unable to successfully expand into mobile platforms and devices, or if the versions of our applications that we create for such platforms and devices are not appealing to our users, our business and growth prospects, financial condition and results of operation may be materially and adversely affected.

The value-added services offered on our EP platform are relatively new and we have limited experience in providing automobile transaction services. We cannot assure that our new business initiatives will continue to grow as we have expected.

Since 2014, we have started providing automobile customers with additional value-added services, including our automobile transactions, customer relationship management, or CRM, and automotive financing services, which are intended to optimize automobile purchase experience and facilitate completion of transactions. Expansion into these new services involves new risks and challenges. We may not be able to successfully identify new product and service opportunities or develop and introduce these opportunities to the buyers in a timely and cost-effective manner. For example, our lack of familiarity with the internet finance sector may make it difficult for us to anticipate the demands and preferences in the market and source and provide financial products that meet the requirements and preference of our users. To develop our newly-offered automobile transaction and financing platforms, we need to increase more resources, which have and may continue to increase our cost of revenue and operating expenses. In addition, we expect to continue investing in and providing new services to grow our businesses. Therefore, our financial results may be adversely affected in the short term if our new business initiatives are unable to continue to grow as we have expected.

We are facing increased competition, and if we cannot compete effectively, our financial condition and results of operations may be harmed.

Our bitauto.com advertising business and EP platform business faces competition from many market participants. With respect to our new automobile advertising services, we face competition from China's automotive vertical websites, such as *pcauto.com.cn* and *autohome.com.cn*, as well as the automotive channels of major portals, online video websites, social media, social networks and traditional forms of media. Although we believe the rapid increase in China's online population will draw more attention away from traditional forms of media, such as radio, television, newspapers, and magazines, we still compete with them for clients and advertising revenues. Competition with portals and automotive vertical websites is primarily centered on website traffic and brand recognition among general internet users, spending by automakers and automobile dealers, and customer retention and acquisition. In addition, because the entry barrier for the internet advertising business is relatively low, new competitors, such as social networking websites and internet video websites, may be able to launch competitive services at relatively low costs and may acquire market share in a relatively short period of time. This is especially true for portal websites. Some competitors of our automobile advertising services have greater financial and other resources than we do and may in the future achieve greater market acceptance and gain a greater market share. With respect to our EP platform business, we face competition from *autohome.com.cn* and *pcauto.com.cn* in terms of automobile inventory, timeliness and accuracy of automobile pricing and promotional information and website traffic. We believe our large dealer customer base and innovative EP platform have put us at an advantageous position over our competitors, but we cannot assure you whether we would be able to maintain such competitive advantages in the future.

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Our used automobile business, currently operated through our *taoche.com* website, faces competition from other used automobile websites as well as other portals and media that publish used automobile information. The parameters of competition are similar to those of our *bitauto.com* advertising business and EP platform business, except that the competition for our *taoche.com* business is more focused on used automobile inventory and market penetration among dealers. Furthermore, the used automobile market is still in an early stage of development and we expect more competitors will join the market in the future.

For our digital marketing solutions business, we compete with other internet marketing service providers in China. We face competition from the digital marketing business of well-established international advertising agencies as well as local agencies that specialize in providing online marketing services. Most of these competitors do not focus only on the automotive industry, but also provide online marketing services to clients in other industries and may have greater resources and established reputation. As a result, these companies may be able to respond more quickly to changes in customer demands or to devote greater resources to the development, promotion and sale of their products and services than we can. In the automotive industry, we not only compete for customers, but also compete in terms of advertisement design, relationships with third-party media vendors, the quality, breadth, prices and effectiveness of services. Competition could affect our market share, pricing, and cost structure. We cannot assure you that we will continue to compete effectively with our existing competitors, maintain our current fee arrangements, or compete effectively with new competitors in the future.

We may not be able to maintain good cooperative relationships with our partners on reasonable terms, which could materially harm our business and results of operations.

To broaden the consumer reach of our automotive database and content, we place listings by our dealer customers not only on our automotive vertical websites, *bitauto.com* and *taoche.com*, but also on our partner websites. Depending on the arrangement, we may pay a fixed fee to some partners for their advertising resources. Our partners may change the terms of cooperation, including raising prices, which would increase our operating expenses and eventually force us to end our relationships with them if the terms become commercially unreasonable. In addition, some of our partners may choose to partner with our competitors or decide to develop an automobile listing and dealer information database by themselves. If we are unable to partner with all or most of major portals on reasonable terms, we may experience a reduction in the number of dealers using our services, which could materially and adversely affect our results of operations. Although we do not rely on any one partner website for our dealer service business, material adverse changes to our relationships, and our contract terms, with many of them may have a material adverse impact on our dealer service business model.

We rely on China's automotive industry for substantially all our revenues and future growth, but the automotive industry is still at an early stage of development and subject to many uncertainties.

We rely on China's automotive industry for substantially all our revenues, which we generate from providing internet marketing services to automakers and automobile dealers. We have greatly benefited from the rapid growth of China's automotive industry during the past few years. However, China's automotive industry is still at an early stage of development and remains subject to many uncertainties. We cannot predict how this industry will develop in the future. Further, the growth of China's automotive industry could be affected by many factors, including:

- general economic conditions in China and around the world;
- the growth of disposable household income and the availability and cost of credit available to finance automobile purchases;
- taxes and other incentives or disincentives related to automobile purchases and ownership;
- environmental concerns and measures taken to address these concerns;
- the cost of energy, including gasoline prices, and the cost of automobile licensing and registration fees;
- the improvement of the highway system and availability of parking facilities; and
- other government policies relating to the automotive industry in China, including the phasing out of government subsidies to promote automobile sales and policies limiting automobile purchases in some cities.

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Any adverse change to these factors could reduce demand for automobiles, which, in return, would likely reduce demand for our products and services from automakers and dealers. Demand for our products and services is particularly sensitive to changes in general economic conditions. Automakers and dealers typically cut their marketing expenditures during periods of economic downturn. In addition, purchases of new automobiles are often discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy. Historically, unit sale of automobiles, particularly new automobiles, has been cyclical, fluctuating with general economic cycles. If China's automotive industry fails to expand or China's economy stagnates or contracts, our business, financial condition and results of operations would be materially and adversely affected.

Government policies on automobile purchases and ownership may materially affect our results of operations.

Government policies on automobile purchases and ownership may have a material effect on our business due to their influence on consumer behaviors. Since 2009, the PRC government has repeatedly changed the purchase tax on passenger automobiles with 1.6 liter or smaller engines and provided subsidies for the purchases of such automobiles ranging from RMB6,000 to RMB3,000 (effective from September 2013). In addition, in August 2014, several PRC governmental authorities jointly announced that from September 2014 to December 2017, purchases of new energy automobiles that are within certain designated catalogues will be exempted from the purchase tax. We cannot predict whether government subsidies will remain in the future or whether similar incentives will be introduced, and if they are, their impact on automobile sales in China. It is possible that automobile sales may decline significantly upon expiration of the existing government subsidies if consumers have become used to such incentives and delay purchase decisions in the absence of new incentives. If automobile sales indeed decline, our revenues may fluctuate and our results of operations may be materially and adversely affected.

Some local governmental authorities also issued regulations and relevant implementation rules in order to control traffic and reduce the number of automobiles. For example, local Beijing governmental authorities adopted regulations and relevant implementing rules in December 2010 to limit the total number of license plates issued to new automobile purchases in Beijing each year. The implementing rules were amended in December 2011 and November 2013. Local Guangzhou governmental authorities also announced similar regulations, which came into effect in July 2012. There are similar policies that restrict the issuance of new passenger car license plates in Shanghai, Tianjin, Hangzhou, Guiyang and Shenzhen. In September 2013, the State Council released a plan for the prevention and remediation of air pollution, which requires large cities, such as Beijing, Shanghai and Guangzhou, to further restrict the number of motor vehicles. In October 2013, the Beijing government issued an additional regulation to limit the total number of vehicles in Beijing to no more than six million by the end of 2017. Such regulatory developments, as well as other uncertainties, may adversely affect the growth prospects of China's automotive industry, which in turn may have a material adverse impact on our business due to our reliance on the performance of automakers and automobile dealers.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations.

Any actual or perceived threat of a financial crisis in China, in particular a credit and banking crisis, could have an indirect, but material and adverse impact on our business and results of operations. It is unclear whether the Chinese economy will continue to experience the high growth rate in the past. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States. The global financial markets are facing new challenges, including the escalation of the European sovereign debt crisis since 2011, the hostilities in the Ukraine and the Middle East, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. It is impossible to predict how the Chinese economy would develop in the future.

There have been recently signs that the rate of China's economic growth is declining. Any prolonged slowdown in China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of automobiles, which to some extent are considered as luxury items by many people in China, and our customers may also defer, reduce or cancel purchasing our services. To the extent any fluctuations in the Chinese economy significantly affect automakers' and dealers' demand for our services or change their spending habits, our results of operations may be materially and adversely affected.

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In addition, an economic downturn may reduce the number of automakers and dealers in China and decrease the demand for our services. We depend on automakers and dealers for business. Continued economic growth in China expanded the network of automakers and dealers, which is the primary source of our customers. Since the early 1990s, many non-automotive enterprises joined China's automotive industry and started offering new lines of automobiles. An increasing number of foreign brands gradually entered the PRC market primarily by forming joint ventures with Chinese brands. Growing automobile production capacity and production volume have significantly increased the number of dealers. By contrast, negative economic trends could lead to consolidations among automakers and dealers, and in effect shrink our customer base. Production lines might be contracted or shut down. A reduction in the number of automakers and dealers would reduce the number of opportunities we have to sell our products and services. To the extent that the automakers and dealers have used our products or services, consolidations may result in purchase cancellation of those product or service offerings. Any decrease in demand for our products and services could materially and adversely affect our ability to generate revenues, which in turn could adversely affect our financial condition and results of operations.

We may be liable to pay third-party media vendors in connection with the advertisements we placed with them on behalf of our automaker customers if we fail to collect some or all the payments from these automaker customers.

As part of our digital marketing solutions business, we place advertisements on the websites of third-party media vendors on behalf of our automaker customers. We enter into advertising agreements with media vendors only after our customers have confirmed the proposed advertisements in their agency agreements with us. The media vendors are obligated to place the advertisements based on our customers' specific requirements. We receive net service fees for such advertising services and record a receivable from our customers and a corresponding payable due to the media vendors based on the total amount of advertisements placed. However, we need to pay our media vendors for their advertising resources when payments are due regardless of whether our automaker customers have made payments to us. Our contracts with media vendors generally also allow the media vendors to claim past-due payments of advertising fees directly from our automaker customers.

As of December 31, 2014, our trade receivables and our trade payables were RMB1.34 billion (US\$216.5 million) and RMB589.2 million (US\$95.0 million), respectively. Of these receivables and payables, RMB396.1 million (US\$63.8 million) was related to the receivables from our automaker customers and the corresponding payables due to media vendors in connection with the advertisements we placed with the media vendors on behalf of our automaker customers. Historically, we have not experienced any significant collection issues that required us to provide for bad debts in connection with our receivables from our automaker customers. Under our contracts with media vendors, terms of our trade payables due to media vendors generally correspond to, or are longer than, the terms of our receivables due from our automaker customers. However, we cannot assure you that our automaker customers will continue to make timely and full payments to us for the advertisements we placed on their behalves. If we fail to collect all or part of such payments from our automaker customers, we may continue to be held liable to pay the media vendors the full amount of our payables when they become due. In addition, we may incur penalty for late payments. As a result, our business, financial condition and results of operations would be materially and adversely affected.

Our customers may not renew their contracts for our services and we may not be able to sell additional or enhanced services to our existing customers.

Our customers, including automakers and dealers, may not renew their contracts or subscriptions for our services after the expiration of their terms. They may also renew for shorter contract terms or for lower cost editions of our services. Although the renewal rates for our automobile dealer subscription services were approximately 92% in 2014, our renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our services, customers' ability to maintain their operations and spending levels, and deteriorating general economic conditions. If our customers do not renew their contracts or subscriptions for our services or switch to lower cost editions at the time of renewal, our revenues could decline and our business may suffer. Our future success also depends in part on our ability to sell additional services or enhanced editions of our services to our current customers. This may also require increasingly sophisticated and costly sales efforts. Similarly, the rate at which our customers purchase new or enhanced services depends on a number of factors, including general economic conditions. If our efforts to sell new or enhanced services to our customers are not successful, our business, financial condition and results of operation may suffer.

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Problems with China's internet infrastructure or with our third-party data center hosting facilities could impair the delivery of our services and harm our business.

Our internet businesses heavily depend on the performance and reliability of China's internet infrastructure, the continual accessibility of bandwidth and servers to our service providers' networks, and the continuing performance, reliability and availability of our technology platform. Our EP platform and applications on our taoche.com website use the internet to deliver services to our dealer customers, who access our software applications on the internet. Distribution of dealer listing information is also accomplished through the internet. Because we do not license our software to our customers, our customers depend on the internet to access our services. In addition, we depend on the internet to effectively publish our customers' advertisements on our websites, which must be properly running and accessible to all visitors at all times. We rely on major Chinese telecommunication companies to provide us with bandwidth for our services, and we may not have any access to comparable alternative networks or services in the event of disruptions, failures or other problems. Our content distribution networks, located in several regions throughout China, may also be shut down or otherwise experience interruptions in a particular region. Internet access may not be available in certain areas due to natural disasters, such as earthquakes or local government decisions. If we experience technical problems in delivering our services over the internet either at national or regional level, we could experience reduced demand for our services, lower revenues and increased costs.

Our main servers are located in the internet data centers of third parties in Beijing. We do not control the operation of these third-party data center hosting facilities, which are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our services. We regularly back up our data on servers in different locations or on tapes stored in our offices. Even with disaster recovery arrangements, our services could still be interrupted. We have not experienced any system failures in 2014. Such interruptions would reduce our revenues, require us to provide the services again, make refunds or pay penalties, shrink our customer base and adversely affect our ability to attract new customers. Our business could also be materially and adversely affected if our current and potential customers believe our services are unreliable.

Any breaches to our security measures, including unauthorized access, computer viruses and "hacking," may adversely affect our database and reduce use of our services and damage our reputation and brand names.

Breaches to our security measures, including computer viruses and hacking, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our websites, and other material adverse effects on our operations.

In particular, security breaches to our database could have a material and adverse effect on our business. Our EP platform and applications on our taoche.com website not only allow our customers to edit and publish listing information, but also store and transmit such listings and keep track of data on historical marketing activities. This information is proprietary and confidential. Security breaches could expose us to risks of loss of this information and possible liability. We require user names and passwords to access this data and the accounts of our customers. These security measures may be breached as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data or at any time, and result in persons obtaining unauthorized access to our customers' data. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our or our customers' data. Our customers may not have effective security measures and may share their user names and passwords with a group larger than necessary. If our security measures are breached and unauthorized access to ours or our customer's data is obtained, our services may be perceived as not being secure and customers may curtail or stop using our services altogether and we may incur significant legal and financial exposure and liabilities. We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses and "hacking." Moreover, if a computer virus or "hacking" affects our systems and is highly publicized, our reputation and brand names could be materially damaged and use of our services may decrease.

We may not be able to successfully expand our service network into other geographical markets in China.

As of December 31, 2014, we had sales and service representatives network located in 163 cities across China and plan to continuously expand our network to more cities. Geographical expansion is particularly important for us to acquire more dealer customers, whose operations are typically localized and spread out in every region. Our consumer-facing websites need localized content that are relevant to our website visitors in a specific region. Nonetheless, expanding into new geographical markets imposes additional burdens on our sales, marketing and general managerial resources. As China is a large and diverse market, business practices and demands may vary significantly by region and our experience in the markets in which we currently operate may not be applicable in other parts of China. As a result, we may not be able to leverage our experience to expand into other parts of China. If we are unable to manage our expansion efforts effectively, if our expansion efforts take longer than planned or if our costs for these efforts exceed our expectations, our results of operations may be materially and adversely affected.

Our competitive position and ability to generate revenues could be further harmed if we fail to develop and introduce new products and services.

Continued increases in our advertising revenues from our new and used automobile websites depend on our ability to attract consumers to our websites and monetize that traffic at profitable margins with advertisers. If our websites do not provide a compelling, differentiated user experience, we may lose visitors to competing sites. Further, if traffic to our websites declines, we may lose some of our advertising customers who may reduce or eliminate their advertising purchases through us. Our competitors may introduce new alternative products that are more sophisticated and cost-effective than ours. In addition, both our dealer services and digital marketing solutions businesses rely on continued product and service innovations to retain existing, and attract new, customers. Our dealer customers may not continue to subscribe to our online listing services if we do not timely enhance their user experience and broaden our product and service offerings. Similarly, our digital marketing solutions business may gradually lose its competitive advantage if we are slower in technological innovations or in announcing either new or enhanced products and services.

To increase our brand recognition and stay competitive, we need to continue to develop new products and services for visitors to our websites and our automaker and dealer customers. The planned timing or introduction of new products and services is subject to risks and uncertainties. There can be no assurance that any of our new products and services will achieve widespread market acceptance and generate incremental revenues. Moreover, actual timing may differ materially from original plans. Unexpected technical, distribution or other problems could delay or prevent the introduction of one or more of its new products or services. If our new products and services are not well received, we may not only lose money, but also harm our reputation, and our results of operations could be materially and adversely affected.

Our business is subject to seasonal fluctuations and unexpected interruptions, which make it difficult to accurately predict our future operating results.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. Historically, our revenues tend to be lower in the first half and higher in the second half of each year. Advertising and promotional activities often increase in the second half of each year. New automobile models tend to be introduced in the last quarter, which usually leads to increases in advertising spending by automakers. Furthermore, some of our customers whose fiscal year ends with the calendar year often choose to take advantage of the last opportunities to increase their annual revenues before the year ends. In comparison, activity levels tend to decrease after the fourth quarter's spending. Our customers and automobile consumers may not yet have a set plan for the new fiscal year. Further, the holiday period following the Chinese New Year is usually in the first quarter, which may contribute to the lower activity levels in the first half of each year. Therefore, the seasonality of the automobile retail business and the resulting spending pattern of automakers and dealers may result in greater emphasis on the importance of our fourth quarter results.

Nonetheless, if conditions arise in the second half of a year that depress or affect automobile sales and marketing spending by our customers, such as depressed economic conditions or similar situations, our revenues for the year may be disproportionately and adversely affected. As a result of these factors, our revenues may vary from quarter to quarter and our quarterly results may not be comparable to the corresponding periods of prior years. Our actual results may differ significantly from our targets or estimated quarterly results. Therefore, you may not be able to predict our annual operating results based on a quarter-to-quarter comparison of our operating results. We expect quarterly fluctuations in our revenues and results of operations to continue. These fluctuations could result in volatility and cause the price of our ADSs to fall. As our revenues grow, these seasonal fluctuations may become more pronounced.

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Certain shareholders, directors and executive officers own a large percentage of our shares, allowing them to exercise significant influence over matters subject to shareholder approval, which may reduce the price of our ADSs and deprive shareholders of an opportunity to receive a premium for the ADSs.

As of March 31, 2015, our directors and executive officers beneficially owned approximately 17.0% of our outstanding ordinary shares. Accordingly, these directors and executive officers have substantial influence over the outcome of corporate actions requiring shareholders' approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transaction, and their interests may not align with the interests of our ADSs holders. These shareholders may also delay or prevent a change of control or otherwise discourage a potential acquirer from attempting to obtain control of us, even if such a change of control would benefit you and our other shareholders. These shareholders may cause corporate actions to be taken even if they are opposed by you and our other shareholders. This could deprive you and our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company. In addition, the significant concentration of share ownership may adversely affect the trading price of our ADSs due to investors' perception that conflicts of interest may exist or arise.

Our business may be harmed by the potential conflicts of interest caused by our dual roles as both a supplier and a purchaser of advertisement resources.

As an internet content provider, we supply advertisement space; as an advertising agent, we purchase advertisement space on behalf of our customers; as an automobile listing platform, we also purchase advertisement space and include it in our dealer subscription service package. Conflict of interests may arise between our roles as a purchaser and as a supplier of advertisement resources. As a supplier, we have incentives to place more advertisements on our own websites. Such conflicts could harm our reputation as an independent purchasing agent for our customers and our reputation as a supplier of advertisement resources. In order to minimize conflicts, there are no rebate arrangements to our digital marketing solutions business when we place advertisements on our own websites. While we have and will continue to follow our customers' instruction and maximize their interests, we do not know how the market will respond to our multi-functional roles in the future. Our customers have directed, and will continue directing, us to place their advertisements on websites of their choice, including websites in direct competition with ours, or our customers may choose not to advertise on our websites at all. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Product recalls in the automobile industry could harm our business and cause our revenues to decrease.

Automakers periodically recall defective products. These product recalls interrupt the normal business operation of automakers, their joint ventures and their dealers in China. From time to time, our customers recall products, the scale of which varies from customer to customer. It is difficult to determine the impact product recalls might have on our business and revenues, but we expect that our revenues may decrease if Chinese consumers stop or reduce purchasing automobiles made by the recalling automakers or automakers and their dealers suspend or decrease using our services. If any of our customers recall their products in the future, our business, financial condition and results of operations could be adversely affected.

We may be subject to liability for placing advertisements with content that is deemed inappropriate or misleading.

PRC laws and regulations prohibit advertising companies from producing, distributing or publishing any advertisement with content that violates PRC laws and regulations, impairs the national dignity of the PRC, involves designs of the PRC national flag, national emblem or national anthem or the music of the national anthem, is considered reactionary, obscene, superstitious or absurd, is fraudulent, or disparages similar products. Some of our customers choose to produce their advertisements by themselves and we simply place them on our websites. While we do have a review procedure prior to publishing, we cannot guarantee that we can entirely eliminate advertisements with content that would be deemed inappropriate or misleading. If we are deemed to be in violation of PRC law or regulations, we may be subject to penalties, including suspension of publishing, confiscation of the revenues related to these advertisements, levying of fines and suspension or termination of our advertising business, any of which may materially and adversely affect our business.

Furthermore, we may be subject to claims by consumers misled by information on our websites or other portals powered by our database. We may not be able to recover our losses from advertisers by enforcing the indemnification provisions in the contracts. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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We may not be able to ensure the accuracy of dealer pricing and listing information.

We rely on our dealer customers to timely and accurately update their automobile information, prices, sales and promotions. The popularity of our automobile listings posted by dealers, in particular pricing information of automobiles, is premised on the accuracy, comprehensiveness and reliability of the data. If the information listed by our dealer customers is frequently misleading or exaggerated, we may gradually lose our appeal for our visitors. Our reputation could be harmed and we could experience reduced traffic to our websites, which could adversely affect our business and financial performance.

Failure to protect our brand, trademarks, software copyrights, trade secrets and other intellectual property rights could have a negative impact on our business.

We believe our brand, trademarks, software copyrights, trade secrets and other intellectual property rights are critical to our success. Any unauthorized use of our brand, trademarks, software copyrights, trade secrets and other intellectual property rights could harm our competitive advantages and business. Our efforts in protecting our brand and intellectual property rights may not always be effective. We regularly file applications to register our trademarks in China, but may not be able to register such marks, or register them within the category we seek. Similar trademarks could cause confusion among consumers or divert business opportunities from us, which could materially and adversely affect our business and results of operations.

Historically, China has not protected intellectual property rights to the same extent as the United States, and infringement of intellectual property rights continues to pose a serious risk in doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Further, the application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. As the right to use internet domain names is not rigorously regulated in China, other companies may have incorporated in their domain names elements similar in writing or pronunciation to our trademarks and domain names. Our business could be materially and adversely affected if we could not adequately protect our brand, trademarks, copyrights, trade secrets and other intellectual property.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business, and we may be liable for information displayed on, retrieved from or linked to our websites.

China has enacted laws and regulations governing internet access and the distribution of information through the internet. The PRC government prohibits information that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is reactionary, obscene, superstitious, fraudulent or defamatory, from being distributed through the internet. PRC laws also prohibit the use of the internet in ways which, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Failure to comply with these laws and regulations may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and reputational harm. A website operator may also be held liable for censored information displayed on or linked to its website. We may be subject to potential liability for certain unlawful actions of our customers and subscribers or for content we distribute that is deemed inappropriate. We may be required to delete content that violates PRC laws and report content that we suspect may violate PRC laws, which may reduce our customer base or the purchases of our services. It may be difficult to determine the type of content that may result in liability for us, and if we are found to be liable, we may be prevented from operating our business or offering other services in China.

Copyright infringement and other intellectual property claims against us may adversely affect our business.

We have collected and compiled on our websites, automobile-related news and reports, automobile pictures and specifications, maps, consumer reviews, and other documents and information prepared by third parties. Because some content on our websites is collected from various sources, we may be subject to claims for breach of contract, defamation, tort liability, unfair competition, copyright or trademark infringement, or claims based on other theories. We could also be subject to claims based upon the content that is displayed on our websites or accessible from our websites through links to other websites or information on our websites supplied by third parties. Any lawsuits or threatened lawsuits, in which we are involved, either as a plaintiff or as a defendant, could cost us a significant amount of time and money and distract management's attention from operating our business. Any judgments against us in such suits, or related settlements, could harm our reputation and have a material adverse effect on our results of operations. If a lawsuit against us is successful, we may be required to pay damages or enter into royalty or license agreements that may not be based upon commercially reasonable terms, or we may be unable to enter into such agreements at all. As a result, the scope of our database we offer to the consumers could be reduced, which may adversely affect our ability to attract and retain customers.

We rely heavily on our senior management team and key personnel and the loss of any of their services could severely disrupt our business.

Our future success is highly dependent on the ongoing efforts of our senior management and key personnel. We rely on our management team for their extensive knowledge of and experience in China's automotive and internet industries as well as their deep understanding of the Chinese automobile market, business environment and regulatory regime. We do not carry, and do not intend to procure, key person insurance on any of our senior management team. The loss of the services of one or more of our senior executives or key personnel, Mr. Bin Li in particular, may have a material adverse effect on our business, financial condition and results of operations. Competition for senior management and key personnel is intense, and the pool of suitable candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain senior executives or key personnel in the future. If we fail to retain our senior management, our business and results of operations could be materially and adversely affected. In addition, if any members of our senior management or any of our key personnel join a competitor or form a competing company, we may not be able to replace them easily and we may lose customers, business partners and key staff members. Each of our senior executives and key personnel has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. In the event of a dispute between any of our senior executives or key personnel and us, we cannot assure you as to the extent, if any, that these provisions may be enforceable in the PRC due to uncertainties involving the PRC legal system.

We may not be able to attract and retain highly skilled employees, provide necessary training or maintain good relationships with our employees.

Our business is supported and enhanced by a team of highly skilled employees who are critical to maintaining the quality and consistency of our services and our brand and reputation. It is important for us to attract qualified employees, in particular sales executives and engineers with high levels of experience in creative design, software development and internet-related services. Competition for these employees is intense. There may be a limited supply of qualified individuals in some of the cities in China where we have operations and other cities into which we intend to expand. In order to attract prospective, and retain current, employees, we may have to increase our employee compensation by a larger scale and at a faster pace than we expect, which would increase our operating expenses. In addition, we must hire and train qualified employees in a timely manner to keep pace with our rapid growth while maintaining consistent quality of services across our operations in various geographic locations. We must also provide continuous training to our employees so that they are equipped with up-to-date knowledge of various aspects of our operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may deteriorate in one or more of the markets where we operate, which may cause a negative perception of our brand and adversely affect our business. Finally, we may run into disputes with our employees from time to time and if we are not able to properly handle our relationship with our employees, our business and results of operations may be adversely affected.

Our business may suffer if we do not successfully manage our current and future growth.

We have experienced rapid growth in the past few years. Our revenues have increased from RMB458.1 million in 2010 to RMB2.46 billion (US\$396.3 million) in 2014. Our sales and service representatives network has expanded to 163 cities as of December 31, 2014. We intend to continue to expand our operations. However, we may not be able to sustain a similar growth rate in revenues or geographic coverage in future periods due to a number of factors, including the greater difficulty of growing at sustained rates from a larger revenue base. In addition, our expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. In order to manage and support our growth, we must continue to improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified personnel, particularly as we expand into new markets. As our operations expand into more cities throughout China, we will face increasing challenges in managing a large and geographically dispersed group of employees. We may not be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate new operations into our current business plan. As a result, our reputation, business and operations may suffer. Accordingly, you should not rely on our historical growth rate as an indication of our future performance.

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Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations.

We began operations in 2000 and did not begin to grow significantly until 2005. Our limited operating history may not provide a meaningful basis on which to evaluate our business. We expect that our operating expenses will increase as we expand. Any significant failure to realize anticipated revenue growth could result in significant operating losses. We expect to continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including our potential failure to:

- implement our business model and strategy and adapt and modify them as needed;
- increase awareness of our brands, protect our reputation and develop customer loyalty;
- manage our expanding operations and service offerings, including the integration of any future acquisitions; and
- anticipate and adapt to changing conditions in the China's automotive and internet marketing industries as well as the impact of any changes in government regulations, mergers and acquisitions involving our competitors, technological developments and other significant competitive and market dynamics.

If we are not successful in addressing any or all of these risks, our business may be materially and adversely affected.

We are susceptible to risks related to cash flow management.

We have experienced, and may continue to experience, short-term cash flow management problems from time to time. For example, some of our advertising services are not paid until after our services are fully performed. Some automakers may designate their advertising agencies to place their advertisements on our websites and subsequently pay us. Such advertising agencies may delay making payments to us, leading to longer aging cycles of our account receivables. Our cash flow from operations might not be sufficient to cover our account payables and we may incur penalty payments if we cannot pay third-party vendors on time. We may need to expend more resources in payment collections. This could negatively affect our results of operations in certain quarters and make it impossible to predict our future operating results.

Our third-party vendors may raise prices and as a result increase our operating expenses.

We rely on third parties for certain essential services, such as internet services and server custody, and we may not have any control over the costs of the services they provide. Any third-party service provider may raise their prices, which might not be commercially reasonable to us. If we are forced to seek other providers, there is no assurance that we will be able to find alternative providers willing or able to provide comparable high-quality services and there is no assurance that such providers will not charge us higher prices for their services. If the prices that we are required to pay third-party vendors for services rise significantly, our results of operations could be adversely affected.

Acquisitions, strategic alliances and investments could prove difficult to integrate, disrupt our business and lower our operating results and the value of your investment.

As part of our business strategy, we regularly evaluate investments in, or acquisitions of, complementary businesses, joint ventures, services and technologies, and we expect that periodically we will continue to make such investments and acquisitions in the future. For example, in 2011, we acquired controlling equity interests in Beijing Bitcar Interactive Information Technology Company Limited, or Bitcar, a provider of mobile internet digital enabled sales assistant tools for the automotive industry in China. In 2013, we entered into a framework agreement to establish a joint venture with Kelley Blue Book, or KBB, a leading provider of new and used car information in the United States, and the China Automobile Dealers Association, or CADA, a national organization representing automobile dealers in China. In 2014, we entered into joint venture agreements with several leading Chinese automobile dealers or service providers such as Pang Da Automobile Trade Co., Ltd., which were intended to develop the used car auction business and provide used car listing inventory for our taoche.com business. In January 2015, we entered into agreements to form strategic partnership with JD.com, Inc. or JD.com, the leading online direct sales company in China listed on the Nasdaq Global Select Market, and Tencent Holdings Limited, or Tencent, a leading provider of comprehensive Internet services and listed on the Hong Kong Stock Exchange. In February 2015, JD.com and Tencent made investments in us with a combination of US\$550 million in cash and certain resources, and investments totaling US\$250 million in cash in Yixin Capital Limited, or Yixin Capital, a subsidiary of Bitauto primarily engaged in e-commerce-related automotive financing platform business.

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Acquisitions, alliances and investments involve numerous risks, including:

- the potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in, and the cost of, integrating operations, technologies, services and personnel;
- potential write-offs of acquired assets or investments; and
- downward effect on our operating results.

In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of our ADSs. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed and the value of your investment may decline.

Furthermore, we may fail to identify or secure suitable acquisition and business partnership opportunities or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

Any catastrophe, including outbreaks of health pandemics and other extraordinary events, could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks, and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our services to our customers and could decrease demand for our services. Although we are headquartered in Beijing, as of December 31, 2014, our sales and service representatives network covered 163 cities throughout China, exposing us to potential catastrophes of all types in a broad geographic area in China. Because our property insurance only covers property damages caused by a limited number of numerated natural disasters and accidents and significant time could be required to resume our operations, our financial position and operating results could be materially and adversely affected in the event of any major catastrophic event.

In addition, our business could be materially and adversely affected by the outbreak of influenza A (H1N1), commonly referred to as “swine flu,” avian influenza, severe acute respiratory syndrome, or SARS, or other pandemics. In March 2013, a new virus subtype H7N9, commonly known as “bird flu” or “avian flu,” was discovered in eastern China and has already sickened and killed some people. It is unclear how this virus will spread, which makes it difficult to predict its potential impact. Any occurrence of these pandemic diseases or other adverse public health developments in China could severely disrupt our staffing and otherwise reduce the activity levels of our work force, causing a material and adverse effect on our business operations.

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and diversion of resources.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products and are, to our knowledge, not well-developed in the field of business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for property insurance and automobile insurance, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation may result in our incurring substantial costs and diversion of resources.

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Proceedings instituted by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC brought administrative proceedings against five accounting firms in China, including our independent registered public accounting firm, alleging that they had refused to produce audit work papers and other documents related to certain other China-based companies under investigation by the SEC. On January 22, 2014, an initial administrative law decision was issued, censuring these accounting firms and suspending four of these firms from practicing before the SEC for a period of six months. The decision is neither final nor legally effective unless and until reviewed and approved by the SEC. On February 12, 2014, four of these PRC-based accounting firms appealed to the SEC against this decision. In February 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the China Securities Regulatory Commission, or the CSRC. If the firms do not follow these procedures, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delay or abandonment of this offering, delisting of our ordinary shares from the New York Stock Exchange or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board, and consequently, investors may be deprived of the benefits of such inspection.

The independent registered public accounting firm that issues the audit reports included in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and with applicable professional standards. Because our auditor is located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditor, like other independent registered public accounting firms operating in China, is currently not inspected by the PCAOB. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the China Securities Regulatory Commission, or the CSRC, or the Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

Inspections of other firms that the PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, and such deficiencies may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct inspections of independent registered public accounting firms operating in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures, and to the extent that such inspections might have facilitated improvements in our auditor's audit procedures and quality control procedures, investors may be deprived of such benefits.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC governmental restrictions on foreign investment in internet content and marketing services, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

PRC law currently limits foreign ownership of companies that provide internet content services in China up to 50%. Foreign and wholly foreign-owned enterprises are currently restricted from providing other internet information services, such as internet advertising. Also, PRC laws and regulations do not allow foreign entities with less than at least two years of direct experience operating an advertising business outside of China to invest in an advertising business in China except for the Shanghai Pilot Free Trade Zone. Our wholly foreign-invested PRC subsidiary, Beijing Bitauto Internet Information Company Limited, or BBII, is currently not eligible to apply for the required licenses for providing internet content services or advertising services in China except for the Shanghai Pilot Free Trade Zone.

As such, BBII conducts our business through contractual arrangements with our structured entities (including their subsidiaries) in China, that is, our internet content business through Beijing Bitauto Information Technology Company Limited, or BBIT, and our internet advertising business through Beijing C&I Advertising Company Limited, or CIG. In addition, we plan to conduct our online automotive financing services through another domestic entity, Beijing Yixin Information Technology Company Limited, or Beijing Yixin. Each of the structured entities is currently owned by individual shareholders who are PRC citizens and holds the requisite licenses or permits to provide internet content or advertising services in China except that (i) Target Net (Beijing) Technology Company Limited, or Target Net, is in the process of obtaining an internet content provider license, or ICP license and an internet publication license and (ii) Beijing Yixin is in the process of obtaining an ICP license. Their shareholders are set forth in “Item 4. Information on the Company—C. Organizational Structure.” Our structured entities entered into a series of contractual arrangements with our subsidiaries but directly operate our businesses in China. We have been and are expected to continue to depend on structured entities to operate our businesses. We do not have any equity ownership interest in any of the structured entities but control their operations and receive the economic benefits through a series of contractual arrangements. For more information regarding these contractual arrangements, see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements with our PRC Structured Entities and Their Shareholders.”

Furthermore, on July 26, 2006, the Ministry of Industry and Information Technology, or the MIIT, released the Circular on Strengthening the Administration of Foreign Investment in Operating Value-added Telecommunications Business, or the MIIT Notice, which reiterates certain provisions under China’s Administrative Rules on Foreign-Invested Telecommunications Enterprises. Among other things, the MIIT Notice prohibits domestic telecommunications license holders from (i) renting, transferring or selling telecommunications licenses to any foreign investors in any form and (ii) from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Under the MIIT Notice, holders of value-added telecommunications business operating licenses, or their shareholders, must directly own the domain names and registered trademarks used by such license holders in their daily operations. BBIT’s internet information services are considered value-added telecommunication services set forth in the MIIT Notice and BBIT owns an ICP license, for its provision of internet information service and all the trademarks used for its internet information services on its websites. Since there is currently no official interpretation or implementation practice under the MIIT Notice, it remains uncertain how the MIIT Notice will be enforced and whether or to what extent the MIIT Notice may affect the legality of the corporate structures and contractual arrangements adopted by foreign-invested internet companies that operate in China.

There are uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations, including but not limited to the laws, rules and regulations governing the validity and enforcement of our contractual arrangements with structured entities. We have been advised by our PRC counsel that each of such contractual agreements for operating our business in China (including our corporate structure and contractual arrangements with the structured entities), except as otherwise disclosed in this report, does not violate, breach, contravene or otherwise conflict with any applicable PRC laws, rules or regulations. However, we cannot assure you that the PRC regulatory authorities will not adopt any new regulation to restrict or prohibit foreign investment in advertising business and value-added telecommunications business through contractual arrangement in the future, or will not determine that our corporate structure and contractual arrangements violate PRC laws, rules or regulations.

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If we, any of the structured entities or any of their current or future subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the State Administration for Industry and Commerce, which regulates advertising companies, and the Ministry of Industry and Information Technology, which regulates internet information services companies, and the CSRC, which regulates listed companies, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of such entities;
- discontinuing or restricting our PRC subsidiaries' and structured entities' operations;
- imposing fines, confiscating the income of the structured entities or our income, or imposing other requirements with which we or our PRC subsidiaries and structured entities may not be able to comply;
- imposing conditions or requirements with which we or our PRC subsidiaries and structured entities may not be able to comply;
- requiring us or our PRC subsidiaries and structured entities to restructure our ownership structure or operations;
- restricting or prohibiting our use of the proceeds of our public offering to finance our business and operations in China; or
- taking other regulatory or enforcement actions that could be harmful to our business.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business, and adversely affect our financial condition and results of operations.

We rely on contractual arrangements with our structured entities in China, and their shareholders, for our business operations, which may not be as effective in providing operational control or enabling us to derive economic benefits as through ownership of controlling equity interest.

We rely on and expect to continue to rely on contractual arrangements with our structured entities in China and their respective shareholders to operate our internet content and advertising services business. Our structured entities contributed RMB995.2 million, RMB1.40 billion and RMB2.44 billion (US\$393.0 million), representing 94.2%, 97.6% and 99.2% respectively, of our total revenues in 2012, 2013 and 2014. BBII follows the commonly used methodology, which is to charge service fees based on each structured entity's revenues reduced by its turnover taxes, such as business taxes, value-added taxes and other surcharges, cost of revenues, operating expenses and an appropriate amount of retained profit that is determined pursuant to tax planning strategies and relevant tax laws.

Although we have been advised by our PRC counsel that, each of the contractual arrangements with our structured entities are valid under current PRC laws, these contractual arrangements may not be as effective in providing us with control over the structured entities as ownership of controlling equity interests would be in providing us with control over, or enabling us to derive economic benefits from the operations of, the structured entities. If we had direct ownership of the structured entities, we would be able to exercise our rights as a shareholder to (i) effect changes in the board of directors of those entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level, and (ii) derive economic benefits from the operations of the structured entities by causing them to declare and pay dividends. However, under the current contractual arrangements, as a legal matter, if any of the structured entities or any of their shareholders fails to perform its, his or her respective obligations under these contractual arrangements, we may have to incur substantial costs and resources to enforce such arrangements, and rely on legal remedies available under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if shareholders of a structured entity were to refuse to transfer their equity interests in such structured entity to us or our designated persons when we exercise the purchase option pursuant to these contractual arrangements, we may have to take a legal action to compel them to fulfill their contractual obligations.

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If (i) the applicable PRC authorities invalidate these contractual arrangements for violation of PRC laws, rules and regulations, (ii) any structured entity or its shareholders terminate the contractual arrangements or (iii) any structured entity or its shareholders fail to perform their obligations under these contractual arrangements, our business operations in China would be materially and adversely affected, and the value of your ADSs would substantially decrease. Further, if we fail to renew these contractual arrangements upon their expiration, we would not be able to continue our business operations unless the then-current PRC law allows us to directly operate internet content and advertising businesses in China.

In addition, if any structured entity or all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial position and results of operations. If any of the structured entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, our ability to generate revenues and the market price of your ADSs.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. The legal environment in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our operating entities and we may be precluded from operating our business, which may have a material adverse effect on our financial condition and results of operations.

Based on the advice of Han Kun Law Offices, our PRC counsel, the corporate structure of our structured entities and our subsidiaries in the PRC are in compliance with all existing PRC laws and regulations. However, as advised by our PRC counsel, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations, and the PRC government may in the future take a view that is contrary to the above opinion of our PRC counsel. PRC laws and regulations governing the validity of these contractual arrangements which established our corporate structure for operating our business in China are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

Our ability to enforce the share pledge agreements between us and the structured entities' shareholders may be subject to limitations based on PRC laws and regulations.

Pursuant to the share pledge agreements, the shareholders of structured entities agreed to pledge all of their equity interests in structured entities to the relevant PRC subsidiaries to secure structured entities' performance of their obligations under the relevant contractual arrangements. The share pledge as contemplated under the share pledge agreements by and among our PRC subsidiaries, structured entities and each of their respective shareholders have been registered with the relevant local branch of the State Administration for Industry and Commerce, or the SAIC, except the equity pledge of Beijing Yixin. The shareholders of Beijing Yixin are preparing for the capital increase of Beijing Yixin and will apply for the registration after the completion of the capital increase.

The share pledge agreements provide that the pledged equity interest shall constitute security for all of the payment obligations of the structured entities under the exclusive business cooperation agreement. However, it is possible that a PRC court may take the position that the amount indicated on the equity pledge registration forms filed with the local branch of SAIC represents the full debt amount that the pledge secures. If this is the case, the obligations that are supposed to be secured in these pledge agreements in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court as unsecured debt.

Potential conflict may arise out of the loan agreements between the senior management team and a principal shareholder, which may have a material adverse effect on us.

In November 2012, AutoTrader Group, Inc., or AutoTrader Group, purchased an aggregate of 9,000,000 ordinary shares, or approximately 21.8% of our total outstanding shares at that time, from certain of our pre-IPO shareholders in a private transaction. Concurrently, certain members of our senior management, namely, Mr. Bin Li, our chairman of the board and chief executive officer, Mr. Jingning Shao, our director and president, Mr. Xuan Zhang, our chief financial officer, and Mr. Weihai Qu, our director and senior vice president purchased an aggregate of 1,000,000 ordinary shares, or approximately 2.4% of our total outstanding shares at that time, from another pre-IPO shareholder. The senior management team funded the purchase through a four-year term loan from AutoTrader Group. The management team has pledged a total of 2,699,080 ordinary shares to AutoTrader Group as collateral for the loans received from AutoTrader Group. We are not a party to the loan agreements between our senior management team and AutoTrader Group. However, if there should be any defaults or disagreements with respect to such loan agreements, conflicts may arise among certain of our senior management team and AutoTrader Group, which may have a material adverse effect on us.

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The shareholders of our structured entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Conflicts of interest may arise between the dual roles of those individuals who are both minority shareholders, directors and executive officers of our company and shareholders of our structured entities. Mr. Bin Li, our chairman of the board of directors and chief executive officer, and Mr. Weihai Qu, our director and senior vice president, jointly own all the equity interests in BBIT and CIG, with whom we conduct our business through contractual arrangements. For these directors and executive officers, their fiduciary duties toward our company under Cayman law—to act honestly, in good faith and with a view to our best interests—may conflict with their roles in our structured entities, as what is in the best interest of our structured entities may not be in the best interests of our company. In comparison, Mr. Li and Mr. Qu each only hold a minority interest in us. The fiduciary duty implied from their roles as our directors and executive officers is not fully aligned with their interests as shareholders of our structured entities. These individuals may breach or cause the structured entities that they beneficially own to breach or refuse to renew the existing contractual arrangements, which will have a material adverse effect on our ability to effectively control the structured entities and receive economic benefits from them. We do not have existing arrangements to address potential conflicts of interest these individuals may encounter in his capacity as a shareholder of the structured entities, on the one hand, and as a beneficial owner and a director and an officer of our company, on the other hand. We could, at all times, exercise our option under the exclusive option agreement with structured entities' shareholders to cause them to transfer all of their equity ownership in structured entities to a PRC entity or individual designated by us, and this new shareholder of structured entities could then appoint new directors of structured entities to replace the current directors. In addition, if such conflicts of interest arise, BBII, our wholly owned foreign PRC subsidiary, could also, in the capacity of the attorney-in-fact of structured entities' shareholders as provided under the irrevocable power of attorney, directly appoint new directors of structured entities to replace the current directors. We rely on structured entities' shareholders to comply with the laws of China, which protect contracts and provide that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains. Although our independent directors or disinterested officers may take measures to prevent the parties with dual roles from making decisions that may favor themselves as shareholders of the structured entities, we cannot assure you that these measures would be effective in all instances and when conflicts arise, these individuals will act in the best interests of our company or that conflicts will be resolved in our favor. The legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and those individuals, we would have to rely on legal proceedings, which may materially disrupt our business. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements with the structured entities may be subject to scrutiny by the PRC tax authorities and may result in a finding that we and the structured entities owe additional taxes or are ineligible for tax exemption, or both, which could substantially increase our taxes owed and thereby reduce our net income.

As a result of our corporate structure and the contractual arrangements between us and our PRC structured entities, we are effectively subject to 6% value-added tax, as well as enterprise income tax at the rate of 25% on revenues derived from our contractual arrangements with our PRC structured entities. Under applicable PRC laws, rules and regulations, arrangements and transactions among related parties may be subject to audits or challenges by the PRC tax authorities. We are not able to determine whether any of our transactions with our structured entities and their respective shareholders will be regarded by the PRC tax authorities as arm's-length transactions. The relevant tax authorities may perform investigations to determine whether our contractual relationships with our structured entities and their respective shareholders were entered into on an arm's-length basis. If any of the transactions we have entered into among our wholly-owned subsidiaries in China and any of the structured entities and their respective shareholders are determined by the PRC tax authorities not to be on an arm's-length basis, or are found to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, the PRC tax authorities may conduct transfer pricing adjustments and adjust the profits and losses of such structured entities and assess more taxes on it. In addition, the PRC tax authorities may impose late payment interest and other penalties on such structured entities for underpayment taxes. Our results of operations may be adversely and materially affected if the tax liabilities of any of the structured entities increase or if it is found to be subject to late payment interests or other penalties.

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We may have exposure to greater than anticipated tax liabilities.

We are subject to enterprise income tax, value-added tax, and other taxes in each province and city in China where we have operations. Our tax structure is subject to review by various local tax authorities. The determination of our provision for income tax and other tax liabilities requires significant judgment. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

We may rely on dividends and other distributions on equity paid by our wholly owned subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid our subsidiaries in China, for our cash requirements, including the funds necessary to service any debt we may incur. If our subsidiaries incur debt in the future, the instruments governing the debt may restrict their abilities to pay dividends or make other distributions to us. In addition, the PRC tax authorities may adjust our taxable income under the contractual arrangements our subsidiaries currently have in place with the structured entities in a manner that would materially and adversely affect the ability of our subsidiaries to pay dividends and other distributions to us. Further, relevant PRC laws, rules and regulations permit payments of dividends by our subsidiaries only out of their retained earnings, if any, determined in accordance with accounting standards and regulations of China. Under PRC laws, rules and regulations, our subsidiaries are also required to set aside a portion of their net income each year to fund specific reserve funds. In addition, the statutory general reserve fund requires annual appropriations of 10% of after-tax income to be set aside prior to payment of dividends until the cumulative fund reaches 50% of our subsidiaries' registered capital. Therefore, our subsidiaries' ability is limited in terms of transferring a portion of their net assets to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

If our PRC subsidiaries or structured entities become the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy substantially all of our assets, which could reduce the size of our operations and materially and adversely affect our business, ability to generate revenues and the market price of our ADSs.

As part of the contractual arrangements with the structured entities, their shareholders and our subsidiaries, the structured entities and their subsidiaries hold operating permits and licenses and substantially all of the assets that are important to the operation of our business. We expect to continue to be dependent on our structured entities and their subsidiaries to operate our business in China. If our structured entities go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which would materially and adversely affect our business, financial condition and results of operations. If our structured entities undergo a voluntary or involuntary liquidation proceeding, their equity holders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which would materially and adversely affect our business, our ability to generate revenues and the market price of our ADSs.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Ministry of Commerce, or MOC, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. While the MOC solicited public comments on this draft in January and February this year, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

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Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether the investment in China is made by a foreign investor or a PRC domestic investor. The draft Foreign Investment Law specifically provides that an entity established in China but “controlled” by foreign investors will be treated as a foreign investor, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOC or its local branches, treated as a PRC domestic investor provided that the entity is “controlled” by PRC entities and/or citizens. In this connection, “control” is broadly defined in the draft law to cover, among others, having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations. If the foreign investment falls within a “negative list,” to be separately issued by the State Council in the future, market entry clearance by the MOC or its local branches would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. Variable interest entities are referred to as structured entities under IFRS. See “—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC governmental restrictions on foreign investment in internet content and marketing services, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” and “Item 4. Information on the Company—C. Organizational Structure.” Under the draft Foreign Investment Law, if a structured entity is ultimately controlled by a foreign investor via contractual arrangement, it would be deemed as a foreign investment. Accordingly, for any company with a VIE structure in an industry category that is on the “negative list,” the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/ are of PRC nationality (either PRC individual, or PRC government and its branches or agencies). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the structured entities will be treated as foreign invested enterprises and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

It is likely that we would not be considered as ultimately controlled by Chinese parties, as over 50% of our issued and outstanding share capital is held by entities incorporated outside of China. The draft Foreign Investment Law has not taken a position on what actions will be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties. Moreover, it is uncertain whether the value-added telecommunication services and advertising services, which our structured entities provide, will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued. If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as MOC market entry clearance or certain restructuring of our corporate structure and operations, to be completed by companies with existing VIE structure like us, we face substantial uncertainties as to whether these actions can be timely completed, or at all, and our business and financial condition may be materially and adversely affected.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law proposed to impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with the information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position.

Since our business operations are conducted in China, our business, financial position, results of operations and prospects are affected significantly by economic, political and legal developments in China. Because our business is closely related to the automotive industry and the internet marketing industry, both of which are highly sensitive to business and personal discretionary spending levels, our business tends to decline during general economic downturns.

The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing and the allocation of resources. While the Chinese economy has grown significantly in the past three decades, the growth has been uneven, both geographically and among various sectors of the economy. Further, the Chinese economy has been transitioning from a planned economy to a more market-oriented economy and a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government exercises significant control over China’s economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In addition, other economic measures, as well as future actions and policies of the PRC government, could also materially affect our liquidity and access to capital and our ability to operate our business.

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The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on our operations. For example, our results of operations and financial position may be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. Moreover, under current PRC regulations, since December 10, 2005, foreign entities have been allowed to directly own 100% of equity interest of a PRC entity which conducts advertising business if the foreign entity has at least three years of direct operations of an advertising business outside of China, or to directly own less than 100% of a PRC advertising business if the foreign entity has at least two years of direct operations of an advertising business outside of China. This may encourage foreign advertising companies with more experience, greater technological know-how and more extensive financial resources than we have to compete against us and limit the potential for our growth. Such restrictions are not implemented in Shanghai Pilot Free Trade Zone and other than the entities in Shanghai Pilot Free Trade Zone, our operations may be adversely affected due to the restrictions. Also see “—Risks Related to Our Business and Industry —Government policies on automobile purchases and ownership may materially affect our results of operations.”

We may be required to obtain an internet news releasing service license and be subject to fines and/or suspension of business operations if any of the internet news posted on our websites is deemed to be political in nature, relate to macro-economics, or otherwise would require an internet news releasing service license.

In September 2005, the State Council Information Office and the Ministry of Industry and Information Technology jointly issued the Provisions for the Administration of Internet News Information Services, or Internet News Provision. Internet news information services shall include the publishing of news via internet, provision of electronic bulletin services on current and political events, and transmission of information on current and political events to the public. Under the Internet News Provision, the internet news service providers shall also include entities that are not established by news press but reproduce internet news from other sources, provide electronic bulletin services on current and political events, and transmit such information to the public. The Information Office of the State Council shall be in charge of the supervision and administration of the internet news information services throughout China. The counterparts of the Information Office of the State Council at the province level shall take charge of the supervision and administration of the internet news information services within their own jurisdiction.

As an internet content provider, we release information related to the automotive industry to internet users. In the event that such activities are deemed to be internet news releasing services, we will be required to obtain an internet news releasing service license. However, we and our PRC counsel have consulted the relevant government authorities and have been informed that according to their understanding, the term “news” referred to in the Internet News Provision means macro-economic news of the state, that we would not be required to obtain the internet news releasing license because we only post industry-related news produced by others, for which we clearly indicate the sources of such news on our websites, and we ourselves do not edit or compose such news. However, if any of the internet news posted on our websites is deemed by the government to be political in nature, relate to macro-economics, or otherwise require such license, we would need to apply for such license. If we are deemed to be in breach of the Internet News Provision or other relevant internet news releasing regulations, the PRC regulatory authorities may suspend relevant activities and impose a fine exceeding RMB10,000 but not more than RMB30,000. In serious cases, the PRC regulatory authorities may even suspend the internet service or internet access.

Uncertainties with respect to the PRC legal system could limit the protection available to you and us.

We conduct our business primarily through our subsidiaries and structured entities in China. Our operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike in the common law system, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. We conduct all of our business through our subsidiaries and structured entities established in China. However, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, which may have a retroactive effect.

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Any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention. It may be more difficult to evaluate the outcome of Chinese administrative and court proceedings and the level of legal protection we enjoy in China than in more developed legal systems because PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Such uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, customers and suppliers. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us.

PRC regulations relating to offshore investment activities by PRC residents may increase our administrative burden and restrict our overseas and cross-border investment activity. If our shareholders fail to make any required applications and filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws.

The State Administration for Foreign Exchange, or SAFE, has promulgated several regulations that require PRC residents, including PRC individuals and PRC corporate entities, to register with and obtain approval from local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing, or offshore special purpose vehicle, with such PRC residents' legally owned assets or equity interests in domestic companies or offshore assets or interests. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under the currently applicable foreign exchange regulations, PRC resident shareholders must amend and update their foreign exchange registrations with the local branches of SAFE when their offshore special purpose vehicles undergo material events or changes with respect to the basic information, such as changes to the name, the operation term or the identity of PRC resident shareholders, or increases or decreases in the investment amount, share transfers or exchanges, or mergers or divisions. In July 2014, SAFE promulgated Circular 37, pursuant to which, a PRC resident shareholder is only required to register the offshore special purpose vehicle that such shareholder directly owns the equity interests in, or the First Level SPVs. However, it is uncertain whether the PRC resident shareholders are required to amend the registrations if their offshore special purpose vehicles controlled by the First Level SPV undergo material events or changes. It is also uncertain whether Circular 37 would be retrospectively applicable to the transactions where the PRC resident shareholders should amend the relevant registrations in accordance with other foreign exchange regulations. If any PRC resident shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore special purpose vehicle may be prohibited from distributing its profits and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

In connection with the strategic investment by AutoTrader Group, Inc., or AutoTrader Group, in November 2012, certain members of our management purchased an aggregate of 2.4% of our total outstanding shares from a pre-IPO shareholder. In December 2013, we completed a follow-on public offering of 1,264,855 ADSs, each representing one ordinary share, at the public offering price of US\$30.00 per ADS. A selling shareholder also offered and sold 1,484,345 ordinary shares. The aforesaid management members who are PRC residents and our ultimate shareholders have not amended their existing foreign exchange registration to reflect the change of their shareholding as a result of the aforesaid transactions in accordance with the then-effective foreign exchange registration regulations. As a result of the promulgation of Circular 37, it is uncertain whether our PRC resident shareholders would be required to amend the relevant existing foreign exchange registrations for the aforesaid transactions, which were consummated prior to the promulgation of Circular 37 and did not affect their shareholdings in the First Level SPVs. It is also uncertain whether SAFE would determine that our PRC resident shareholders have failed to amend their existing foreign exchange in time in accordance with the foreign exchange regulations then in effect. If SAFE determines that the amendments are required, we will procure the relevant management members to file for such amendments. However, we cannot assure you that all shareholders of our company who are PRC residents will continue to take necessary actions to fully comply with the foreign exchange regulations. We cannot assure you that we will continue to be informed of identities of all PRC residents holding direct or indirect interest in our company in the future. Failure or inability of such individuals and our PRC resident shareholders to comply with the registration requirements set forth in foreign exchange regulations may subject these PRC resident shareholders to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute dividends and other proceeds to us or otherwise adversely affect our business.

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Furthermore, as the interpretation and implementation of these foreign exchange regulations has been constantly evolving and may be uncertain under certain circumstances, it is unclear how these regulations, and any future regulation concerning offshore transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations.

Governmental control of currency conversion may affect the value of your investment.

Under the PRC law, Renminbi is freely convertible to foreign currencies with respect to “current account” transactions, but not with respect to “capital account” transactions. We receive all our revenues in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. Approval or registration from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Dividend payments are current account transactions, which can be made in foreign currencies by complying with certain procedural requirements but do not require prior approval from SAFE. The PRC government may also exercise its discretion to restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Fluctuations in exchange rates of the Renminbi could materially affect our reported results of operations.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People’s Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. After June 2010, the RMB began to appreciate against the U.S. dollar again, although there have been some periods when it has lost value against the U.S. dollar, as it did for example during 2014. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to adopt a substantial liberalization of its currency policy, which could result in further appreciation in the value of the RMB against the U.S. dollar. As we may rely on dividends and other fees paid to us by our subsidiaries and structured entities in China, any significant revaluation of the Renminbi may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us. In addition, since the functional currency of our holding company, Bitauto Holdings Limited, is the U.S. dollar while the functional currency of our PRC subsidiaries and PRC structured entities is the Renminbi, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would have a positive or negative effect on our reported financial results, which may not reflect any underlying change in our business, results of operations or financial position.

PRC rules on mergers and acquisitions may make it more difficult for us to pursue growth through acquisitions.

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Among other things, the M&A Rules and recently issued regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council on August 3, 2008, are triggered. According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. Although we have no current plans to make any acquisitions, we may elect to grow our business in the future in part by directly acquiring complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions.

PRC regulations on loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries and structured entities, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries or structured entities in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE, or its local branch. Besides SAFE registration, loans to structured entities may also need government approval. Capital contributions to our PRC subsidiaries must be approved by the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds. On August 29, 2008, the State Administration of Foreign Exchange, or SAFE, promulgated Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The circular requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC unless otherwise provided by laws and regulations. In addition, SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used for purposes within the company's approved business scope. On March 30, 2015, the SAFE promulgated Circular 19, which will take effective and replace Circular 142 from June 1, 2015. Although Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions will continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. If our structured entities require financial support from us or our wholly owned subsidiaries in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our structured entities' operations will be subject to statutory limits and restrictions, including those described above.

The applicable foreign exchange circulars and rules may significantly limit our ability to convert, transfer and use the net proceeds from any offering of additional equity securities in China, which may adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

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Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to the product providers or corporate borrowers who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract law, that became effective in January 1, 2008, as amended on December 28, 2012 and effective as of July 1, 2013, and its implementation rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

On October 28, 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results will be adversely affected.

Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders or ADS holders.

The PRC Enterprise Income Tax Law, or the EIT Law, classifies enterprises as resident enterprises and non-resident enterprises. The EIT Law provides that an income tax rate of 20% may be applicable to dividends payable to non-resident investors, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The State Council of the PRC reduced such rate to 10% through the implementation regulations of the EIT Law. Further, pursuant to the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the State Administration of Taxation, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a company in China at all times during the 12-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and other applicable PRC laws are satisfied at the discretion of relevant PRC tax authority. We are a Cayman Islands holding company and we have wholly owned subsidiaries in Hong Kong which in turn holds 100% of the equity interest of our PRC subsidiaries. Substantially all of our income may be derived from dividends we receive from BBII. If we and our Hong Kong subsidiary are considered as non-resident enterprises and our Hong Kong subsidiary is considered as a Hong Kong resident enterprise under the Double Tax Avoidance Arrangement and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements, then the dividends paid to our Hong Kong subsidiaries by BBII may be subject to the reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Comprehension and Recognition of Beneficial Owner in Tax Treaties issued on October 27, 2009 by the State Administration of Taxation, conduit companies, which are established for the purpose of evading or reducing tax, transferring or accumulating profits, shall not be recognized as beneficial owner and thus are not entitled to the abovementioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. If we are required under the EIT Law to pay income tax for any dividends we receive from our subsidiaries in China, or if our Hong Kong subsidiaries are determined by PRC government authority as receiving benefits from reduced income tax rate due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends, if any, we may pay to our shareholders and ADS holders.

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Under the EIT Law, we may be classified as a “resident enterprise” of China; such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and materially and adversely affect our results of operations and financial condition.

Under the EIT Law, an enterprise established outside of China with “de facto management body” within China is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “de facto management body” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT, issued a circular, or SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. In addition, a bulletin issued by the SAT issued on July 27, 2011, which became effective September 1, 2011, provided more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although the SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the determining criteria set forth in the SAT Circular 82 may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals.

Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. If the PRC tax authorities determine that our Cayman Islands company is a “resident enterprise” for PRC enterprise income tax purposes, a number of PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations; in our case, this would mean that income such as interest on our public offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%. Second, the EIT Law provides that dividends paid between “qualified resident enterprises” are exempt from enterprise income tax. It is unclear whether the dividends we receive from BBII will constitute dividends between “qualified resident enterprises” and would therefore qualify for tax exemption, because the definition of qualified resident enterprises is unclear and the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. Third, dividends payable by us to our non-PRC resident enterprise investors and gains on the sale of shares by such non-PRC resident enterprise investors may be subject to PRC enterprise income tax at a rate of 10% and such dividends and gains earned by non-PRC resident individual investors may be subject to PRC individual income tax at a rate of 20%. It is unclear whether, if we were considered a PRC resident enterprise, our non-resident investors would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions.

In addition to the uncertainty as to the application of the “resident enterprise” classification, there can be no assurance that the PRC Government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or retroactively apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations. If such changes occur and/or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial condition.

Discontinuation of any of the preferential tax treatments currently available to us in the PRC or imposition of any additional PRC taxes on us could adversely affect our financial position and results of operations.

BBII enjoyed a five-year tax holiday in 2007 and was eligible to enjoy a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax under the 2007 circular No. 39, or Circular 39. In December 2008, BBII was designated by the Beijing Municipal Science and Technology Commission as “High and New Technology Enterprise” under the EIT Law and received the High and New Technology Enterprise certificate jointly issued by the Beijing Municipal Science and Technology Commission, Beijing Finance Bureau, and Beijing State and Local Tax Bureaus.

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On April 21, 2010, the State Administration of Taxation of China, or SAT, issued a Circular on Further Clarification Concerning the Implementation Standards of Corporate Income Tax Incentives in Grandfathering Period, or Circular 157, stating that enterprises recognized as “high and new technology enterprises strongly supported by the state” and eligible to enjoy a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax under Circular 39, may choose between the reduced tax rate of 15% applicable to “high and new technology enterprises strongly supported by the state” and the tax exemption/reduction provided in Circular 39. Enterprises are not allowed to enjoy the 50% reduction of the preferential tax rate for “high and new technology enterprises strongly supported by the state,” which is 15%. Circular 157 applies retroactively from January 1, 2008.

Circular 157 was previously determined to be applicable to BBII in prior years and therefore, BBII was not allowed to enjoy the 50% reduction of the preferential tax rate of 15% according to Circular 157, and the applicable income tax rate for BBII was 10% and 11% for 2009 and 2010, respectively. However, in 2011, it was accepted by local governmental authority that BBII was also eligible for the 50% reduction of the preferential tax rate for “high and new technology enterprises strongly supported by the state” of 15%. Therefore, the income tax rate applicable for BBII was 7.5% for the years ended 2009, 2010 and 2011. In October 2011 and 2014, BBII successfully renewed its “High and New Technology Enterprise” status for another three years and will be able to enjoy a preferential income tax rates of 15% for the year ended December 31, 2015 and 2016 as long as it maintains its qualification and continues to meet the relevant requirements as a “High and New Technology Enterprise.”

In December 2011, Beijing Bit EP Information Technology Company Limited, or Bit EP, was qualified as a “software enterprise” and will enjoy a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax from the first fiscal year when Bit EP becomes profitable since December 2011. A notice issued by the relevant Beijing governmental authority in April 2013 requires enterprises established after January 1, 2011 with “software enterprise” qualification, like Bit EP, to re-apply for such qualification in accordance with requirements under the Administrative Measures for the Recognition of Software Enterprise issued by relevant PRC authority in February 2013, which took effect from April 1, 2013, or the New Software Enterprise Measures. Bit EP obtained the “software enterprise” qualification under the New Software Enterprise Measures in May 2013. In December 2013, Target Net was qualified as a “High and New Technology Enterprise” under the EIT law and it will enjoy a preferential income tax rate of 15% for the year ended December 31, 2015 as long as Target Net maintains its qualification and continues to meet the relevant requirements as a “High and New Technology Enterprise.” If BBII, Bit EP or Target Net fails to maintain its qualification, their applicable EIT rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.

The PRC tax authorities have enhanced their scrutiny over the non-resident enterprise’s direct or indirect transfer of equity interests in a PRC resident enterprise by promulgating and implementing the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or SAT Circular 59 and the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the SAT, on December 10, 2009 with retroactive effect from January 1, 2008. Under Circular 698, except the purchase and sale of equity interests through a public securities market, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, the non-resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the Indirect Transfer is considered as an abusive use of the holding company structure without reasonable commercial purposes. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority is entitled to make a reasonable adjustment to the taxable income of the transaction.

On February 3, 2015, the SAT issued Public Notice 7 which extends its tax jurisdiction to capture not only Indirect Transfer as set forth under Circular 698 but also transactions involving the transfer of real property in China and assets of an establishment or a place in the PRC by a foreign company through the offshore transfer of a foreign intermediate holding company. Public Notice 7 also interprets the term “transfer of the equity interest in a foreign intermediate holding company” broadly. In addition, Public Notice 7 further clarifies certain criteria on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. However, it also imposes burdens on both the foreign transferor and the transferee of the Indirect Transfer as they are required to make a self-assessment on whether the transaction should be subject to PRC tax and whether to file or withhold the PRC tax accordingly.

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There is little guidance and practical experience as to the application of Circular 698 and Public Notice 7. Where non-resident investors were involved in our private equity financing, if such transactions are determined by the tax authorities to be lacking of reasonable commercial purposes, we and our non-resident investors may be taxed under Circular 698 and Public Notice 7 and may be required to expend valuable resources to comply with Circular 698 and Public Notice 7 or to establish that we should not be taxed under Circular 698 or Public Notice 7, which may have a material adverse effect on our financial condition and results of operations or our non-resident investors' investments in us.

The PRC tax authorities have discretion under SAT Circular 59, Circular 698 and Public Notice 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the equity interests transferred and the cost of investment. We may pursue acquisitions in the future that involve complex corporate structures. If we are considered a non-resident enterprise under the PRC Enterprise Income Tax Law and if the PRC tax authorities make adjustments to the taxable income of these transactions under SAT Circular 59, Circular 698 or Public Notice 7, our income tax expenses associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

Certain of our leased property interests may be defective and we may be forced to relocate operations affected by such defects, which could cause significant disruption to our business and have a negative impact on our operation and financial results.

As of December 31, 2014, we had leased properties in 69 cities in China. With respect to 15 of these leased properties, the lessors failed to provide property title certificates proving the title ownership of these lessors. According to PRC laws, rules and regulations, in situations where a landlord lacks evidence of the title or the right to lease, the relevant lease agreement may not be valid or enforceable under PRC laws, rules and regulations, and may also be subject to challenge by third parties. However, we cannot assure you that such defects will be cured in a timely manner or at all. Our business may be interrupted and additional relocation costs may be incurred if we are required to relocate operations affected by such defects. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor. In addition, our lease agreements have not been registered with competent governmental authority. According to PRC laws, rules and regulations, the failure to register the lease agreement will not affect its effectiveness between the tenant and the landlord, however, the landlord and the tenant may be subject to administrative fines of up to RMB10,000 each for such failure to register the lease. As of the date hereof, we are not aware of any action, claim or investigation being conducted or threatened by the competent government authorities with respect to the defects in our leased properties. However, if we are fined or penalized by government authorities due to our lessors' failure to register our lease agreements, our business and financial condition may be negatively impacted.

We may be required to register our offices outside of our corporate residence address as branch offices under PRC law and any failure to do so may subject our centers to shut-down or penalties.

A company that uses an office in a location outside its corporate residence address to conduct business operation must register such office as a branch company with the competent local authority. In addition, as we expand our operations, we may need to register additional branch companies from time to time. As of the date of this report, we have not registered approximately half of the locations outside of the corporate residence addresses as branch companies. However, whether an operating place will be deemed as having business nature or otherwise qualified for branch company registration is subject to the sole discretion of the government authorities. We cannot assure you that the governmental authorities will take the same view with us on whether an operating place is required or qualified to be registered as a branch company. We plan to apply for the registration of the relevant offices and we cannot assure you whether the registration can be completed in a timely manner. Although we have not been subject to any query or investigation by any PRC government authority regarding the absence of such registration, if the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

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Failure to comply with PRC regulations regarding the registration requirements for employee stock option plans may subject our PRC plan participants or us to fines and other legal or administrative sanctions.

Under relevant PRC rules and regulations, PRC citizens who are granted stock options by an overseas publicly listed company are required, through a qualified PRC domestic agent or PRC subsidiaries of such overseas publicly-listed company, to register with SAFE and complete certain other procedures. In addition, the registration must be amended within three months after the occurrence of any material changes to the underlying plan. As of the date of this annual report, we have adopted three employee stock option plans, and these grantees, through BBIL, have registered and updated the registration with SAFE. Nevertheless, if in the future, we or our PRC grantees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions.

Risks Related to Our ADSs

The market price for our ADSs may continue to be volatile.

The trading prices of our ADSs have been, and are likely to continue to be, volatile and could fluctuate widely due to factors beyond our control. The trading prices of our ADSs ranged from US\$27.1 to US\$98.28 in 2014 and from US\$45.23 to US\$95.00 to date in 2015. This was partly because of broad market and industry factors, such as the performance and fluctuation in the market prices or the underperformance or declining financial results of other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other PRC companies' securities after their offerings may affect the attitudes of investors toward PRC companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. The recent ongoing administrative proceedings brought by SEC against five accounting firms in China, alleging that they refused to hand over documents to the SEC for ongoing investigations into certain China-based companies, occurs at a time when accounting scandals have eroded investor appetite for China-based companies. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other PRC companies may also negatively affect the attitudes of investors towards PRC companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the market price of our ADSs. In addition, the market price for our ADSs is likely to continue to be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operating results and changes or revisions of our expected results;
- announcements of new services by us or our competitors;
- changes in financial estimates or recommendations by securities analysts;
- conditions in the automobile or advertising industries in China;
- changes in the economic performance or market valuations of other companies that provide internet content and marketing services to automakers and dealers;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar or other currencies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of senior management;
- release or expiration of transfer restrictions on our outstanding ordinary shares or ADSs;
- sales or perceived potential sales of additional ordinary shares or ADSs;
- pending or potential litigation or administrative investigations; and
- general economic or political conditions in China.

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We may need additional capital, and the sale of additional ADSs or other equity securities could result in additional dilution to our shareholders.

We believe that our current cash and cash equivalents and anticipated cash flow from operations and proceeds from public offerings will be sufficient to meet our anticipated cash needs for ordinary operation in the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.

We intend to retain most, if not all, of our available funds and earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has significant discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial position, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. Any future sales of a substantial number of our ADSs in the public market could cause the price of our ADSs to decline.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this annual report and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depository or its nominee as their representative to exercise the voting rights attaching to the shares represented by the ADSs. You may not receive voting materials in time to instruct the depository to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. Upon our written request, the depository will distribute to you a shareholder meeting notice which contains, among other things, a statement as to the manner in which your voting instructions may be given, including an express indication that such instructions may be given or deemed given to the depository to give a discretionary proxy to a person designated by us if no instructions are received by the depository from you on or before the response date established by the depository and voting takes place at the shareholder meeting by poll. However, no voting instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depository that (i) we do not wish such proxy given, (ii) substantial opposition exists, or (iii) such matter may materially and adversely affect the rights of shareholders. In addition, the depository and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depository to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your ADSs. Furthermore, the depository and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

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You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depository will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

You may not receive dividends or other distributions if it is unlawful or impracticable to make them available to you.

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depository may determine that it is unlawful or impracticable to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may determine not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through the United States federal courts may be limited because we are incorporated under Cayman Islands law, we conduct substantially all of our operations in China and the majority of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands and conduct substantially all of our operations in China through our PRC subsidiaries. A majority of our directors and officers reside outside the United States and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will recognize as a valid judgment, a final and conclusive judgment in personam obtained in a federal or state court of the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon; provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

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Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Law and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in United States federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our memorandum and articles of association contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our memorandum and articles of association contains certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish from time to time one or more series of preference shares without action by our shareholders and to determine, with respect to any series of preference shares, the terms and rights of that series. The provisions could have the effect of depriving our shareholders of the opportunity to sell their shares, including shares represented by ADSs, at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We are exempt from certain corporate governance requirements of the NYSE and we have elected to rely on certain exemptions.

Certain corporate governance practices in the Cayman Islands, which is our home country, are considerably different than the standards applied to U.S. domestic issuers. We are exempt from certain corporate governance requirements of the NYSE by virtue of being a foreign private issuer. For example, we are not required to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the Exchange Act);
- have regularly scheduled executive sessions with only non-management directors;
- have a fully independent nominating and corporate governance committee;
- have at least one executive session of solely independent directors each year; or
- seek shareholder approval for (i) the implementation and material revisions of the terms of share incentive plans, (ii) the issuance of more than 1% of our outstanding ordinary shares or 1% of the voting power outstanding to a related party, (iii) the issuance of more than 20% of our outstanding ordinary shares, and (iv) an issuance that would result in a change of control.

We have elected to follow home country practice with respect to the above. Other than these practices, there have been no significant differences between our corporate governance practices and those followed by U.S. domestic companies under the requirements of NYSE rules, except that during the period from February 16, 2015 to March 4, 2015, our audit committee was comprised of only two members, both of whom were independent directors.

Our shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

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We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

For U.S. federal income tax purposes, non-United States corporation, such as our company, will be treated as a passive foreign investment company, or PFIC, for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income, or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). Although the law in this regard is unclear, we treat our PRC structured entities as being owned by us for U.S. federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. If it were determined, however, that we are not the owner of our PRC structured entities for U.S. federal income tax purposes, we would likely be treated as a PFIC.

Assuming we are the owner of our PRC structured entities for U.S. federal income tax purposes, and based on our current income and assets, we presently do not expect to be classified as a PFIC for the current taxable year or future taxable years. While we do not anticipate becoming a PFIC for the current taxable year or the foreseeable future, no assurance can be given in this regard because the determination of whether we will be or become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, on the composition of our income and assets. Fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years because the value of assets for the purpose of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increase relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. In addition, because there are uncertainties in the application of the relevant rules, it is also possible that the Internal Revenue Service may challenge our classification of certain income and assets as non-passive, which may result in our company being or becoming classified as a PFIC for the current year or future taxable years.

If we were to be classified as a PFIC, a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—Certain United States Federal Income Tax Considerations—General”) may incur significantly increased U.S. income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such distribution is treated as an “excess distribution” under U.S. federal income tax rules. Further, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. We urge you to consult your tax advisor concerning the U.S. federal income tax consequences of holding and disposing of ADSs or ordinary shares if we are classified as a PFIC. For more information, see “Item 10. Additional Information—E. Taxation—Certain United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

Compliance with rules and regulations applicable to companies publicly listed in the United States is costly and complex and any failure by us to comply with these requirements on an ongoing basis could negatively affect investor confidence in us and cause the market price of our ADSs to decrease.

In addition to Section 404, the Sarbanes-Oxley Act also mandates, among other things, that companies adopt corporate governance measures, imposes comprehensive reporting and disclosure requirements, sets strict independence and financial expertise standards for audit committee members, and imposes civil and criminal penalties for companies, their chief executive officers, chief financial officers and directors for securities law violations. For example, in response to the Sarbanes-Oxley Act, the NYSE has adopted additional comprehensive rules and regulations relating to corporate governance. These laws, rules and regulations have increased the scope, complexity and cost of our corporate governance and reporting and disclosure practices. Our current and future compliance efforts will continue to require significant management attention. In addition, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers to fill critical positions within our company. Any failure by us to comply with these requirements on an ongoing basis could negatively affect investor confidence in us, cause the market price of our ADSs to decrease or even result in the delisting of our ADSs from the NYSE.

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In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

As a public company in the United States, we are subject to reporting obligations under the U.S. securities laws. The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of our internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. We have been subject to these requirements since the fiscal year ended December 31, 2011.

Our management has concluded that our internal control over financial reporting is effective as of December 31, 2014. Our independent registered public accounting firm has issued an attestation report, which has concluded that our internal control over financial reporting is effective as of December 31, 2014. See "Item 15. Controls and Procedures." However, if we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our holding company, Bitauto Holdings Limited, was incorporated in the Cayman Islands on October 21, 2005. We conduct most of our business through our operating subsidiary, Beijing Bitauto Internet Information Company Limited, or BBII, and our structured entities in China. We own 100% of the equity of BBII in China through our wholly-owned subsidiary, Bitauto Hong Kong Limited, which was incorporated in Hong Kong on April 27, 2010.

Beijing C&I Advertising Company Limited, or CIG, which was incorporated in 2002, is one of our structured entities in China and provides digital marketing solutions to automakers. Beijing Bitauto Information Technology Company Limited, or BBIT, is another structured entity of ours and was incorporated in 2005. BBIT conducts our bitauto.com business that focuses on new automobiles and subsequently expanded to start our taoche.com business that focuses on used automobiles in 2006.

In November 2010, our ADSs began trading on the NYSE with the ticker symbol "BITA."

In June 2011, we set up Beijing Bit EP Information Technology Company Limited, or Bit EP, to further strengthen our online marketing and CRM platform.

In November 2011, we acquired 100% equity interest in Beijing Bitcar Interactive Information Technology Company Limited, or Bitcar, from two members of our key management personnel.

In November 2012, AutoTrader Group purchased an aggregate of 9,000,000 ordinary shares from certain of our pre-IPO shareholders and, as a result, beneficially owned approximately 21.8% of our total outstanding shares at that time.

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In November 2013, we entered into a framework agreement to establish a joint venture with KBB, a leading provider of new and used car information in the United States, and CADA, a national organization representing automobile dealers in China, in order to provide automobile valuation services in China.

In December 2013, we completed a follow-on public offering of 1,264,855 ADSs, each representing one ordinary share, at the public offering price of US\$30.00 per ADS. A selling shareholder also offered and sold 1,484,345 ordinary shares in the form of ADSs.

In February 2015, JD.com invested a combination of US\$400 million in cash and certain resources, including exclusive access to the new and used car channels on JD.com's e-commerce sites and mobile apps together with additional support from its key platforms, as consideration for our newly issued ordinary shares. Tencent invested US\$150 million in exchange for our newly issued ordinary shares. In addition, JD.com and Tencent invested US\$100 million and US\$150 million, respectively, in newly issued series A preferred shares of Yixin Capital, our subsidiary incorporated in the Cayman Islands. At the closing of the transactions, JD.com and Tencent held approximately 25% and 3.3% of our then outstanding shares on a fully diluted basis, respectively, and JD.com and Tencent also held 17.7% and 26.6% of Yixin Capital, respectively. Currently, JD.com has one seat on our board of directors.

Due to certain restrictions under PRC law on foreign ownerships of entities engaged in internet and advertising businesses, we conduct most of our operations in China through contractual arrangements among our PRC subsidiaries, our structured entities in China and the shareholders of these structured entities. As a result of these contractual arrangements, we control our structured entities and have consolidated the financial information of these structured entities and their subsidiaries in our consolidated financial statements in accordance with IFRS. Earnings of these structured entities are or will be transferred to our subsidiaries under the currently applicable contractual arrangements. The arrangements include exclusive business cooperation agreements and exclusive option agreements with the structured entities, which entitle our PRC subsidiaries to receive a majority of structured entities' residual returns. Under the arrangement, the earnings are transferred from our subsidiaries to us through dividends or other forms of distribution. In China, payment of dividends is also subject to certain limitations. PRC regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Under current PRC laws, regulations and accounting standards, each of our PRC subsidiaries, is required to allocate at least 10% of its after-tax profit based on PRC accounting standards to its statutory reserves each year until the accumulative amount of those reserves reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. At its discretion, each of our subsidiaries, as a foreign-invested enterprise, may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Our principal executive offices are located at New Century Hotel Office Tower, 6/F, No. 6 South Capital Stadium Road, Beijing, 100044, the People's Republic of China. Our telephone number at this address is (86-10) 6849-2345. Our registered office in the Cayman Islands is located at Offshore Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017.

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources" for details regarding our capital expenditure.

B. Business Overview

Overview

We are a leading provider of internet content and marketing services for China's fast-growing automotive industry. Our bitauto.com and taoche.com websites provide consumers with comprehensive up-to-date information on new and used automobile pricing and promotional information, specifications, reviews and consumer feedback. Our bitauto.com website was the most visited automotive vertical website in China for new automobile pricing and promotional information in the fourth quarter of 2014; our taoche.com website is the largest used automobile vertical website in China in terms of unique visitors in the fourth quarter of 2014, according to iResearch. We also distribute our dealer customers' automobile pricing and promotional information through over 580 internet service provider partners as of December 31, 2014, including Netease and Qihoo 360. As a result, our automotive database and content had broad consumer reach to China's internet users.

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We managed our businesses in four segments in 2014, namely, bitauto.com advertising business, EP platform business, taoche.com business and digital marketing solutions business. Our bitauto.com advertising business offers automakers and dealers a variety of advertising services through our bitauto.com website, and mobile applications, which provide consumers with comprehensive up-to-date new automobile pricing and promotional information, specifications, reviews and consumer feedback. Our EP platform business provides web-based and mobile-based integrated digital marketing solutions to automobile customers in China. The platform enables dealer subscribers to create their own online showrooms, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of purchase-minded customers and effectively market their automobiles to consumers online. Since 2014, we have started providing automobile customers with additional value-added services, including our automobile transactions, CRM and automotive financing services, which are intended to optimize automobile purchase experience and facilitate completion of transactions. Our taoche.com business provides listing and subscription services to used automobile customers that enable them to display used automobile inventory information on the taoche.com website, mobile applications and partners. We also provide advertising services to automakers with certified pre-owned automobile programs and used automobile dealers on our taoche.com website. Our digital marketing solutions business provides automakers with one-stop digital marketing solutions, including website creation and maintenance, online public relations, online marketing campaigns and advertising agent services. Starting from the first quarter of 2015, our taoche.com business will be consolidated into our advertising business and EP platform business and will not be reported as a separate segment. Therefore, we will report three business segments in 2015, which are our advertising business, our EP platform business, and our digital marketing solutions business.

We have established a nationwide customer base of dealers in China. Our EP platform subscribers increased from 9,900 in 2012 to 13,612 in 2013 and to over 21,000 in 2014, while our used automobile listing customers increased from 3,084 in 2012 to 5,200 in 2013 and to over 9,000 in 2014.

In addition, we have a diverse base of automaker customers, to whom we provide advertising services and digital marketing solutions. Of the approximately 82 major automakers in China, consisting of international and Chinese automobile manufacturers and their joint ventures, 76 placed advertisements on our bitauto.com website as of December 31, 2014. Our diverse customer base of automakers and dealers allows us to cross sell our services, which increases customer loyalty. We believe our customers value our ability to offer a wide range of high-value services and efficient solutions to assist them in reaching a broad group of automobile consumers and influencing their purchase decisions.

In November 2013, we entered into a framework agreement to establish a joint venture with KBB, a leading provider of new and used car information in the United States, and CADA, a national organization representing automobile dealers in China. The joint venture is expected to draw on our deep understanding of the local market and solid customer base within China's used car market, KBB's 87-year history of providing vehicle values, and CADA's unique position in the industry, as well as its exclusive access to extensive data on China's used car market. The joint venture is intended to provide nationwide used vehicle valuation services on the internet and via mobile applications to consumers, automakers and auto dealers, as well as insurance, finance and other automotive-related companies that seek used vehicle valuations. As of the date of this annual report, a joint venture in Hong Kong, which will be a shareholder of the joint venture in China, was established and we contributed an amount of US\$2.5 million to the Hong Kong joint venture.

In January 2015, we entered into agreements to form strategic partnership with JD.com, the leading online direct sales company in China and listed on the Nasdaq Global Select Market, and Tencent, a leading provider of comprehensive internet services and listed on the Hong Kong Stock Exchange. In February 2015, JD.com and Tencent made investments in us with a combination of US\$550 million in cash and certain resources, and investments totaling US\$250 million in cash in Yixin Capital, a subsidiary of Bitauto primarily engaged in e-commerce related automotive financing platform business.

Our revenues were RMB1.06 billion, RMB1.44 billion and RMB2.46 billion (US\$396.3 million) in 2012, 2013 and 2014, respectively. Under IFRS, we had profits of RMB135.2 million, RMB241.2 million and RMB489.1 million (US\$78.8 million) in 2012, 2013 and 2014, respectively. The increase in our profit in 2013 and 2014 were primarily attributable to our business scalability and management efficiency.

Our Services

Our bitauto.com advertising business

We generate revenues through our *bitauto.com* website, which partners with other websites, by providing advertising services to dealers and automakers. In 2012 and previous years, revenues from our bitauto.com business also included dealer subscription services to new automobile dealers, which were allocated to our EP platform business from 2013.

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We display advertisements on our *bitauto.com* website and allow extensive possibilities of user interactions through rich media advertisements. Because visitors to our websites usually seek specific information relating to automobiles and therefore are more likely to be interested in making automobile purchases, our *bitauto.com* website has become an ideal destination for brand advertisements and promotional activities of automakers and automobile dealers. We are able to achieve cost-effective and targeted advertising results for our customers through our proprietary technologies and placement algorithms that target specific consumer segments. For example, we can display advertisements to consumers located in specific geographic areas based on internet protocol addresses. We can also display advertisements for particular automobile models or their competing models to consumers based on the content of the web pages they are viewing. Furthermore, we also help our automaker and automobile dealer customers plan and organize promotional events, which we consider as part of our bitauto.com advertising services.

Our EP platform business

Our EP platform was developed based on our previous Easypass platform in 2012. Our EP platform business provides web-based and mobile-based integrated digital marketing solutions to automobile customers in China. The platform enables dealer subscribers to create their own online showrooms, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships, which help them effectively market their automobiles to consumers. Since 2014, we have started providing automobile customers with additional value-added services, including our automobile transactions, CRM and automotive financing services, which are intended to optimize automobile purchase experience and facilitate completion of transactions.

The standard service modules on the EP platform include the following:

- Dealer Listing Service is provided to our EP platform subscribers to help them reach a broad base of purchase-minded consumers. We publish our EP platform subscribers' new automobile pricing and promotional information on, and link their online showrooms developed using our Autosite services to, our bitauto.com website. To further broaden our EP platform subscribers' consumer reach, we have entered into arrangements with over 580 partners to become their provider of automobile pricing and promotional information. We automatically feed such information to our partners from our proprietary new automobile database, which is regularly updated and maintained by our dealer customers. We may pay a fixed fee to our major partners for their advertising space.
- Autosite enables our EP platform subscribers to quickly set up their own online showrooms by choosing their preferred website templates that we have pre-designed and uploading their own content, such as pricing, promotional and contact information as well as inventory information. The online showrooms developed using our Autosite also has interactive features that allow consumers to make online reservations for test drives, indicate purchase interest and ask questions and get answers online from our dealer customers. We also register and maintain independent internet domain names for Autosite users.
- Ad Maker enables our EP platform subscribers to quickly make their own online advertisement by choosing their preferred professionally pre-designed advertisement materials and template. With Ad Maker, our EP platform subscribers can easily edit their online advertisements without using professional photo software. We also provide advertisement storage space for our EP platform subscribers to save their advertisements on our servers free of charge.
- Virtual Call Center provides a toll-free number to each dealer for consumer inquiries. Each toll-free number has a virtual voicemail on the EP platform. Approximately over 30 million call minutes were logged in 2014.

In addition, we provide a variety of value-added services on the EP platform. These services are at the early stage of development and currently include the following:

- The automobile transaction service enables us to directly engage in potential transactions, efficiently find potential car buyers for dealers and automakers, and facilitate the completion of a transaction via our online platforms including Huimaiche, our newly-launched C2B website, and Yiche Mall, our flagship e-commerce platform working directly with automotive manufacturers in China as well as our offline services provided to dealers, automakers and car buyers.

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- Our CRM services offer integrated customer relationship management solutions using cloud-based technology to help our EP platform subscribers establish a complete marketing and sales management system. Our CRM services can help our EP platform subscribers in every step of their marketing and sales activities, such as looking for sales channels and sales opportunities, organizing sales events, managing customers' files and sales forecast. The data analysis function can help our EP platform subscribers manage, maintain and enhance customer relationship by analyzing their customers' purchase history and preferences. With the support of marketing channels and social networks from our business partners, it also improves the operating efficiency for EP platform subscribers wherein they can directly provide repair and maintenance services to car buyers.
- The automotive financing services provide a variety of funding approaches to potential car buyers, and this in turn increases the number of successful transactions. We cooperate with several leading commercial banks and automotive financing and leasing companies in China, which directly provide financing and leasing solutions to car buyers.

In 2012, 2013 and 2014, we had 9,900, 13,612 and over 21,000 EP platform subscribers, respectively.

Our taoche.com business

We generate revenues from our taoche.com business by providing listing and subscription services to automobile customers and advertising services to automakers and automobile dealers. Our *taoche.com* website allows consumers to quickly and conveniently navigate through a large used automobile inventory in our database to select the ones that match their specific search criteria. If a consumer is interested in a specific used automobile, he or she will be directed to the selling automobile customer's dedicated webpage on taoche.com for contact information and other business information. Starting from the first quarter of 2015, taoche.com business will no longer be reported as a separate business segment. Due to the similarities in the nature of services, our taoche.com business will be consolidated into our advertising business and our EP platform business in 2015.

Used automobile listing services

We provide service modules specifically developed for the used automobile market to our used car customers. Major modules of the applications on our taoche.com website include Used Automobile Listing Service, Online Showroom Development and Maintenance, Virtual Call Center and Used Car Management System. Used car customers may log on to their accounts to access the service modules discussed below.

- *Used Automobile Listing Service* is provided to used car customers to list used automobiles on our *taoche.com* website and our partners. We are able to display specific automobile dealer listings to taoche.com visitors according to geographic area, automaker, model, configuration, mileage, location and usage history. As a result, used car customers can reach relevant consumers at a high level of precision, a benefit that is unavailable through traditional media forms, such as radio, television, and newspaper advertising.
- *Online Showroom Development and Maintenance* is offered to used car customers with certified pre-owned automobile programs through our applications on our taoche.com website with features similar to the Autosite service module on our EP platform.
- *Virtual Call Center* is provided to used car customers and has features similar to the Virtual Call Center service module provided through our EP platform.
- *Used Car Management System* is provided to used car customers to help manage the used automobile sales process and business operations, including automobile sales, inventory management, and pre- and post-sales customer relationships. It can analyze sales data, such as the number and type of used automobiles sold in a particular period, and consumer interaction data, such as the number of inquiry calls, to automatically generate management reports.

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Our taoche.com advertising services

Similar to our *bitauto.com* website, we generate advertising revenues from our *taoche.com* website through selling advertisements on our *taoche.com* website to used automobile dealers and automakers with certified pre-owned automobile programs, including text-based, banner, video and rich media advertisements. This large base of purchased-minded visitors has attracted most of China's automakers with certified pre-owned automobile programs as well as a significant number of used automobile dealers to place advertisements on our *taoche.com* website.

Digital Marketing Solutions Business

Our digital marketing solutions business, operated through CIG, provides one-stop solutions to meet the digital advertising needs of international and domestic automakers in China. We distinguish ourselves from many of the general advertising agencies with our in-depth knowledge of China's automotive industry and our ability to offer the following integrated advertising solutions to automakers.

- *Online advertising.* We cover all aspects of online advertising. Our in-house creative team works closely with automakers to make strategic plans and produce digital advertisements. We procure media space and display periods from portals and automotive vertical websites, including *bitauto.com* and *taoche.com*. We place advertisements on behalf of our customers on these portals and websites to achieve cost-effective advertising results. We monitor performance indicators such as the number of hits and clicks on online advertisements that we have placed using automatic monitoring tools. We analyze this data to optimize advertisement placing strategies for our automaker customers.
- *Website creation and maintenance.* We provide website creation and maintenance services to our automaker customers. Our in-house creative team uses interactive and multimedia technologies to develop official websites for our automaker customers. Our typical automaker customer may have many official websites developed for each of their automobile models, local automobile dealers or special promotional events.
- *Online public relations.* We have extensive experience in handling our automaker customers' daily online media interactions, monitoring online media coverage and developing and implementing strategies in response to crisis.
- *Online marketing campaigns.* We conduct cost-effective online marketing campaigns for our customers through performing in-depth market research of the target audience group, identifying the most effective online media, creating and publishing campaign materials on multiple online mediums to help our automaker customers achieve their goals.

We believe our in-depth knowledge of China's automotive industry and our ability to offer integrated advertising solutions give us a competitive advantage over other advertising services companies and have allowed us to establish a nationwide customer base. In many cases, we have expanded the scope of our business relationships with our advertising clients over time such that we not only create, produce and place advertisements for our clients, but also participate in the formation of their branding and advertising strategies.

We derive our revenues from the service fees paid by our customers for the digital marketing solutions we provide as well as performance-based rebates from third party media vendors, which are usually a percentage of the purchase price for qualifying advertising space purchased by our customers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to continue to collect performance-based rebates for the advertisements we place on third-party websites, which is an important source of revenues for us."

Our Database

Our database is the source of information on our *bitauto.com* and *taoche.com* websites and the automobile pricing, promotional and automobile dealer business information on our partners. We believe our automotive content and database are one of the most comprehensive among China's online automotive marketing companies. Our database not only covers major metropolitan areas but also a broad geographic area across China, which provides the foundation for the success of our dealer subscription services and advertising services as well as for future expansions. Given the significant amount of time, resources and nationwide network of dealer customers required to develop, maintain and regularly update such a comprehensive database, we believe our database represents a significant advantage over our competitors. Our database features (i) content designed for automobile consumers; (ii) dealers' business and contact information; and (iii) new automobile pricings and used automobile listings. As of December 31, 2014, our database contained:

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- Business and contact information of approximately 34,400 new automobile dealers and used car sellers;
- Over 15 million listings of new automobile pricing and promotional information and over 11 million listings of new automobile promotional information; and
- Approximately 1,000,000 used automobile listings.

We collect data from multiple sources. Detailed automobile dealer business information is collected and maintained by our sales and service representatives network located in 163 cities across China, as of December 31, 2014, or by our dealer customers directly. Automobile pricing and promotional information is maintained and regularly updated by dealers through our EP platform or applications on our taoche.com website and generally reflects the dealers' latest price. Specifications and features of each automobile model are collected by our editing team from automakers and dealers. Most automobile pictures are taken by our own editing team. Industry news is licensed from third-party content providers.

We have developed standardized data collection and quality control procedures to ensure the accuracy, consistency and timeliness of the data entered into our database. All business information of automobile dealers must be verified and approved by authorized personnel. Automobile pricing data is verified against the automakers' suggested retail prices and market prices at relevant locations; irregular or misleading prices are deleted promptly. We have developed internal cross-checking procedures supplemented by user feedback to further strengthen our quality control over our database. We also license copyrighted materials from trusted third parties.

We have multi-level protection mechanisms to ensure the safety and integrity of our database. We maintain comprehensive information technology manuals that provide for detailed policies and procedures for the protection of our information technology system, including data backup procedures, anti-virus and anti-hacking procedures, procedures for dealing with emergencies and catastrophes, and network and hardware maintenance policies. Our computer servers perform automatic data backup on a regular basis, and continually monitor our database in an effort to detect and prevent unauthorized access while ensuring fast and reliable access by consumers and our automobile customers.

Product Development

Our internet services are supported and enhanced by a team of more than 500 experienced and dedicated product development employees, including many industry experts with in-depth knowledge of automotive and information technologies and online marketing. We develop and improve our products and services to meet the evolving needs of our customers and users. In 2014, we strengthened various functions of our EP platform and offered automobile transaction services on Huimaiche. In addition, we started providing the automotive financing services to potential car buyers through our cooperation with commercial banks and automotive financing and leasing companies in China. These new services are supported by our technological platform developments in 2014. We spent approximately RMB53.8 million, RMB104.4 million and RMB148.1 million (US\$23.9 million) on product development in 2012, 2013 and 2014, respectively. These expenditures represented 5.1%, 7.3% and 6.0% of our total revenues in 2012, 2013 and 2014.

Sales, Marketing and Customer Support

We employ an experienced sales force in each city to increase market penetration. We provide in-house education and training for our sales force to ensure they provide our current and prospective clients comprehensive information about our automaker and automobile dealer services and digital marketing solutions and convey the advantages of using our *bitauto.com* and *taoche.com* websites as marketing channels. Also, to help our dealer and automaker customers explore the potential synergies between their sales and marketing initiatives, we have started coordinating their respective selling and branding activities, which in return will improve the efficiency of our internet marketing solutions and increase our customers' satisfaction and their loyalty toward our services. Our sales and customer support team will also provide dedicated offline assistance to potential car buyers, which helps to facilitate the completion of transactions.

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We believe our bitauto.com and taoche.com brand names are well recognized throughout China's automotive industry and our relationships with our partners are well established within the internet marketing industry.

We use a variety of marketing programs to reach our current and prospective customers and consumers, including the following:

- We organized the China Automotive Industry Forum from 2008 to 2010 and have developed it into a significant annual event in China's automotive industry. The forum featured speakers, such as senior management of automakers and automobile dealer groups, academics and high-level government officials, and was well attended by many industry participants;
- We organized dealer forums in order to strengthen our relationship with dealer customers;
- We have been organizing training programs through our Bitauto Academy for owners or executives of our dealer customers;
- We have been publishing Bitauto newsletters since 2005, which are distributed to automobile dealers throughout China free of charge and can also be made available upon request. These newsletters feature topics that interest automobile dealers, such as relevant automobile market information and government policies, as well as reports on success stories of automobile dealers and their executives;
- We regularly participate in automobile exhibitions held in major metropolitan cities, such as Beijing, Shanghai, Guangzhou and Chengdu, and have been one of the most popular and most active participants among China's automotive vertical websites at many exhibits.
- Since 2011, we have been hosting the Annual Celebration of Automobiles, which selects and recognizes most popular cars and models and has become one of the most influential events of similar kind in China's automotive industry;
- We organized and hosted the 2012 Night of Auto People, which is one of the most prominent events in China's automobile industry.
- We contributed to a charity fund in cooperation with Soong Ching Ling Foundation in 2012 and agreed to contribute RMB1 million each year from 2013 to 2017. The fund is devoted to care for people working in the automobile industry and support talent development.

We also provide customer services and training to our dealer customers in order to help them fully utilize the potential of our EP platform and applications on our taoche.com website and foster customer loyalty.

Customers

Our customers consist primarily of automobile dealers and automakers that use one or more of our services, including EP platform, applications on our taoche.com website, advertising and digital marketing solutions. There are more automobile dealer customers because dealerships tend to be more geographically dispersed and smaller in size as compared to automakers. Our EP platform and applications on our taoche.com website have a diverse customer base. No single dealer accounts for a material portion of our revenues, while revenues from automaker customers are generally more concentrated due to the relatively small number of automaker customers and the large amounts of their contracts with us. In 2012, 2013 and 2014, revenues from the top three customers in each period accounted for approximately 13.9%, 12.2% and 8.6%, respectively, of our total revenues. No single customer accounted for more than 5% of our total revenues in 2014. In addition, we also generate revenues indirectly from our automaker customers in the form of performance-based rebates. When we place advertisements on behalf of our automaker customers, we usually receive performance-based rebates from media vendors, which equal a percentage of qualifying payments for the advertising space purchased and utilized by our customers.

Customers of each type of services

The following summary illustrates the customers of our advertising services, dealer subscription and listing services, and digital marketing solutions. Considering the similarities between the customers of our bitauto.com advertising business, our EP platform business and our taoche.com business, the following summary is not presented according to business segment.

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Advertising customers. We have a broad base of advertising customers. The combination of a large and purchase-minded visitor base and comprehensive automotive content has attracted most of China's major automakers to place advertisements on our *bitauto.com* and *taoche.com* websites. Of the approximately 82 automakers in China, consisting of international and Chinese automobile manufacturers and their joint ventures, 76 placed advertisements on our *bitauto.com* website in 2014. We consider each joint venture between Chinese and international automotive manufacturers as a unique automaker because each joint venture operates independently in China and is kept separate from the joint venture partners. In addition to automobile listings through our EP platform or applications on our *taoche.com* website, many automobile dealers also place advertisements on our *bitauto.com* and *taoche.com* websites. In 2014, over 4,800 new automobile dealers placed advertisements on our *bitauto.com* website and over 700 used automobile dealers placed advertisements on our *taoche.com* website.

Dealer services customers. We have established a large customer base for our dealer services. We had over 21,000 EP platform paying new car dealer subscribers and over 9,000 used car customers in 2014. We enter into a service agreement with each EP platform subscriber, the terms of which generally range from several months to one year. The agreement has no renewal provision or provision for EP platform subscribers to terminate the agreement without cause. Under these service agreements, we have the right to require EP platform or used car customers to revise their information to be published through our EP platform or applications on our *taoche.com* website, respectively, if the information violates applicable laws. Each EP platform or used car customer is obligated to ensure the legitimacy, timeliness and accuracy of its listing information and is liable to any consumers who incur losses resulting from the subscriber's failure to provide such updated and accurate information.

Digital marketing solutions customers. Our digital marketing solutions customers include many well-known automakers in China. We enter into internet marketing service agreements with these automakers, the terms of which are generally one year though some automakers have been our customers for many years, even in the absence of a multi-year agreement. In 2013, our digital marketing solutions business had 33 automaker customers, 25 of which remained our customers in 2014. As of December 31, 2014, the number of our automaker and auto-related customers increased to 41. On behalf of these automaker customers, we placed RMB1.14 billion (US\$183.1 million) of online automotive advertisements in 2014, including those placed on our own websites.

Customers of each business segment

Our bitauto.com advertising business. Both automakers and dealers place advertisements on our *bitauto.com* website. For the year ended December 31, 2014, we had 76 advertising automaker customers and over 4,800 advertising dealer customers.

Our EP platform business. Subscribers to our EP platform are mostly new automobile dealers. For the year ended December 31, 2014, we had over 21,000 subscribers on our EP platform.

Our taoche.com business. Both automakers and used car sellers place advertisements on our *taoche.com* website or use our listing and subscription services. For the year ended December 31, 2014, we had over 9,000 used car customers and over 700 advertising customers on our *taoche.com* website.

Our digital marketing solutions business. Customers of our digital marketing solution business are mostly automakers. For the year ended December 31, 2014, our digital marketing solutions business had 41 automaker and auto-related customers, among which 25 were recurring customers from 2013.

Competition

We face competition in each line of our services:

- Our bitauto.com advertising business and EP platform business face competition from many market participants. With respect to our new automobile advertising services, we face competition from China's automotive vertical websites, such as *pcauto.com.cn* and *autohome.com.cn*, as well as the automotive channels of major portals and traditional forms of media, and recently from social networking websites and internet video websites. Competition with other websites is primarily centered on website traffic and brand recognition among general internet users, spending by automakers and automobile dealers, and customer retention and acquisition. With respect to our new automobile dealer subscription services, we also face competitions from China's automotive vertical website, such as *pcauto.com.cn* and *autohome.com.cn* in terms of automobile inventory, timeliness and accuracy of automobile pricing and promotional information and website traffic.
- Our taoche.com business faces competition from other used automobile websites as well as other websites and media that publish used automobile information in China. The parameters of competition are similar to those of our bitauto.com advertising business, except that the competition for our taoche.com business is more focused on the size of used automobile inventory and market penetration among used car customers.
- Our digital marketing solutions business faces competition from other internet marketing service providers in China. We face competition from the digital marketing business of well-established international advertising agencies such as Dentsu and WPP as well as local agencies that specialize in providing online marketing services, including AllYes Online Media, Hylink Advertising and Beijing Catch Stone Advertising. In the automotive industry, we not only compete for customers, but also compete in terms of advertisement design, relationships with media vendors, and the quality, breadth, pricing and effectiveness of services.

Regulation

The following is a summary of the significant regulations or requirements that affect our business activities in China or our shareholders' rights to receive dividends and other distributions from us.

Regulations on Value-added Telecommunications Business

Our internet content services are regarded as telecommunications services, which are primarily regulated by the Ministry of Industry and Information Technology. Under the Telecommunications Regulations of the PRC, telecommunications businesses are divided into two categories, namely (i) the "basic telecommunications business," which refers to the business of providing public network infrastructure, public data transmission and basic voice communications services, and (ii) "value-added telecommunications business," which refers to the telecommunications and information services provided through the public network infrastructure. Internet data processing service business is listed under the first category of the value-added telecommunications business.

Regulations on Internet Information Services

BBIT operates *www.bitauto.com*, *www.bitcar.com* and *www.taoche.com* and other websites to provide internet information services for China's automotive industry. Internet information services in China are primarily regulated by the Ministry of Industry and Information Technology. Pursuant to the applicable PRC regulations, to engage in commercial internet information services, the service providers shall obtain an ICP license. BBIT obtained its ICP license issued by Beijing Telecommunications Administration Department, effective until February 28, 2016, which permits BBIT to carry out commercial internet information services using the above-mentioned domain names. CIG is in the process of applying for a new ICP license with the competent governmental authority.

The PRC government regulates and restricts internet content in China to protect state security and ensure the legality of the internet content. Internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content services and the closure of the concerned websites. In addition, the Ministry of Industry and Information Technology has published regulations that subject website operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider to block any internet website at its sole discretion. From time to time, the Ministry of Public Security has stopped the dissemination over the internet of information which it believes to be socially destabilizing. The Ministry of Public Security has supervision and inspection rights in this regard. The National People's Congress has enacted legislation that may subject to criminal punishment in China any person who: (i) gains improper entry into a computer or system of strategic importance; (ii) disseminates politically disruptive information; (iii) leaks state secrets; (iv) spreads false commercial information; or (v) infringes intellectual property rights.

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Furthermore, the MIIT promulgated Certain Provisions on Regulating the Market Order of the Internet Information Service, or Circular 20, on December 29, 2011, which took effect on March 15, 2012. Any internet content services and any internet content related services within the territory of the PRC shall be conducted in accordance with Circular 20. According to Circular 20, internet information service providers shall neither collect user-related information or information which can identify users independently or in combination with other information, nor provide the aforesaid information to others, without users' approval or unless otherwise specified in the laws and regulations. In addition, internet information service providers shall not collect any information other than those necessary for them to provide services and shall not use users' personal information for purposes other than services provided. Where advertisements or other information windows unrelated to functions of terminal software pop out at user terminals, internet information service providers shall, in remarkable ways, provide users with functional signs to close or exit such windows. Any violation of the aforesaid requirements, internet information service providers may be subject to warnings, announcement to public and fines in the amount of RMB10,000 to RMB30,000 imposed by the competent telecommunications authorities.

Laws and regulations that apply to communications and commerce conducted over the internet are becoming more prevalent in China, and may impose additional burdens on companies conducting business online or providing internet-related services such as us. Increased regulation could negatively affect our business directly, as well as the businesses of our customers, which could reduce their demand for our services.

Regulations on Online Cultural Services

On February 17, 2011, the Ministry of Culture promulgated the Internet Culture Administration Tentative Measures, or the Internet Culture Measures, which became effective on April 1, 2011 and replaced the original measures promulgated in 2003 and amended in 2005. The Internet Culture Measures require ICP operators engaged in "internet culture activities" to obtain an internet cultural operating license from the provincial administration of culture. "Internet culture activities" includes, among other things, online dissemination of internet cultural products (such as audio-video products, gaming products, performances of plays or programs, works of art and cartoons) and the production, reproduction, importation, publication and broadcasting of internet cultural products. "Internet cultural activities" are defined as an act of provision of internet cultural products and related services, which includes: (i) production, duplication, importation, publishing, and broadcasting of the internet cultural products; (ii) online dissemination whereby cultural products are posted on the internet or transmitted via internet to client ends and internet-surfing service business premises, such as internet bars, such as computers, fixed line telephones, mobiles, television sets, games machines, for online users' browsing, reading, appreciation, use or downloading; and (iii) exhibition and competition of the internet cultural products. All entities engaging in commercial internet cultural activities must be approved by the Ministry of Culture. BBIT holds an internet culture operating license issued by the Ministry of Culture to provide internet cultural services, which will remain effective until April 21, 2016.

Regulations on Internet Publishing

The General Administration of Press and Publication and the Ministry of Industry and Information Technology jointly issued the Interim Provisions for the Administration of Internet Publishing, or the Internet Publishing Regulations, which became effective on August 1, 2002. The Internet Publishing Regulations authorize the General Administration of Press and Publication, or GAPP, to grant approval to all entities that engage in internet publishing. Pursuant to the Internet Publishing Regulations, the term "internet publishing" means the act of online spreading of articles, whereby the internet information service providers select, edit and process works created by themselves or others and subsequently post such works on the internet or transmit such works to the users' end via internet for the public to browse, read, use or download.

As an internet content provider, BBIT releases articles to the internet users on its websites. According to the above regulations, such acts may be deemed internet publishing. BBIT has applied for such publishing approval, and obtained an internet publishing permit from the GAPP in October 2012, which will remain effective until December 31, 2016. If we are deemed to be in breach of relevant internet publishing regulations, the PRC regulatory authorities may seize the related equipment and servers used primarily for such activities and any revenues generated from such activities would also be confiscated. In addition, relevant PRC authorities may also impose a fine of five to ten times of any revenues exceeding RMB10,000 or a fine in the amount of RMB10,000 to RMB50,000 if such related revenues are below RMB10,000.

Regulations on Internet News Releasing Service

In September 2005, the State Council Information Office and the Ministry of Industry and Information Technology jointly issued the Provisions for the Administration of Internet News Information Services, or Internet News Provision. Internet news information services shall include the publishing of news via internet, provision of electronic bulletin services on current and political events, and transmission of information on current and political events to the public. Under the Internet News Provision, the internet news service providers shall also include entities that are not established by news press but reproduce internet news from other sources, provide electronic bulletin services on current and political events, and transmit such information to the public. The Information Office of the State Council shall be in charge of the supervision and administration of the internet news information services throughout China. The counterparts of the Information Office of the State Council at the provincial level shall take charge of the supervision and administration of the internet news information services within their own jurisdiction.

As an internet content provider, we release information related the automotive industry to internet users. In the event that such activities are deemed to be internet news releasing services, we will be required to obtain an internet news releasing service license. However, we and our PRC counsel have consulted the relevant government authorities and have been informed that according to our service scale, we would not be required to obtain the internet news releasing license because we only post industry-related news produced by others and we do ourselves not edit or compose such news. On our websites, we clearly indicate our news sources. However, if any of the internet news posted on our website is deemed by the government to be political in nature, relate to macroeconomics, or otherwise require such license based on the sole discretion of the government authority, we would need to apply for such license. If we are deemed to be in breach of the Internet News Provision or other relevant internet news releasing regulations, the PRC regulatory authorities may suspend the illegal activities and impose a fine exceeding RMB10,000 but not more than RMB30,000. In serious cases, the PRC regulatory authorities may even suspend the internet service or internet access.

Regulations on Internet Audio-Video Programs and Radio and Television Program Production

The State Administration of Radio, Film and Television and the Ministry of Industry and Information Technology jointly issued the Administrative Measures Regarding Internet Audio-Video Program Services, or the Internet Audio-Video Program Measures, which became effective on January 31, 2008. The Internet Audio-Video Program Measures stipulate, among other things, that any entity that engages in the production, editing, integration, and provision to the public through the internet, of audio-video programs, and the provision of audio-video program uploading and transmission services, shall apply for an internet audio-video program operating license. To apply for the internet audio-video program operating license, the applicant shall be an entity wholly owned or controlled by state-owned enterprises, have sound technical measures for security protection, and meet other conditions set forth in the Internet Audio-Video Program Measures. However, according to the application procedures announced by the State Administration of Radio, Film and Television, non-State controlled websites which were established before promulgation of the Internet Audio-Video Program Measures and which are in compliance of the relevant PRC law may be granted with the license. BBIT has obtained an internet audio-video program operating license, which will remain effective until June 2016.

In addition to the internet audio-video program operating license, the internet audio-video program measures require that entities providing self-shot network play (film) services, online audio-video programs on hosting shows, interview shows and news reports shall also obtain an operating license for the production of radio and television program. Further, the State Administration of Radio, Film and Television issued the Administrative Regulations on the Production and Operation of Radio and Television Programs, effective as of August 20, 2004, which regulates, among other things, the production of special topic programs, special column programs, variety shows, automations, radio programs and television programs. An operating license for the production of radio and television program is required for an entity that engages in the production and operation of the above mentioned programs. Foreign investments in film and television program production companies are prohibited. Foreign investments in film and television program production projects are restricted and may only take the form of Sino-foreign cooperation. During our business operation, we also edit video clips and broadcast them online. Such activities may be deemed to be "internet movie producing." BBIT holds an operating license for the production of radio and television program, effective until June 11, 2016.

Regulations on Internet Mapping Services

Pursuant to the PRC regulations applicable to internet mapping services issued by the State Bureau of Surveying and Mapping, maps called and transmitted through wireless internet belong to internet maps. To provide internet mapping services, the provider shall apply for a Surveying and Mapping Qualification Certificate for Internet mapping with the competent surveying and mapping bureau. The PRC regulations also provide for certain conditions and requirements for issuing the Surveying and Mapping Qualification Certificate, such as the minimum amount of registered capital, the number of technical personnel and map security verification personnel, security facilities, and ISO9000 certification or approval from relevant provincial or municipal government. BBIT currently provides online traffic information inquiry services as well as internet map marking and inquiry services that allow users to locate automobile dealers. BBIT plans to expand its business in the future to include electronic mapping services that allow users to search driving routes and tourist spots. BBIT obtained a Surveying and Mapping Qualification Certificate for internet mapping in January 2011, effective until January 8, 2016.

Regulations on Foreign Investment in Telecommunications Enterprises

The PRC government imposes limitations on foreign ownership of PRC companies that engage in telecommunications-related business. Under the Administrative Rules for Foreign Investments in Telecommunications Enterprises, a foreign investor is currently prohibited from owning more than 50% of the equity interest in a PRC subsidiary that engages in value-added telecommunications business.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, among others, requires a foreign investor to set up a foreign-invested enterprise and obtain an operating permit in order to carry out any value-added telecommunications business in China. Under this circular, a domestic value-added telecommunications service operator that holds a value-added telecommunications license is prohibited from leasing, transferring or selling such license to foreign investors, and from providing any assistance in the form of resources, sites or facilities to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business of domestic operators must be owned by such domestic operators or their shareholders. The circular further requires each holder of value-added telecommunications license to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its value-added telecommunications license. In addition, all value-added telecommunications service operators are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. Due to a lack of interpretations from the regulator, it remains unclear what impact this circular would have on us.

We conduct our businesses in China primarily through contractual arrangements. BBII has contractual arrangements with BBIT, CIG and Beijing Easy Auto Media Company Limited, or BEAM and their respective shareholders. Shanghai Techuang Advertising Co., Ltd., or Techuang, has contractual arrangements with Beijing Yixin and its shareholder. BBIT holds a regional ICP license, which is one kind of value-added telecommunications licenses, to conduct internet information services in Beijing and currently owns, or otherwise has the legal right to use, all the domain names in connection with our business covered by its ICP license. BBIT owns all the trademarks used for its internet information services on its websites. CIG is in the process of applying for a new ICP license with the competent governmental authority. CIG generally owns the necessary domain names of the websites that CIG creates for, or maintains on behalf of, our customers, but CIG does not directly own all the trademarks used on its websites. Beijing Yixin is in the process of applying for a new ICP license with the competent governmental authority. Beijing Yixin generally owns the necessary domain names and trademarks used for its internet information services on its websites. There are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities may not take a view that the contractual arrangements by and among BBII, Techuang, BBIT, CIG, BEAM, Beijing Yixin and their respective shareholders are in violation of the PRC laws and regulations. If the PRC government finds that the contractual arrangements that establish the structure for operating our business do not comply with PRC law and regulations restricting foreign investment in the telecommunications business, we could be subject to severe penalties.

Regulations of Advertising Content

The PRC government regulates the content of advertisements through Advertisement Law promulgated on October 27, 1994 and other similar laws and regulations in China. PRC laws and regulations prohibit, among other things, false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are not permitted. Advertisements for tobacco may not be broadcast on television. Restrictions also exist regarding the advertisement of patented products and processes, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics. All advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, along with any other advertisements which are subject to censorship by administrative authorities according to relevant laws and administrative regulations, must be submitted to the relevant administrative authorities for content approval prior to dissemination.

Advertisers, advertising agencies and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they prepare or distribute is true and accurate and in full compliance with applicable law. In providing advertising services, advertising operators and advertising distributors must review the specified supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws, rules and regulations. Prior to distributing advertisements for items that are subject to government censorship and approval, advertising distributors must confirm that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the State Administration for Industry and Commerce, or SAIC, or its local branches may revoke violators' licenses or permits for their advertising business operations. Additionally, advertisers, advertising agencies or advertising distributors may be subject to civil liability if they infringe on the legal rights and interests of third parties in the course of their advertising business.

Pursuant to the local regulations issued by Beijing Administration for Industry and Commerce, or Beijing AIC, concerning online advertising, Beijing AIC shall be the government authority in charge of the administration of online advertising activities in Beijing. An internet information service provider that engages in the design, production and distribution of online advertisements shall file with the Beijing AIC for the record, and include such activities in its business license.

Limitations on Foreign Ownership in the Advertising Industry

The main regulations governing foreign ownership in the PRC advertising industry includes the Provisions on Administration for Foreign-invested Advertising Enterprises (as amended in 2008). The above regulations require that a foreign entity may invest directly in the PRC advertising industry only if it has at least two years of direct operations in the advertising industry outside of China. Since December 10, 2005, foreign investors have been permitted to directly own a 100% interest in advertising companies in China, but such foreign investors are required to be a company with advertising as its main business and to have at least three years of operations outside of China. PRC laws and regulations do not permit the transfer of any approvals, licenses or permits, including business licenses containing a scope of business that permits engaging in the advertising business.

The establishment of a foreign-invested advertising enterprise, by means of either a new establishment or equity acquisition of an existing domestic advertising company, is subject to examination by the SAIC or its branch at the provincial level and the issuance of an Opinion on the Examination and Approval of the Foreign-invested Advertising Enterprise Project. Upon obtaining such Opinion from the SAIC or its relevant branch, an approval from the Ministry of Commerce or its competent local counterparts is required before a foreign-invested advertising enterprise may apply for its business license. In addition, if a foreign-invested advertising enterprise intends to set up any branch, it must meet the requirements that (i) its registered capital has been fully subscribed and contributed and (ii) its annual advertising sales revenues are not less than RMB20 million.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents.

SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or Circular 37, issued by SAFE and effective in July 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing and conduct round trip investment in China. Under Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, and "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. Circular 37 requires that, before making contribution into an SPV, PRC residents or entities should complete foreign exchange registration with the SAFE or its local branch. Circular 37 further provides that option or share-based incentive tool holders of a non-listed SPV can exercise the options or share incentive tools to become a shareholder of such non-listed SPV, subject to registration with SAFE or its local branch. Circular 37 was issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or Circular 75.

PRC residents or entities who have contributed legitimate domestic or offshore interests or assets to SPVs but have yet to obtain SAFE registration before the implementation of Circular 37 must register their ownership interests or control in such SPVs with the SAFE or its local branch. An amendment to the registration is required if there is a material change involving the registered SPV, such as any change of basic information (including change of such PRC residents, change of name and operation term of the SPV), increases or decreases in investment amount, transfers or exchanges of shares or mergers or divisions. Failure to comply with the registration procedures set forth in Circular 37, misrepresent on or failure to disclose controllers of foreign-invested enterprise that is established through round-trip investment, may result in restrictions on the foreign exchange activities of the relevant foreign-invested enterprises, including payment of dividends and other distributions to its offshore parent company or affiliates and the capital inflow from the offshore parent company, and may also subject the relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

We conduct material businesses in China primarily through contractual arrangements with BBIT, CIG, BEAM, Beijing Yixin and their respective shareholders. The shareholders of both BBIT and CIG are Bin Li and Weihai Qu, holding 80% and 20% equity interests in each of BBIT and CIT. The shareholders of BEAM are Bin Li, Weihai Qu and Jingning Shao, holding 80%, 19% and 1% equity interests, respectively. After the completion of the capital increase of Beijing Yixin, Bin Li, Shenzhen Tencent Industry Investment Fund Co., Ltd., Beijing Jiasheng Investment Management Co., Ltd., as the shareholders of Beijing Yixin, will hold 55.7%, 26.6%, and 17.7% equity interests in Beijing Yixin, respectively. Prior to our initial public offering in 2010, all ultimate shareholders of our company who are PRC residents filed or updated their foreign exchange registrations with the Beijing Office of the State Administration of Foreign Exchange with respect to their direct or indirect holding of shares in our company. After our initial public offering, in December 2010, all of our ultimate shareholders who are PRC residents have amended the foreign exchange registration in accordance with Circular 75 to reflect the change of their shareholding in the company. In connection with the strategic investment by AutoTrader in November 2012, certain members of our management purchased an aggregate of 2.4% of our total outstanding shares from other existing shareholders. All of these management members who are PRC residents are in process of preparing relevant documents as required by the Beijing office of SAFE to amend their foreign exchange registration in accordance with Circular 37 to reflect the change in their shareholding in the company.

Regulations on Employee Stock Options Granted by Listed Companies

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, or Circular 7, to replace a previous circular. Circular 7 regulates the foreign exchange matters associated with employee stock incentive plans or similar plans permitted under applicable laws and regulations granted to PRC residents by companies whose shares are listed on offshore stock exchanges. Pursuant to Circular 7, all PRC residents participating in share incentive plans of offshore listed companies shall, through their employers, jointly retain qualified PRC agents to register with SAFE. PRC residents for this purpose include PRC nationals or foreign citizens who have been residing in the PRC consecutively for not less than one year, acting as directors, or employees of PRC entities affiliated with such offshore listed companies. The foreign exchange proceeds received by PRC residents from sale of shares under share incentive plans granted by offshore listed companies must be remitted back to bank accounts located in China opened by their employers or PRC agents.

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In 2006, 2010 and 2012, our board of directors adopted the 2006 Plan, the 2010 Plan and the 2012 Plan, respectively, pursuant to which, we may issue employee stock options to our qualified employees and directors on a regular basis. We have granted employee stock options and incentive shares within the scope noted in the application documents which were filed with the Beijing office of the State Administration of Foreign Exchange at the time of our initial public offering in 2010. We have advised our employees and directors participating in the Stock Incentive Plan to handle foreign exchange matters in accordance with Circular 7. However, we cannot assure you that our PRC individual beneficiary owners and the stock options holders who are PRC residents can successfully register with the State Administration of Foreign Exchange in full compliance with Circular 7. The failure of our PRC individual beneficiary owners and the stock options holders to complete their registration pursuant to Circular 7 and other foreign exchange requirements may subject these PRC residents to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us or otherwise materially adversely affect our business.

Further, a notice concerning the individual income tax on earnings from employee stock options, jointly issued by the Ministry of Finance and the State Administration of Taxation, and its implementing rules provide that domestic companies that implement employee share option programs shall (i) file the employee share option plans and other relevant documents to the local tax authorities having jurisdiction over them before implementing such employee share option plans; (ii) file share option exercise notices and other relevant documents to the local tax authorities having jurisdiction over them before exercise by the employees of the share options, and clarify whether the shares issuable under the employee share options mentioned in the notice are the shares of publicly listed companies, and (iii) withhold taxes from the PRC employees in connection with the PRC individual income tax.

SPV Regulation and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including China Securities Regulatory Commission, or the CSRC, promulgated a regulation entitled Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the SPV Regulation, which took effect on September 8, 2006 and was amended on June 22, 2009. The SPV Regulation purports to require an offshore "special purpose vehicle" to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, and under the SPV Regulation, "special purpose vehicle" is defined as an offshore company directly or indirectly controlled by PRC domestic companies or individuals for the purposes of listing the equity interests in PRC companies on overseas stock exchanges. On September 21, 2006, the CSRC published on its official website the procedures regarding its approval of overseas listings by special purpose vehicles. The approval procedures require the filing of a number of documents and would take several months. However, it remains unclear whether the SPV Regulation and the requirement of the CSRC approval apply. Up to the date of this annual report, the CSRC has not issued any rules or written interpretation clarifying whether offerings like our initial public offering in November 2010 and follow-on public offering in 2013 are subject to this new procedure.

Employment Laws

We are subject to laws and regulations governing our relationship with our employees, including wage and hour requirements, working and safety conditions, and social insurance, housing funds and other welfare. The compliance with these laws and regulations may require substantial resources.

China's National Labor Law, which became effective on January 1, 1995, and China's National Labor Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012, permit workers in both state-owned and private enterprises in China to bargain collectively. The National Labor Law and the National Labor Contract Law provide for collective contracts to be developed through collaboration between the labor union (or worker representatives in the absence of a union) and management that specify such matters as working conditions, wage scales, and hours of work. The laws also permit workers and employers in all types of enterprises to sign individual contracts, which are to be drawn up in accordance with the collective contract. The National Labor Contract Law has enhanced rights for the nation's workers, including permitting open-ended labor contracts and severance payments. The legislation requires employers to provide written contracts to their workers, restricts the use of temporary labor and makes it harder for employers to lay off employees. It also requires that employees with fixed-term contracts be entitled to an indefinite-term contract after a fixed-term contract is renewed twice or the employee has worked for the employer for a consecutive ten-year period.

Regulations on Foreign Currency Exchange

Pursuant to applicable PRC regulations on foreign currency exchange, Renminbi is freely convertible only to the extent of current account items, such as trade-related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from the SAFE or its local branch for conversion of Renminbi into a foreign currency, such as U.S. dollars. Payments for transactions that take place within the PRC must be made in Renminbi. Domestic companies or individuals can repatriate foreign currency payments received from abroad, or deposit these payments abroad subject to the requirement that such payments be repatriated within a certain period of time. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks. Foreign currencies received for current account items can be either retained or sold to financial institutions that have foreign exchange settlement or sales business without prior approval from the SAFE or its local branch, subject to certain regulations. Foreign exchange income under capital account can be retained or sold to financial institutions that have foreign exchange settlement and sales business, with prior approval from the SAFE or its local branch, unless otherwise provided.

In addition, another notice issued by the SAFE, or Circular 142, regulates the conversion by foreign-invested enterprises of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Circular 142 requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the relevant government authority and may not be used to make equity investments in PRC, unless specifically provided otherwise. The SAFE further strengthened its oversight over the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested enterprise. The use of such Renminbi may not be changed without approval from the SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. On July 4, 2014, the SAFE promulgated Circular 36 regarding the pilot administration on the settlement of the foreign currency-denominated capital of foreign-invested enterprises in certain designated areas from August 4, 2014. Circular 36 allows enterprises established within those designated areas to use the RMB converted from their foreign currency-denominated capital for equity investments in the PRC. On March 30, 2015, the SAFE promulgated Circular 19, which will relax certain restrictions for all foreign-invested enterprises established in the PRC. Circular 19 will take effect and replace both Circular 142 and Circular 36 on June 1, 2015. However, restrictions will continue to apply as to the use of the RMB converted from the foreign currency-denominated capital beyond the approved business scope. Any violation of relevant foreign exchange circulars and rules may result in severe penalties, including substantial fines. If our structured entities require financial support from us or our wholly owned subsidiary in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our structured entities' operations will be subject to statutory limits and restrictions, including those described above.

Regulations on Dividend Distribution

Under applicable PRC laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund statutory reserve funds unless these reserves have reached 50% of the registered capital of the respective enterprises. Foreign-invested enterprises are also required to set aside funds for the employee bonus and welfare fund from their after-tax profits each year at percentages determined at their sole discretion. These reserves are not distributable as cash dividends.

PRC Enterprise Income Tax Law

On March 16, 2007, China passed a new Enterprise Income Tax Law, or the EIT Law, and its implementing rules, both of which became effective on January 1, 2008. Under the EIT Law, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% and enterprises identified as key high-and-new-technology enterprises supported by the state enjoy a preferential enterprise income tax rate of 15%. An enterprise established outside of China with its "de facto management bodies" located within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

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The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled offshore incorporated enterprise is located in China, which include all of the following conditions: (a) the location where senior management members responsible for an enterprise’s daily operations discharge their duties; (b) the location where financial and human resource decisions are made or approved by organizations or persons; (c) the location where the major assets and corporate documents are kept; and (d) the location where more than half (inclusive) of all directors with voting rights or senior management have their habitual residence. In addition, the SAT issued a bulletin on July 27, 2011, effective September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by PRC or foreign individuals.

Due to the short history of the EIT law and lack of applicable legal precedents, it remains unclear how the PRC tax authorities will determine the PRC tax resident treatment of a foreign company such as us. If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations; second, the EIT Law provides that dividends paid between “qualified resident enterprises” are exempt from enterprise income tax. However, it is unclear whether the dividends our holding companies receive from BBII will constitute dividends between “qualified resident enterprises” and would therefore qualify for tax exemption, because the definition of qualified resident enterprises is unclear and the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes; third, if the competent PRC tax authorities consider dividends we pay with respect to our ADSs or ordinary shares and the gains realized from the transfer of our ADSs or ordinary shares income derived from sources within the PRC, such dividends and gains earned by our non-PRC resident enterprise investors may be subject to PRC enterprise income tax at a rate of 10% and such dividends and gains earned by non-PRC resident individuals may be subject to PRC individual income tax at a rate of 20%. In addition, it is unclear whether, if we were considered a PRC resident enterprise, our non-resident investors would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises,” or non-resident investors, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends are derived from sources within the PRC. The State Council of the PRC or a tax treaty between China and the jurisdictions in which the non-PRC investors reside may reduce such income tax. Pursuant to the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the State Administration of Taxation, if the Hong Kong resident enterprise owns more than 25% of the equity interest in a company in China within 12 months immediately prior to obtaining dividends from such company and is determined by the competent PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and other applicable PRC laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise received from such company in China is reduced to 5%. If our Hong Kong subsidiary is considered as a Hong Kong resident enterprise under the Double Tax Avoidance Arrangement and is considered as a “non-resident enterprise” under the EIT Law and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements, then the dividends paid to it by BBII may be subject to the reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Comprehension and Recognition of Beneficial Owner in Tax Treaties issued on October 27, 2009 by the State Administration of Taxation, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

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In January 2009, the State Administration of Taxation promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises, or the Measures, pursuant to which, the entities which have the direct obligation to make the following payment to a non-resident enterprise shall be the relevant tax withholding agents for such non-resident enterprise, and such payment includes: income from equity investment (including dividends and other return on investment), interest, rents, royalties, and income from assignment of property as well as other income subject to enterprise income tax received by non-resident enterprises in China. Further, the Measures provide that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment shall, by itself or engage an agent to, file tax declaration with the PRC tax authority located at the place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise.

On April 30, 2009, the Ministry of Finance and the SAT jointly issued the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or Circular 59. On December 10, 2009, the SAT issued Circular 698. Both Circular 59 and Circular 698 became effective retroactively as of January 1, 2008. By promulgating and implementing these two circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. Under Circular 698, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposing the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in certain low tax jurisdictions, the non-resident enterprise, being the transferor, shall report the Indirect Transfer to the competent tax authority of the PRC “resident enterprise.” The PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10%. Circular 698 may be determined by the tax authorities to be applicable to our future disposition of equity interests in certain non-resident holding companies that hold an equity interest in any of our PRC subsidiaries, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may become at risk of being taxed under Circular 698 and may be required to expend valuable resources to comply with Circular 698 or to establish that we should not be taxed under Circular 698, which may have a material adverse effect on our financial condition and results of operations.

Beijing Bitauto Internet Information Company Limited, or BBII, was granted a five year tax holiday in 2007 and was eligible to enjoy the grandfathering treatments such as a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax under the Circular Guofa [2007] No. 39, or Circular 39. In December 2008, BBII was designated by the Beijing Municipal Science and Technology Commission as “High and New Technology Enterprise” under the EIT Law and received the High and New Technology Enterprise certificate jointly issued by the Beijing Municipal Science and Technology Commission, Beijing Finance Bureau, and Beijing State and Local Tax Bureaus.

On April 21, 2010, the State Administration of Taxation of China, or SAT, issued a Circular on Further Clarification Concerning the Implementation Standards of Corporate Income Tax Incentives in Grandfathering Period, or Circular 157, stating that enterprises recognized as “high and new technology enterprises strongly supported by the state” and eligible to enjoy the grandfathering treatments such as a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax under Circular 39, may choose the reduced tax rate of 15% applicable to “high and new technology enterprises strongly supported by the state” or the tax exemption/reduction based on the tax rates in the grandfathering period as stated in Circular 39. Enterprises are not allowed the 50% reduction based on the preferential tax rate for “high and new technology enterprises strongly supported by the state” of 15%. Circular 157 applies retroactively from January 1, 2008.

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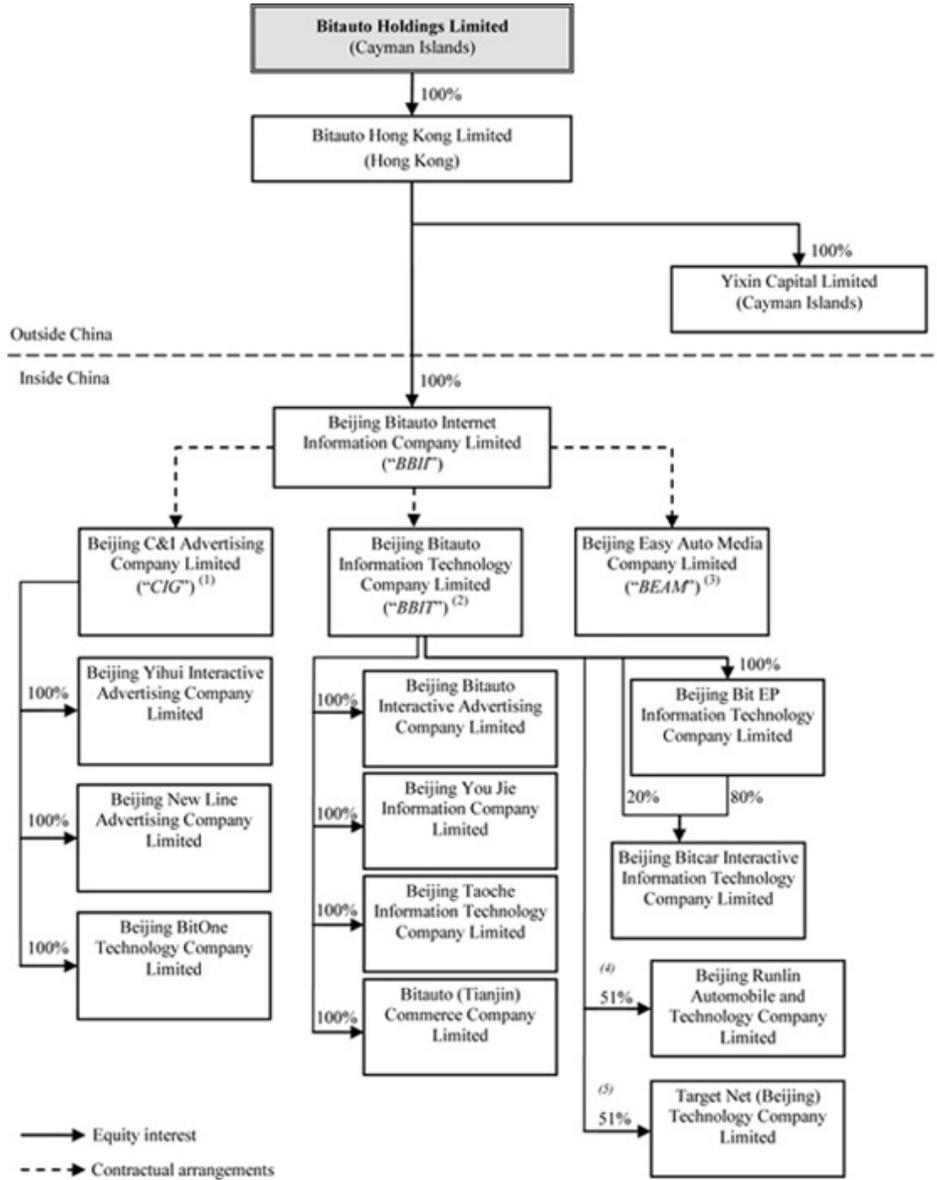
Circular 157 was previously determined to be applicable to BBII in prior years and therefore, the applicable income tax rate was 10% and 11% for 2009 and 2010, respectively. In 2011, it was determined that BBII was not within the scope of Circular 157 and therefore, was eligible for the 50% reduction based on the preferential tax rate for “high and new technology enterprises strongly supported by the state” of 15%. Therefore, the applicable income tax rate was 7.5% for the years ended 2009, 2010 and 2011. In October 2011 and 2014, BBII successfully renewed its “High and New Technology Enterprise” status for another three years and will be able to enjoy a preferential income tax rate of 15%, as long as it maintains its qualification and continues to meet relevant requirements as a “High and New Technology Enterprise.” In December 2011, Beijing Bit EP Information Technology Company Limited, or Bit EP, was qualified as a “software enterprise” and will enjoy a two-year exemption from enterprise income tax followed by a three-year half reduction of enterprise income tax from the first fiscal year when Bit EP becomes profitable since December 2011. A notice issued by the relevant Beijing governmental authority in April 2013 requires enterprises established after January 1, 2011 with “software enterprise” qualification, like Bit EP, to re-apply for such qualification in accordance with requirements under the New Software Enterprise Measure issued by relevant PRC authority in February 2013. Bit EP obtained the “software enterprise” qualification under the New Software Enterprise Measures in May 2013. In December 2013, Target Net was qualified as a “High and New Technology Enterprise” under the EIT law and it will enjoy a preferential income tax rate of 15% for the year ended December 31, 2015 as long as Target Net maintains its qualification and continues to meet the relevant requirements as a “High and New Technology Enterprise.” If BBII, Bit EP or Target Net fails to maintain its qualification, their applicable EIT rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

Regulations on Concentration in Merger and Acquisition Transactions

The M&A Rule established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered. According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. Although we have no current plans to make any acquisitions, we may elect to grow our business in the future in part by directly acquiring complementary businesses in China. Complying with these requirements could affect our ability to expand our business or maintain our market share. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Recently enacted regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.”

C. Organizational Structure

The following diagram illustrates our corporate structure of principal operating entities as of the date of this annual report:



- (1) Bin Li and Weihai Qu hold 80% and 20% equity interests in CIG, respectively.
- (2) Bin Li and Weihai Qu hold 80% and 20% equity interests in BBIT, respectively.
- (3) Bin Li, Jingning Shao and Weihai Qu hold 80%, 1% and 19% equity interests in BEAM, respectively.
- (4) Beijing Runlin Automobile and Technology Company Limited is 51% owned by BBIT and 49% owned by an entity unrelated to us.
- (5) Target Net (Beijing) Technology Company Limited is 51% owned by BBIT and 49% owned by individuals unrelated to us.

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D. Property, Plants and Equipment

Our headquarters are located in Beijing, China, where we lease office spaces in two office buildings with a combined area of approximately 11,836 square meters as of December 31, 2014. We enter separate leases for individual floors, group of rooms or individual rooms in these buildings. Our leases in Beijing generally have terms from one to five years and may be renewed upon expiration of the lease terms. We generally make monthly rental payments. In addition, we lease office spaces in 68 other cities across China for our subsidiaries and branch offices.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this annual report.

Overview

We are a leading provider of internet content and marketing services for China's fast-growing automotive industry. In 2014, our businesses were managed in four segments, namely, bitauto.com advertising business, EP platform business, taoche.com business and digital marketing solutions business. Our bitauto.com advertising business offers automakers and dealers a variety of advertising services through our bitauto.com website, and mobile applications, which provide consumers with comprehensive up-to-date new automobile pricing and promotional information, specifications, reviews and consumer feedback. Our EP platform business provides web-based and mobile-based integrated digital marketing solutions in China. The platform enables dealer subscribers to create their own online showrooms, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of purchase-minded customers and effectively market their automobiles to consumers online. From 2014, we have started providing automobile customers with additional value-added services, including our automobile transactions, CRM and automotive financing services, which are intended to optimize automobile purchase experience and facilitate completion of transactions. Our taoche.com business provides listing services to used automobile dealers that enable them to display used automobile inventory information on the taoche.com website, mobile applications and partners. We also provide advertising services to automakers with certified pre-owned automobile programs and used automobile dealers on our taoche.com website. Our digital marketing solutions business provides automakers with one-stop digital marketing solutions, including website creation and maintenance, online public relations, online marketing campaigns and advertising agent services.

The majority of our revenues are from the following sources:

- advertising fees from our *bitauto.com* website through selling advertisements to automakers and dealers;
- EP platform subscription fees;
- advertising fees from our *taoche.com* website through selling advertisements mainly to automakers with certified pre-owned automobile programs and dealers;
- dealer listing and subscription fees from taoche.com;
- service fees paid for our integrated one-stop digital marketing solutions, which include website creation and maintenance, online advertising agent services, public relations and marketing campaigns; and
- performance-based rebates from our media vendors.

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Our business has experienced rapid growth in the past few years. As a result, we need to adjust our business segmentation to better present our results of operations. Prior to 2013, we managed businesses in three segments, namely, bitauto.com business, taoche.com business and digital marketing solutions business. From 2013 to 2014, our EP platform business was added as a new segment. Starting from the first quarter of 2015, our taoche.com business will be consolidated into our advertising business and EP platform business and will not be reported as a separate segment. Therefore, we will report three business segments in 2015, which are our advertising business, our EP platform business, and our digital marketing solutions business.

Revenues were RMB1.06 billion, RMB1.44 billion and RMB2.46 billion (US\$396.3 million) in 2012, 2013 and 2014, respectively. In 2014, revenues from our bitauto.com advertising, EP platform, taoche.com and digital marketing solutions businesses accounted for 49.3%, 35.3%, 1.0% and 14.4% of our total revenues, respectively. We had profits of RMB135.2 million, RMB241.2 million and RMB489.1 million (US\$78.8 million) in 2012, 2013 and 2014, respectively. The increase in our profit in 2013 and 2014 were primarily attributable to our business scalability and management efficiency.

Factors Affecting Our Results of Operations

We believe the following factors have had, and will continue to have, a significant effect on our results of operations.

Development of China's automotive industry. We rely on China's automotive industry for substantially all of our revenues, which we generate from providing internet content and marketing services to automakers and dealers. We have greatly benefited from the rapid growth of China's automotive industry during the past few years. China's automotive industry is still at an early stage of development and remains subject to many uncertainties, including the general economic conditions in China and around the world, the growth of disposable household income and the availability and cost of credit available to finance automobile purchases, taxes and other incentives or disincentives related to automobile purchases and ownership, environmental concerns and measures taken to address these concerns, and cost of energy including gasoline price. We believe that the auto industry in China will face challenges, as government subsidies to promote auto sales are phased out and major cities such as Beijing introduce traffic control policies that will restrict new auto purchases. Adverse changes to the development of China's automotive industry would likely reduce the demand for our services.

Growth in online advertising spending by China's automobile dealers and automakers. With the continuing growth of internet usage in China, the internet has become an increasingly important marketing and advertising channel to China's automotive industry. We believe we will continue to benefit from the growth in online advertising spending by automotive dealers and automakers in China.

Market penetration of our bitauto.com advertising business. Revenues from our bitauto.com advertising business are directly affected by the amount of advertisements placed by automobile customers on our bitauto.com website. Our business and results of operations will depend significantly on our ability to grow our customer base, including expanding our services into new geographic areas and providing additional services to our existing customers. In addition, the content offerings and the attractiveness of our consumer-facing websites may significantly impact the traffic of automotive consumers to our bitauto.com website, which in turn would affect automotive advertisers' spending on our bitauto.com website. Finally, we believe our automotive content's broad consumer reach achieved through our own automotive vertical websites and our partners is also a factor considered by our automobile customers when choosing our subscription and value-added services.

Development of our EP platform business. Revenues from our EP platform business are directly affected by the number of subscribers to our EP platform and the length of subscriptions. Since 2014, we have started providing automobile customers with additional value-added services, including our automobile transactions, CRM and automotive financing services. Since the businesses on EP platforms are relatively new in China and we are still exploring the best approaches to grow these businesses, we may need to invest additional resources to develop and market our new services.

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Development of China's used automobile market. Revenues from our taoche.com business currently constitute a small portion of our total revenues. We believe our taoche.com business would benefit from the long-term growth of China's used automobile market though in the near term, the used car market is still relatively small compared to the new automobile market. The operating results of our taoche.com business depend greatly on the continuing advertising spending on our taoche.com website and increasing use of our listing and subscription services by automakers and dealers.

Expansion of customer base for our digital marketing solutions business. We have a limited number of automaker customers for our digital marketing solutions business. We anticipate that a small number of automakers will continue to represent a significant percentage of revenues for our digital marketing solutions business in the near future. The amount of advertising spending by these automaker customers, the addition of new automaker customers and/or the loss of any existing automaker customers will each have a direct impact on the revenues of our digital marketing solutions business and our total revenues.

Key Components of Results of Operations

Revenues

In 2014, we generated total revenues of RMB2.46 billion (US\$396.3 million). The following table sets forth our revenues derived from each of our business segments, both in an absolute amount and as a percentage of total revenues for the periods presented.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US\$	%
	(In thousands, except percentages)						
bitauto.com advertising business	482,399	45.6	722,103	50.2	1,211,223	195,215	49.3
EP platform business*	358,174	34.0	489,820	34.0	867,648	139,839	35.3
taoche.com business	21,624	2.0	21,709	1.5	25,032	4,034	1.0
Digital marketing solutions business	194,709	18.4	205,700	14.3	355,035	57,221	14.4
Total revenues	<u>1,056,906</u>	<u>100.0</u>	<u>1,439,332</u>	<u>100.0</u>	<u>2,458,938</u>	<u>396,309</u>	<u>100.0</u>

Notes:

* The revenues generated from EP platform in 2012 and previous years were included in the revenues generated from bitauto.com advertising business. Starting from January 1, 2013, EP platform business became a separate business segment.

Our bitauto.com advertising business

Revenues from our bitauto.com advertising business accounted for 45.6%, 50.2% and 49.3% of our total revenues in 2012, 2013 and 2014. We generate revenues through our *bitauto.com* website by providing advertising services to automakers and dealers. We generate advertising revenues from our bitauto.com website through selling advertisements to automakers and dealers. We provide text-based, banner, video and rich media advertisements on our bitauto.com website. Of the approximately 82 automakers in China and their joint ventures (consisting of international and Chinese automobile manufacturers with annual sales volume of more than 19.7 million passenger automobiles) 76 placed advertisements on our *bitauto.com* website in 2014. With increasing internet usage in China, we expect that the online advertising spending by automobile customers will continue to grow and our *bitauto.com* website will continue to benefit from such growth.

Our EP platform business

We provide our new automobile dealer subscription services through our proprietary EP platform, which enables our customers to manage their online marketing efforts via a web browser-based interface developed by us while we maintain the core software and databases. Our EP platform became a separate business segment in 2013. From 2014, we have started providing to automobile customers additional value-added services including our automobile transactions, CRM and automotive financing services, which are intended to optimize automobile purchase experience and facilitate completion of transactions.

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We generate revenues from new automobile dealer subscription services by charging EP platform subscribers a subscription fee. We had 9,900, 13,612 and over 21,000 EP platform subscribers in 2012, 2013 and 2014, respectively. Our revenues from new automobile dealer subscription services were RMB358.2 million, RMB489.8 million and RMB867.6 million (US\$139.8 million) in 2012, 2013 and 2014, respectively, representing 34.0%, 34.0% and 35.3% of our total revenues in the respective periods.

Our taoche.com business

Revenues from our taoche.com business accounted for 2.0%, 1.5% and 1.0% of our total revenues in 2012, 2013 and 2014, respectively. We generate revenues from our taoche.com website by providing advertising services to automobile dealers and automakers and providing listing and subscription services to used automobile customers through our proprietary applications on our taoche.com website. Customers pay fees each time they use our applications on our taoche.com website. Our revenues from used automobile listing services were RMB5.3 million, RMB2.0 million and RMB3.1 million (US\$0.5 million) in 2012, 2013 and 2014, respectively. Our taoche.com website also generates advertising revenues through selling advertisements, including text-based, banner and rich media advertisements to used automobile dealers and automakers with certified pre-owned automobile programs. Most of China's automakers with certified pre-owned automobile programs, as well as a significant number of used automobile dealerships, have been placing advertisements on our taoche.com website. Our revenues from advertising services on our taoche.com website were RMB16.3 million, RMB19.7 million and RMB22.0 million (US\$3.5 million) in 2012, 2013 and 2014, respectively, representing 1.5%, 1.4% and 0.9% of our total revenues in the respective periods. We expect that China's used automobile market will continue to grow and the number of used automobiles listed on our taoche.com website for sale and the number of customers of our used automobile listing services will likewise increase. A number of automakers in China are increasingly promoting their certified pre-owned automobiles and allocating more of their advertising budgets to establish their certified pre-owned automobile brands. We believe our taoche.com business could benefit from the growth of China's used automobile market.

Our digital marketing solutions business

Revenues from our digital marketing solutions business accounted for 18.4%, 14.3% and 14.4% of our total revenues in 2012, 2013 and 2014, respectively. We derive our revenues from the service fees paid by our customers, principally automakers, for the digital marketing solutions we provide, which include website creation and maintenance, online public relations, online marketing campaigns and advertising agent services. In addition, we receive performance-based rebates from media vendors for our online advertising agent services, which are usually a percentage of the purchase price for qualifying advertising space purchased by our customers.

Cost of Revenues

Cost of revenues for our bitauto.com advertising business, EP platform business and taoche.com business mainly includes fees paid to our partners to distribute our dealer customers' automobile pricing and promotional information, bandwidth leasing fees, salaries and benefits for employees directly involved in revenue generation activities, equipment depreciation, intangible assets amortization, purchase of devices, direct service cost, business taxes, and tax related surcharges. Cost of revenues for our digital marketing solutions business mainly includes direct service cost, salaries and benefits for employees directly involved in revenue generation activities, bandwidth leasing fees, business taxes, and tax related surcharges.

The following table sets forth our cost of revenues in each of our business segments, both as an absolute amount and as a percentage of total revenues, for the periods indicated.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US\$	
	(In thousands, except percentages)						
Total revenues	1,056,906	100.0	1,439,332	100.0	2,458,938	396,309	100.0
Cost of revenues:							
bitauto.com advertising business	71,549	6.8	94,469	6.6	205,067	33,051	8.3
EP platform business	90,040	8.5	105,023	7.3	225,657	36,369	9.2
taoche.com business	38,541	3.6	32,951	2.3	16,126	2,599	0.7
Digital marketing solutions business	92,021	8.7	102,755	7.1	150,161	24,202	6.1
Total cost of revenues	292,151	27.6	335,198	23.3	597,011	96,221	24.3

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Selling and Administrative Expenses

Our selling and administrative expenses primarily consist of the following:

- salaries and benefits for the sales and marketing personnel and administrative personnel;
- sales and marketing expenses we incurred to promote our brand image through marketing activities on search engines and navigation sites, and events such as automotive exhibitions and industry forums;
- office expenses for our daily operations, and traveling and communication expenses;
- operating lease expenses for our headquarters in Beijing and office space in various other cities;
- share-based payments mainly arising from our share incentive plans;
- provision for bad debts;
- depreciation and amortization; and
- others that include stamp duties, training fees and delivery costs.

The following table sets forth our selling and administrative expenses, both as an absolute amount and as a percentage of total revenues for the periods indicated.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US\$	%
	(In thousands, except percentages)						
Total revenues	1,056,906	100.0	1,439,332	100.0	2,458,938	396,309	100.0
Selling and administrative expenses:							
Salaries and benefits	201,587	19.1	262,278	18.2	351,785	56,697	14.3
Sales and marketing expenses	235,380	22.3	334,503	23.2	598,075	96,392	24.3
Office expenses	38,974	3.7	41,413	2.9	50,236	8,097	2.0
Operating lease expenses	28,954	2.7	37,935	2.6	54,710	8,818	2.2
Share-based payments	13,286	1.3	19,386	1.3	57,104	9,203	2.3
Provision for bad debts	10,023	0.9	10,349	0.7	13,897	2,240	0.6
Depreciation and amortization	18,027	1.7	25,743	1.8	29,174	4,702	1.2
Others	11,124	1.1	17,262	1.2	20,706	3,337	0.8
Total selling and administrative expenses	557,355	52.8	748,869	51.9	1,175,687	189,486	47.7

Product Development Expenses

Our product development expenses mainly include the salaries and benefits for our product development employees. Our product development expenses were RMB53.8 million, RMB104.4 million and RMB148.1 million (US\$23.9 million) in 2012, 2013 and 2014, respectively, representing 5.1%, 7.3% and 6.0% of our total revenues in the respective periods.

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Taxation

The Cayman Islands

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Our subsidiary Bitauto Hong Kong Limited did not have assessable profits that were earned in or derived from Hong Kong during the years ended December 31, 2012, 2013 and 2014. Accordingly, we did not pay Hong Kong profit tax during these periods.

PRC

Under the Enterprise Income Tax Law, or EIT Law, and its implementation rules, enterprises established under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered to be PRC tax resident enterprises for tax purposes. We are a holding company incorporated in the Cayman Islands, which indirectly holds, through our Hong Kong subsidiaries, 100% of our equity interests in our subsidiaries in the PRC. Our business operations are principally conducted through our PRC subsidiaries and its structured entities and most of our directors and management staff are PRC nationals. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%. Further, the EIT Law and the implementation rules provide that an income tax rate of 10% may be applicable to China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent that is not a PRC resident enterprise, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, unless there are applicable treaties that reduce such rate. Under a special arrangement between China and Hong Kong, such dividend withholding tax rate is reduced to 5% if a Hong Kong resident enterprise owns more than 25% of the equity interest in the PRC company distributing the dividends and is determined by the competent PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and other applicable PRC laws. As our Hong Kong subsidiaries own 100% of our PRC subsidiaries, under the aforesaid arrangement, any dividends that our PRC subsidiaries pay our Hong Kong subsidiary may be subject to a withholding tax at the rate of 5% if our Hong Kong subsidiary is not considered to be a PRC tax resident enterprise as described below and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements. However, if our Hong Kong subsidiary is not considered to be the beneficial owners of such dividends under a tax notice promulgated on October 27, 2009 or is determined by the competent PRC tax authority not to have satisfied any other relevant condition or requirement, such dividends would be subject to the withholding tax rate of 10%.

The implementation rules of the EIT Law provide that (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10% if such shareholders are non-PRC resident enterprises or up to 20% if such shareholders are non-PRC resident individuals, and it is not clear whether the tax treaty benefit would be applicable in such cases.

See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders or ADS holders.” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— Under the EIT Law, we may be classified as a “resident enterprise” of China; such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and materially and adversely affect our results of operations and financial condition.”

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In November 2011, the PRC Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to value-added tax for certain industries, including, among others, transportation services, research and development and technical services, information technology services, and cultural and creative services. The VAT Pilot Program initially applied only to these industries in Shanghai, and has been expanded to eight additional provinces, including Beijing, Tianjin, Zhejiang Province (including Ningbo), Anhui Province, Guangdong Province (including Shenzhen), Fujian Province (including Xiamen), Hubei Province and Jiangsu province in 2012. The VAT Pilot Program has been rolled out to the whole country since August 1, 2013.

For the period immediately prior to the implementation of the VAT Pilot Program, revenues from our services are subject to a 5% PRC business tax. Our entities have been subject to a 6% value-added tax since the respective effective time of the VAT Pilot Program for our services that are deemed by the relevant tax authorities to be within the relevant industries.

For more information on PRC tax regulations, see “Item 4. Information on the Company—B. Regulation—PRC Enterprise Income Tax Law” and “Item 10. Additional Information—E. Taxation.”

Foreign Currency Exchange Difference

Our presentation currency is Renminbi. The functional currencies of our holding company, Bitauto Holdings Limited, and our wholly owned subsidiaries outside of China are the U.S. dollar and the Hong Kong dollar, while the functional currency of our PRC subsidiaries and structured entities is the Renminbi. We recognize exchange differences arising on the currency translation in other comprehensive income when we consolidate our holding company, wholly-owned Hong Kong subsidiaries and our PRC subsidiaries and structured entities.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with IFRS, as issued by the IASB, which requires us to make significant judgments, estimates and assumptions that effect (i) the reported amounts of assets and liabilities, (ii) disclosure of contingent assets and liabilities at the end of each reporting period, and (iii) the reported amounts of revenues and expenses during each reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application place significant demands on the judgment of our management. The following descriptions of our critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements, the risks and uncertainties described under “Risk Factors” and other disclosures included in this annual report.

Revenue Recognition

Consistent with the criteria of IAS 18, *Revenue*, we recognize revenue when the outcome of a transaction involving the rendering of services can be estimated reliably, by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to us; (iii) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. We assess our revenue arrangements against specific criteria in order to determine if we are acting as principal or agent. Value-added tax is deducted from revenues. We enter into transactions that may include website design, set-up, and maintenance services, and customer relationship management services. The commercial effect of each separately identifiable component of the transaction is evaluated in order to reflect the substance of the transaction. The consideration from these transactions is allocated to each separately identifiable component based on the relative fair value of each component. We determine the fair value of each component based on the selling price of the component if sold separately by us. The consideration allocated to each component is recognized as revenue when the revenue recognition criteria for that component have been met. The following is a description of revenue recognition criteria for each of our services provided:

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Advertising services. Revenues from advertising activities are recognized when the advertisements are published over the stated display period on our bitauto.com or taoche.com websites and when the collectability is reasonably assured. We also organize promotional events to help customers promote their products. We recognize revenue from organizing promotional events when the services have been rendered, and the collectability is reasonably assured. Revenues from advertising services are reported at a gross amount.

New automobile dealer subscription services. We provide web-based and mobile-based integrated digital marketing solutions and customer relationship management services to new car dealers. We make available throughout the subscription or listing period a proprietary platform linked to our website or media vendors' websites where automobile customers can manage their customer relationships, and publish information, such as the pricing of their automobiles, locations and addresses and other related information. The revenue is recognized on a straight-line basis over the subscription or listing period. Additionally, we provide customer relationship management services. The revenue is recognized when the services have been rendered and the collectability is reasonably assured. Revenues from dealer subscription and listing services are reported at a gross amount.

We invoice our customers based on the payment terms stipulated in the executed subscription agreements, which generally ranges from several months to one year. We record amounts received prior to revenue recognition in advances from customers, which is included in the other payables and accruals line item in our consolidated statements of financial position.

Used automobile listing and subscription services. We provide automobile listing and subscription services to used automobile dealers in China to help them effectively market their inventories to relevant consumers. These services include dealer listing, virtual call center through toll-free numbers provided by us, and online showroom setup. The revenues from used automobile listing and subscription services are recognized on a straight-line basis over the listing period. Revenues from used automobile listing and subscription services are reported at a gross amount.

Agent services. We receive commissions for assisting customers in placing advertisements on media vendor websites. The net commission revenue from advertising agent services is recognized when the advertisements are published over the stated display period, and when the collectability is reasonably assured. We also receive performance-based rebates from the media vendors, equal to a percentage of the purchase price for qualifying advertising space purchased and utilized by the customers we represent. However, we do not provide or receive any rebates when placing advertisements on our own websites. Revenue is recognized when the amounts of these performance-based rebates are probable and reasonably estimable. We also provide other services to assist customers, such as project-based services including public relations and marketing campaign, website design, setup and maintenance services. We recognize project-based services revenue when the services have been rendered, and the collectability is reasonably assured. Revenue from development services is recognized when the services have been rendered, which is once the design and setup of the website is complete, and the collectability is reasonably assured. Revenue for maintenance services is recognized ratably over the contract period.

Foreign currencies

Our presentation currency is the RMB. We and our subsidiaries and the structured entities individually determine their functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of us and our wholly owned subsidiaries outside of China are the U.S. dollar and the Hong Kong dollar, and the functional currency of PRC subsidiaries and the structured entities is the RMB. Since our operations are primarily denominated in the RMB, we have chosen the RMB as the presentation currency for the consolidated financial statements.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, time deposit, trade receivables, bills receivables, other receivables, other financial assets, trade payables, other payables and interest-bearing borrowing. The fair values of cash and cash equivalents, time deposit, trade receivables, bills receivables, other receivables, trade payables, other payables, and interest-bearing borrowing approximate their carrying amounts largely due to the short-term maturity of these instruments. The fair value of financial assets at fair value through profit or loss and available-for-sale investments is estimated using appropriate valuation techniques.

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Fair value measurement

We determine the policies and procedures for fair value measurements.

Independent appraisers are involved for valuation of significant assets, such as financial assets at fair value through profit or loss and available-for-sale investments. Selection criteria of the independent appraisers include market knowledge, reputation, independence and whether professional standards are maintained. We decide, after discussions with our independent appraisers, which valuation techniques and inputs to use for each case.

At each reporting date, we analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per our accounting policies. For this analysis, we verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

We, in conjunction with our independent appraisers, also compare significant changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, we have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Dividend or interest income, if any, from financial assets at fair value through profit or loss is recognized in profit or loss as part of other income when our right to receive payments is established.

Available-for-sale investments

Available-for-sale financial investments are mainly equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale financial instruments reserve until the investments are derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale financial instruments reserve to profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

For available-for-sale financial investments, we assessed at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. If any such evidence exists for available-for-sale investments, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss—is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

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Property, plant and equipment and intangible assets—estimated useful lives and residual values

We determine the estimated useful lives and residual values (if applicable) and consequently related depreciation/amortization charges for property, plant and equipment and intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, or based on value-in-use calculations or market valuations according to the estimated periods that we intend to derive future economic benefits from the use of intangible assets. Management will increase the depreciation/amortization charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortization expense in future periods.

Share-based Payments

Our share-based payment transactions with employees are measured based on the fair value of the equity instrument on the grant date. When we grant an award that vests in installments, or applies graded vesting, each installment or vesting tranche is treated as a separate award.

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

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled transaction are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transactions, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

On December 31, 2006, we adopted the 2006 Plan under which we have reserved 1,028,512.5 ordinary shares for employees. We granted options to purchase 750,000 ordinary shares at an exercise price of US\$0.40 per share to our employees on that date. Pursuant to the 2006 Plan, the first 33% of the options granted would vest 12 months after the grant date, the second 33% of the options would vest 24 months after the grant date, and the remaining 34% of the options would vest 36 months after the grant date, provided that the employee remained in service during these periods. There was no performance requirement for any options to be vested. Options granted typically expire 10 years from relevant grant date. Options can only be exercised without cash settlement alternatives.

On February 8, 2010, we implemented the 2010 Plan under which we have reserved 3,089,887.5 ordinary shares for our employees. We granted options to purchase 2,397,500 ordinary shares at an exercise price of US\$3.20 per share to our employees on that date. Pursuant to the 2010 Plan and subject to limited exceptions, the first 25% of the options would vest 12 months after the grant date, the second 25% of the options would vest 24 months after the grant date, the third 25% of the options would vest 36 months after the grant date and the remaining 25% of the options would vest 48 months after the grant date, on the condition that employees remain in service without any performance requirements. Options granted typically expire in 10 years from the grant date and there are no cash settlement alternatives.

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On December 28, 2010, we granted options to purchase 278,512.5 ordinary shares under the 2006 Plan and options to purchase 589,487.5 ordinary shares under the 2010 Plan, at an exercise price of US\$10.20 per share respectively, to designated employees and consultants on that date. Pursuant to the Plans, the options have graded vesting terms and vest in equal tranches from the grant date over three or four years on the condition that employees remain in service without any performance requirements. Options granted typically expire in 10 years from the grant date and there are no cash settlement alternatives.

On August 7, 2012, we granted options to purchase 1,100,000 ordinary shares under the 2010 Plan to designated employees at an exercise price of US\$4.03 per share. Pursuant to the 2010 Plan, the options have graded vesting terms and vest in equal tranches from the grant date over four years on the condition that employees remain in service without any performance requirements. Options granted typically expire in 10 years from the grant date and there are no cash settlement alternatives.

On August 7, 2012, we adopted the 2012 Plan under which we have reserved 1,908,180 ordinary shares to motivate, attract and retain employees and directors. The 2012 Plan permits the awards of options, restricted shares or restricted share units, or RSUs.

On August 7, 2013, we granted 400,000 RSUs with graded vesting terms to a senior executive under the 2012 Plan. The grant of RSUs may only vest if the total revenues of us in any fiscal year from 2013 to 2016 equal or exceed 125% of our total revenues for the immediately preceding fiscal year. In the event that our total revenues in any fiscal year from 2013 to 2016 are lower than 125% of the total revenues for the immediately preceding fiscal year, the senior executive shall not be eligible to receive such performance-based RSUs on August 7 of the following fiscal year. The first 30% of the RSUs vested on August 7, 2014, and the second 30% of the RSUs would vest on August 7, 2015. If the respective revenue performance targets are to be achieved for each fiscal year, the third 20% of the RSUs would vest on August 7, 2016 and the remaining 20% of the RSUs would vest on August 7, 2017.

On October 1, 2013, we granted 40,000 RSUs with graded vesting terms to a director under the 2012 Plan. Pursuant to the initial RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award. On March 27, 2015, the award for the then unvested RSUs was modified to accelerate the vesting of the 10,000 RSUs and the remaining unvested 20,000 RSUs were cancelled, effective Mar 27, 2015.

On December 25, 2013, we granted 100,000 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

On October 21, 2014 and November 12, 2014, we granted 115,000 and 1,500 RSUs to employees under the 2012 Plan, respectively. Pursuant to the RSUs Award Agreement, the RSUs would vest on March 16, 2015 if the employees' key performance indicators were achieved. The 115,000 and 1,500 RSUs vested on March 16, 2015.

On November 20, 2014, we granted 32,500 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

On November 20, 2014, we granted 12,000 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 4,000 RSUs of the award shall vest on the anniversary date of the grant date each year within three years of the award.

On February 17, 2015, we granted 7,500 RSUs with graded vesting terms to one director under the 2012 Plan. Pursuant to the initial RSUs Award Agreement, each 1/3 of the award shall vest on the anniversary date of the grant date each year within three years of the award.

On March 5, 2015, we granted 30,000 RSUs with graded vesting terms to one director and one officer under the 2012 Plan. Pursuant to the initial RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

As of March 31, 2015, options related to 199,901.5 shares granted under the 2006 Plan with an aggregate fair value of US\$0.6 million were outstanding, of which options related to 199,901.5 shares have been fully vested. Options related to 1,854,479.5 shares granted under the 2010 Plan with an aggregate fair value of US\$4.7 million were outstanding, of which options related to 1,369,479.5 shares have been vested. 626,771 RSUs granted under the 2012 Plan with an aggregate fair value of US\$19.4 million were outstanding. Options related to 232,188 shares and 32,150 RSUs have been forfeited as a result of certain employees terminating their services with us.

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Fair value of equity

In determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation in connection with employee stock options granted before our initial public offering, we, with the assistance of independent appraisers, performed retrospective valuation instead of contemporaneous valuation because, at the time of the valuation dates, our financial and limited human resources were principally focused on business development and marketing efforts. This approach is consistent with the guidance prescribed by the AICPA Audit and Accounting Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the Practice Aid. Specifically, the “Level B” recommendation in paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

Our appraisers and we evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate our enterprise value. Our appraisers and we considered the market and cost approaches as inappropriate for valuing our ordinary shares because no comparable market transaction could be found for the market valuation approach and the cost approach does not directly incorporate information about the economic benefits contributed by our business operations. Consequently, our appraisers and we relied solely on the income approach in determining the fair value of our ordinary shares. This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to our company. Accordingly, we, with the assistance of the independent appraisers, used the income approach to estimate the enterprise value at each date on which options were granted. We applied the methodologies consistently for all valuation dates.

The income approach involves applying discounted cash flow analysis based on our projected cash flow using management’s best estimate as of the valuation dates. Estimating future cash flow requires us to analyze projected revenue growth, gross margins, effective tax rates, capital expenditures and working capital requirements. Our projected revenues were based on expected annual growth rates derived from a combination of our historical experience and the general trend in China’s automotive industry. The revenue and cost assumptions we used are consistent with our long-range business plan and market conditions in the online marketing and advertising industry. We also have to make complex and subjective judgments regarding our unique business risks, the liquidity of our shares and our limited operating history and future prospects at the time of grant or re-measurement. Other assumptions we used in deriving the fair value of our equity include:

- no material changes will occur in the applicable future periods in the existing political, legal, fiscal or economic conditions and in the automotive advertising industry in China;
- no material changes will occur in the current taxation law in China and the applicable tax rates will remain unchanged;
- exchange rates and interest rates in the applicable future periods will not differ materially from the current rates;
- our future growth will not be constrained by lack of funding;
- we have the ability to retain competent management and key personnel to support our on-going operations; and
- industry trends and market conditions for the advertising and related industries will not deviate significantly from current forecasts.

In addition to estimating the cash flows during the projection period, we calculated the terminal value at the end of the projection period by applying the Gordon growth model, which assumes a constant annual growth rate of 3% after the projection period.

Our cash flows were discounted to present value using discount rates that reflect the risks the management perceived as being associated with achieving the forecasts and are based on the estimate of our weighted average cost of capital, or WACC, on each respective grant or re-measurement date. The WACCs were derived by using the capital asset pricing model, a method that market participants commonly use to price securities. Under the capital asset pricing model, the discount rate was determined considering the risk-free rate, industry-average correlated relative volatility coefficient, or beta, equity risk premium, size of our company, scale of our business and our ability in achieving forecast projections.

We also applied a discount for lack of marketability to reflect the fact that, at the time of the grants, we were a privately held company and there was no public market for our equity securities. To determine the discount for lack of marketability, we and the independent appraisers used the Black-Scholes option pricing model. Pursuant to that model, we used the cost of a put option, which can be used to hedge the price change before a privately held share can be sold, as the basis to determine the discount for lack of marketability. A put option was used because it incorporates certain company-specific factors, including timing of the expected initial public offering and the volatility of the share price of the guideline companies engaged in the same industry. In evaluating comparable companies, we determined they should:

- operate in the same or similar businesses;
- have a trading history comparable to the remaining life of our share options as of each valuation date; and
- either have operations in China, as we only operate in China, or be market players in the United States, as we are a public company in the United States

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We completed our initial public offering, of 10,600,000 ADSs, each representing one ordinary share, in November 2010. On November 17, 2010, we listed our ADSs on the New York Stock Exchange, or the NYSE, under the symbol "BITA." Subsequent to our initial public offering date, we have used the price of our publicly traded shares on grant date for purposes of determining the grant date fair value of our ordinary shares.

Fair value of share options

We, with the assistance of independent appraisers, estimated the share-based payments for share options on the grant dates based on each option's fair value as calculated using the binomial option model and the following assumptions and inputs:

	The 2006 Plan Vesting Period of 3 Years	The 2006 Plan Vesting Period of 4 Years and the 2010 Plan	The 2010 Plan	The 2010 Plan
Grant date	December 28, 2010	December 28, 2010	February 8, 2010	August 7, 2012
Fair value per share	US\$10.16	US\$10.16	US\$3.02	US\$4.20
Exercise price per share	US\$10.20	US\$10.20	US\$3.20	US\$4.03
Risk-free interest rate of return	3.58%	3.58%	3.62%	1.72%
Dividend yield	0	0	0	0
Expected volatility	68.54%	68.54%	59.8%	52.9%
Weighted-average fair value per option granted	US\$5.08	US\$5.36	US\$3.60	US\$2.34

For the purpose of determining the estimated fair value of our share options, we believe the fair value per share and expected volatility of our ordinary shares are the most critical assumptions. Changes in these assumptions could significantly affect the fair value of share options and hence the amount of compensation expense we recognize in our consolidated financial statements. Since we did not have a trading history for our shares sufficient to calculate our own historical volatility, expected volatility of our future ordinary share price was estimated based on the price volatility of the shares of comparable public companies in the online marketing and advertising industry.

Fair value of RSUs

For performance-based RSUs, we evaluate if performance conditions are probable in each reporting period. The share-based payment expense of RSUs is recognized ratably over the implicit service period if achieving performance conditions is probable. The fair value of services received in return for RSUs granted was measured by reference to the fair value of the RSUs granted, which was based on the closing price of our ADSs on the grant date.

The following table lists weighted-average fair value per RSU for the 2012 Plan on the date of grant:

	The 2012 Plan					
Grant date	August 7, 2013	October 1, 2013	December 25, 2013	October 21, 2014	November 12, 2014	November 20, 2014
Weighted-average fair value per RSU granted	US\$12.00	US\$17.95	US\$29.01	US\$81.06	US\$79.32	US\$87.60

Income taxes

In determining taxable income for financial statement reporting purposes, we must make certain estimates and judgments. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes.

We must assess the likelihood that we will be able to recover our deferred tax assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. We consider past performance, future expected taxable income and prudent and feasible tax planning strategies in determining the amount of deferred tax that can be recovered.

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In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the various jurisdictional tax authorities. If our estimates of these taxes are greater or less than actual results, an additional tax benefit or charge will result.

Goodwill and intangible assets with indefinite lives

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually at cash-generating unit level and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill are not reversible in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The recoverable amount of each cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. Cash flow projections were based on past experience, actual operating results and management's best estimates about future developments, as well as certain market assumptions. We base our fair value estimates on assumptions we believe to be reasonable, but such assumptions are unpredictable and inherently uncertain. As such, actual future results may differ from these estimates.

Key assumptions were used in the value in use calculation of each cash-generating unit as of December 31, 2012, 2013 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Budgeted gross margins. The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.
- Discount rates. Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rates used are pre-tax interest rates and reflect specific risks relating to the relevant units. The discount rates applied to the cash flow projections was 20% and cash flows beyond the five-year period are extrapolated using growth rates of 3%.

We performed an annual impairment test as at the balance sheet date to assess the cash-generating units' respective recoverable amounts, and concluded that there was no impairment as the recoverable amounts of the cash-generating units exceeded their carrying amounts. There were no indicators of impairment noted as of December 31, 2012, 2013 and 2014, respectively.

Cash-generating unit for goodwill impairment testing

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as our Chief Executive Officer. Until December 31, 2012, we managed our business in three segments, namely, bitauto.com business, taoche.com business and digital marketing solutions business. Our EP platform business became a separate business unit starting from January 1, 2013. As a result, starting from January 1, 2013, the chief operating decision maker has identified the EP platform business as a separate segment in accordance with *IFRS 8 Operating Segments*. Starting from the first quarter of 2015, our taoche.com business will be consolidated into our advertising business and EP platform business and will not be reported as a separate segment. Therefore, we will report three business segments in 2015, which are our bitauto.com advertising business, our EP platform business, and our digital marketing solutions business.

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The Bitcar and Bit EP legal entities that respectively benefit from the synergies of the acquisition of Bitcar belong to the same EP platform business segment. As of January 1, 2013, we concluded that there was no impairment associated with the goodwill allocated to the Bitcar and BitEP legal entities, respectively. We also started to monitor the total goodwill associated with the Bitcar acquisition on a combined basis at the EP platform business segment level starting from January 1, 2013. Target Net, Beijing Runlin and other legal entities belonging to EP platform business were expected to benefit from the synergies of the acquisitions of Target Net and Beijing Runlin. The goodwill of Target Net and Beijing Runlin was allocated entirely to the EP platform business segment. Work It Out Jor Limited (“Work It Out”) and other legal entities belonging to the segment of digital marketing solutions were expected to benefit from the synergies of the acquisition of Work It Out. The goodwill of Work It Out was allocated entirely to the digital marketing solutions segment. Based on the above, the lowest level within us at which goodwill is monitored for internal management purposes is the business segment level. Therefore, goodwill impairment was tested at the business segment level as of December 31, 2014.

Intangible assets with finite lives

We amortize our intangible assets over the useful economic life on a straight-line basis and assess them for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. There has been no change to the estimated useful lives during the periods presented.

We evaluate our intangible assets with finite lives for impairment whenever events or changes in circumstances, such as a significant adverse change to market conditions that will impact the future use of the assets, indicate that the carrying amount of intangible assets may not be recoverable. If such an indication exists, we estimate the asset’s recoverable amount. There were no indicators of impairment associated with the finite lived intangible assets as of December 31, 2012, 2013 and 2014, respectively.

Impairment of trade receivables

We recognize a provision for impairment when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. We have made judgments based on the age of the trade receivables and the customer specific credit risk in relation to the impairment of the trade receivable balances, which include the incurrence of losses, and amounts expected to be recovered in respect of any impaired trade receivables.

Treasury shares

Our own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statements of comprehensive income on the purchase, sale, issue or cancellation of our own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for us and no dividends are allocated to them.

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Investments in associates and joint ventures

Our investments in associates and joint ventures are accounted for using the equity method. An associate is an entity in which we have significant influence. A joint venture is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity. Under the equity method, the investments in the associates and the joint ventures are carried on at cost plus post acquisition changes in our share of net assets of the associates and the joint ventures. Goodwill relating to the associates and the joint ventures is included in the carrying amount of the investments and is neither amortized nor individually tested for impairment.

The statement of comprehensive income reflects our share of the results of operations of the associates and the joint ventures. Any change in other comprehensive income of those investees is presented as part of our other comprehensive income. Unrealized gains and losses resulting from transactions between us and the associates and the joint ventures are eliminated to the extent of the interests in the associates and the joint ventures.

Our share of profit or loss of associates and joint ventures is the profit attributable to equity holders of the associates and the joint ventures and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates and the joint ventures. The financial statements of the associates and the joint ventures are prepared for the same reporting period as us. When necessary, adjustments are made to bring the accounting policies in line with us. After application of the equity method, we determine whether it is necessary to recognize an additional impairment loss on our investment in our associates and joint ventures. We determine at each reporting date whether there is any objective evidence that the investments in the associates and the joint ventures are impaired. If this is the case, we calculate the amount of impairment as the difference between the recoverable amount of the associates and the joint ventures and its carrying value and recognize the amount in the share of profit or loss of the associates and the joint ventures in the consolidated statements of comprehensive income.

Upon loss of significant influence over the associates, or joint control over the joint ventures, we measure and recognize any retaining investments at their fair value. Any difference between the carrying amount of the associates and the joint ventures upon loss of significant influence or joint control and the fair value of the retained investments and proceeds from disposal is recognized in profit or loss.

Business Combinations and contingent consideration

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on the date of acquisition and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, which are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. We determine the fair value for non-financial assets by considering the highest and best use of the asset from the perspective of market participants. When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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Results of Operations

The following tables set forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report.

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US\$
	(In thousands)			
Revenue	1,056,906	1,439,332	2,458,938	396,309
Cost of revenue ⁽¹⁾	(292,151)	(335,198)	(597,011)	(96,221)
Gross profit	764,755	1,104,134	1,861,927	300,088
Selling and administrative expenses ⁽²⁾	(557,355)	(748,869)	(1,175,687)	(189,486)
Product development expenses	(53,795)	(104,406)	(148,078)	(23,866)
Operating profit	153,605	250,859	538,162	86,736
Other income	6,580	12,419	3,676	592
Other expenses	(7,280)	(6,893)	(14,579)	(2,350)
Interest income	5,535	8,111	13,607	2,193
Interest expense ⁽³⁾	(3,772)	(2,751)	(6,340)	(1,022)
Changes in fair value of financial assets	(267)	—	—	—
Share of (losses)/profits of associates and joint ventures ⁽⁴⁾	(316)	1,738	(1,342)	(216)
Gain from step acquisition arising from revaluation of previously held equity interest	—	—	53,581	8,636
Profit before tax	154,085	263,483	586,765	94,569
Income tax expense	(18,923)	(22,255)	(97,643)	(15,737)
Profit for the year	135,162	241,228	489,122	78,832

- (1) Including amortization of intangible assets resulting from business acquisitions of RMB8.5 million (US\$1.4 million) in 2014.
- (2) Including (i) share-based payments of RMB13.3 million, RMB19.4 million and RMB57.1 million (US\$9.2 million) in 2012, 2013 and 2014, respectively and (ii) non-capitalized follow-on public offering expenses of RMB2.6 million in 2013 and amortization of intangible assets resulting from business acquisitions of RMB6.7 million (US\$1.1 million) in 2014.
- (3) Including fair value adjustment of contingent considerations of RMB2.7 million (US\$0.4 million) in 2014.
- (4) Including share of amortization of equity investments' intangible assets not on their books of RMB0.4 million (US\$0.1 million) in 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue. Our total revenue increased by 70.8% from RMB1.44 billion in 2013 to RMB2.46 billion (US\$396.3 million) in 2014. This increase was primarily due to the growth of the bitauto.com advertising business, the EP platform business and the digital marketing solutions business.

Our bitauto.com advertising business. Revenue from our bitauto.com advertising business increased by 67.7% from RMB722.1 million in 2013 to RMB1.21 billion (US\$195.2 million) in 2014. The increase was attributable to better brand recognition of the bitauto.com website due to its leading position as one of the most effective auto vertical destinations in China as well as an increase in advertising spending by automaker customers.

Our EP platform business. Revenue from our EP platform business increased by 77.1% from RMB489.8 million in 2013 to RMB867.6 million (US\$139.8 million) in 2014. The increase was due to an increase in both the number of paid subscribers and months of paid subscription from 2013.

Our taoche.com business. Revenue from our taoche.com business increased by 15.3% from RMB21.7 million in 2013 to RMB25.0 million (US\$4.0 million) in 2014. Our advertising customers increased from 665 in 2013 to over 700 in 2014, and our used car customers increased from 5,200 in 2013 to over 9,000 in 2014. Revenue from our advertising services on our taoche.com website increased from RMB19.7 million in 2013 to RMB22.0 million (US\$3.5 million) in 2014. Revenue from our used automobile dealer listing services increased from RMB2.0 million in 2013 to RMB3.1 million (US\$0.5 million) in 2014.

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Our digital marketing solutions business. Revenue from our digital marketing solutions business increased by 72.6% from RMB205.7 million in 2013 to RMB355.0 million (US\$57.2 million) in 2014. The increase was attributable to an increase in the number of advertising customers and an increase in spending on advertising and events by certain customers in 2014.

Cost of Revenue. Our cost of revenue increased by 78.1% from RMB335.2 million in 2013 to RMB597.0 million (US\$96.2 million) in 2014.

Our bitauto.com advertising business. Cost of revenue from our bitauto.com advertising business increased by 117.1% from RMB94.5 million in 2013 to RMB205.1 million (US\$33.1 million) in 2014. The increase was due to an increase of RMB59.3 million (US\$9.6 million) in higher-direct-cost services, an increase of RMB17.1 million (US\$2.8 million) in tax and related surcharges in line with revenue growth, as well as an increase of RMB15.5 million (US\$2.5 million) in personnel-related expenses.

Our EP platform business. Cost of revenue from our EP platform business increased by 114.9% from RMB105.0 million in 2013 to RMB225.7 million (US\$36.4 million) in 2014. This increase was mainly due to an increase of RMB107.7 million (US\$17.4 million) in direct costs in new products and services on the EP platform.

Our taoche.com business. Cost of revenue from our taoche.com business decreased by 51.1% from RMB33.0 million in 2013 to RMB16.1 million (US\$2.6 million) in 2014. This decrease was largely due to a decrease in fees paid to partners.

Our digital marketing solutions business. Cost of revenue from our digital marketing solutions business increased by 46.1% from RMB102.8 million in 2013 to RMB150.2 million (US\$24.2 million) in 2014. This increase was mainly due to direct costs for the customer support services such as marketing activities and website design and maintenance for our customers.

Gross Profit. Our gross profit increased by 68.6% from RMB1.10 billion in 2013 to RMB1.86 billion (US\$300.1 million) in 2014.

Selling and Administrative Expenses. Our selling and administrative expenses increased by 57.0% from RMB748.9 million in 2013 to RMB1.18 billion (US\$189.5 million) in 2014. This increase was primarily attributable to an increase in expenses relating to our mobile marketing efforts and navigation marketing efforts, as well as an increase in selling and administrative headcount, and an increase in employee salaries and benefits.

Salaries and benefits. Expenses relating to our salaries and benefits increased by 34.1% from RMB262.3 million in 2013 to RMB351.8 million (US\$56.7 million) in 2014. This increase was mainly attributable to the increase in the number of our sales and marketing employees, a modest increase in the average employee salaries and higher PRC employee welfare contribution rates as adjusted by the relevant government authority.

Sales and marketing expenses. Our sales and marketing expenses increased by 78.8% from RMB334.5 million in 2013 to RMB598.1 million (US\$96.4 million) in 2014. This increase was mainly due to an increase in expenses relating to the mobile marketing efforts and navigation marketing efforts.

Office expenses. Our office expenses increased by 21.3% from RMB41.4 million in 2013 to RMB50.2 million (US\$8.1 million) in 2014. This increase was in line with the operation growth.

Operating lease expenses. Our operating lease expenses increased by 44.2% from RMB37.9 million in 2013 to RMB54.7 million (US\$8.8 million) in 2014, mainly because we rented additional office space as we increased the number of our employees.

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Product Development Expenses. Our product development expenses increased by 41.8% from RMB104.4 million in 2013 to RMB148.1 million (US\$23.9 million) in 2014. This increase was primarily due to an increase in product development headcount and their related expenses.

Income Tax Expense. Our income tax expense increased from RMB22.3 million in 2013 to RMB97.6 million (US\$15.7 million) in 2014. This increase was primarily because of an increase in taxable profit.

Profit for the Year. As a result of foregoing, our profit increased from RMB241.2 million in 2013 to RMB489.1 million (US\$78.8 million) in 2014.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue. Our total revenue increased by 36.2% from RMB1.06 billion in 2012 to RMB1.44 billion in 2013. This increase was primarily due to the growth of the bitauto.com advertising business and the EP platform business.

Our bitauto.com advertising business. Revenue from our bitauto.com advertising business increased by 49.7% from RMB482.4 million in 2012 to RMB722.1 million in 2013. The increase was due to better brand recognition of the bitauto.com website and an increase in advertising spending by OEM customers.

Our EP platform business. Revenue from our EP platform business increased by 36.8% from RMB358.2 million in 2012 to RMB489.8 million in 2013. The increase was due to an increase in both the number of paid subscribers and months of paid subscription from 2012.

Our taoche.com business. Revenue from our taoche.com business increased by 0.4% from RMB21.6 million in 2012 to RMB21.7 million in 2013. Our advertising customers increased from 539 in 2012 to 665 in 2013, and our used car customers increased from 3,084 in 2012 to over 9,000 in 2013. Revenue from our advertising services on our taoche.com website increased from RMB16.3 million in 2012 to RMB19.7 million in 2013. Revenue from our used automobile dealer listing services decreased from RMB5.3 million in 2012 to RMB2.0 million in 2013.

Our digital marketing solutions business. Revenue from our digital marketing solutions business increased by 5.6% from RMB194.7 million in 2012 to RMB205.7 million in 2013. The increase was attributable to an increase in the number of advertising customers and an increase in spending on advertising and events by certain customers.

Cost of Revenue. Our cost of revenue increased by 14.7% from RMB292.2 million in 2012 to RMB335.2 million in 2013.

Our bitauto.com advertising business. Cost of revenue from our bitauto.com advertising business increased by 32.0% from RMB71.5 million in 2012 to RMB94.5 million in 2013. The increase was due to an increase of RMB8.1 million in personnel-related expenses, an increase of RMB7.1 million in higher-direct-cost services, as well as an increase of RMB6.7 million in content distribution costs.

Our EP platform business. Cost of revenue from our EP platform business increased by 16.6% from RMB90.0 million in 2012 to RMB105.0 million in 2013. This increase was mainly due to an increase of RMB20.4 million in fees paid to partner websites to distribute dealer customers' automobile pricing and promotional information, as well as an increase of RMB19.5 million in higher-direct-cost services, offset by a decrease of RMB11.4 million in business taxes and tax related surcharges, and a decrease of RMB10.9 million in purchase of handheld devices, which support our digital point-of-sales system on behalf of our auto dealer customers of Bitcar.

Our taoche.com business. Cost of revenue from our taoche.com business decreased by 14.5% from RMB38.5 million in 2012 to RMB33.0 million in 2013. This decrease was largely due to a decrease in fees paid to partners.

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Our digital marketing solutions business. Cost of revenue from our digital marketing solutions business increased by 11.7% from RMB92.0 million in 2012 to RMB102.8 million in 2013. This increase was mainly due to higher-direct-cost services accounting for a larger percentage of services provided to digital marketing solutions customers.

Gross Profit. Our gross profit increased by 44.4% from RMB764.8 million in 2012 to RMB1.10 billion in 2013.

Selling and Administrative Expenses. Our selling and administrative expenses increased by 34.4% from RMB557.4 million in 2012 to RMB748.9 million in 2013. This increase was primarily attributable to an increase in selling and administrative headcount, and an increase in employee salaries and benefits, as well as an increase in expenses relating to our search engine marketing efforts and mobile marketing efforts.

Salaries and benefits. Expenses relating to our salaries and benefits increased by 30.1% from RMB201.6 million in 2012 to RMB262.3 million in 2013. This increase was mainly attributable to the increase in the number of our sales and marketing employees, a modest increase in the average employee salaries and higher PRC employee welfare contribution rates as adjusted by the relevant government authority.

Sales and marketing expenses. Our sales and marketing expenses increased by 42.1% from RMB235.4 million in 2012 to RMB334.5 million in 2013. This increase was mainly due to an increase in expenses relating to the search engine and mobile marketing efforts.

Office expenses. Our office expenses increased by 6.3% from RMB39.0 million in 2012 to RMB41.4 million in 2013. This increase was in line with the operation growth.

Operating lease expenses. Our operating lease expenses increased by 31.0% from RMB29.0 million in 2012 to RMB37.9 million in 2013, mainly because we rented additional office space as we increased the number of our employees.

Product Development Expenses. Our product development expenses increased by 94.1% from RMB53.8 million in 2012 to RMB104.4 million in 2013. This increase was primarily due to an increase in product development headcount and their related expenses.

Income Tax Expense. Our income tax expense increased from RMB18.9 million in 2012 to RMB22.3 million in 2013. This increase was primarily because of an increase in taxable profit.

Profit for the Year. As a result of foregoing, our profit increased from RMB135.2 million in 2012 to RMB241.2 million in 2013.

Inflation

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for 2012, 2013 and 2014 were increases of 2.6%, 2.6% and 2.0%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. For example, certain operating costs and expenses, such as personnel expenses, real estate leasing expenses, travel expenses and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash and cash equivalents, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposures to higher inflation in China.

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Recent Accounting Pronouncements

New Standards, Amendments and Interpretations to Existing Standards Adopted by Us

Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. As we do not have any financial instruments that are set off in accordance with IAS 32 nor subject to an enforceable master netting arrangement, these amendments did not have an impact on our financial position and performance.

Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on us as we have not novated its derivatives during the current or prior periods.

IFRIC 21 *Levies*. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on us as we have applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle. In the 2010-2012 annual improvements cycle the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on us as we have already measured short-term receivables and payables at invoice amount.

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by Us

The following standards are not yet effective. The standards will be adopted in the period they become effective.

Annual Improvements 2011-2013 Cycle (issued in December 2013)

These improvements are effective for annual periods beginning on or after July 1, 2014 and when adopted will not have a material impact on our financial position and performance.

Amendment to IFRS 3 *Business Combinations – Scope exceptions for joint ventures*. The amendment clarifies that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is applied prospectively.

Amendment to IFRS 13 *Fair Value Measurement – Scope of paragraph 52 (portfolio exception)*. The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment is applied prospectively.

Annual Improvements 2010-2012 Cycle (issued in December 2013)

These improvements are effective for annual periods beginning on or after July 1, 2014 and when adopted will not have a material impact on our financial position and performance.

Amendment to IFRS 2 *Share-based Payment – Definitions of vesting conditions*. This amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition;
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

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The amendment is applied prospectively.

Amendment to IFRS 3 *Business Combinations – Accounting for contingent consideration in a business combination*. The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.

Amendment to IFRS 8 *Operating Segments – Aggregation of operating segments*. The amendment clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’. The amendment is applied retrospectively.

Amendment to IFRS 8 *Operating Segments – Reconciliation of the total of the reportable segments’ assets to the entity’s assets*. The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is applied retrospectively.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation/amortization*. The amendments clarify that the restatement can be performed, as follows:

- Adjust the gross carrying amount of the asset to market value; or
- Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value

In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. These amendments are applied retrospectively.

Amendment to IAS 24 *Related Party Disclosures—Key Management Personnel*. The amendment clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is applied retrospectively.

Effective for the 2016 financial year

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture*. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 *Business Combinations*, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture. The amendments are applied prospectively and early application is permitted.

Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative*. The amendments clarify

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. Early adoption is permitted. The adoption of this amendment affects presentation only therefore, did not have an impact on our financial position or performance.

Amendments to IFRS 11 *Joint Arrangements—Accounting for Acquisitions of Interests*: The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*: The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to us given that we have not used a revenue-based method to depreciate its non-current assets.

Annual improvements 2012-2014 Cycle (issued in September 2014)

These improvements are effective for annual periods beginning on or after January 1, 2016 and when adopted will not have a material impact on our financial position and performance.

Amendment to IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal*. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. The amendment is applied prospectively.

Amendments to IFRS 7 *Financial Instruments: Disclosures – Servicing contracts*. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Amendments to IFRS 7 *Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements*. The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment is applied retrospectively.

Amendment to IAS 34 *Interim Financial Reporting – Disclosure of information elsewhere in the interim financial report*. The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is applied retrospectively.

Effective for 2017 financial year

IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

- Step 1. Identify the contract(s) with a customer
- Step 2. Identify the performance obligations in the contract
- Step 3. Determine the transaction price
- Step 4. Allocate the transaction price to the performance obligations in the contract
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

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The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licenses, warranties, rights of return, principal versus agent considerations, options for additional goods or services and breakage.

Entities can choose to apply the standard using either a full retrospective approach with some limited relief provided, or a modified retrospective approach. Early application is permitted. We are currently assessing the impact of the new requirements on the financial statements.

Effective for the 2018 financial year

IFRS 9 *Financial Instruments*. The key requirements of IFRS 9 are, as follows:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss. Debt instruments are subsequently measured at fair value through profit or loss, amortized cost or fair value through other comprehensive income, on the basis of their contractual cash flow characteristics and the business model under which the debt instruments are held. There is a fair value option that allows financial assets on initial recognition to be designated as fair value through profit or loss if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at fair value through profit or loss. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading equity instruments in other comprehensive income (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as fair value through profit or loss using the fair value option, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 *Financial Instruments: Recognition and Measurement* classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the fair value option.

Impairment

The impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model. The expected credit loss model applies to: debt instruments accounted for at amortized cost or at fair value through other comprehensive income; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 *Leases*. Entities are generally required to recognize either 12-months' or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognized.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation of the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

Early application is permitted for reporting periods beginning after July 24, 2014. The transition to IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to apply IFRS 9 in its entirety, entities may elect to apply early only the requirements for the presentation of gains and losses on financial liabilities designated as fair value through profit or loss without applying the other requirements in the standard. We are currently assessing the impact of the new requirements on the financial statements.

[Table of Contents](#)**B. Liquidity and Capital Resources**

The following table presents a summary of our consolidated financial position data as of December 31, 2013 and 2014:

	As of		
	December 31,		
	2013	2014	
	RMB	RMB	US\$
	(In thousands)		
Cash, cash equivalents and time deposit	1,101,660	1,282,663	206,727
Total current assets	1,908,290	2,917,013	470,138
Total assets	2,122,101	3,675,307	592,353
Total equity	1,475,849	2,160,915	348,276
Total current liabilities	641,219	1,427,533	230,078
Total liabilities	646,252	1,514,392	244,077
Total equity and liabilities	2,122,101	3,675,307	592,353

Our PRC subsidiaries are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our PRC subsidiaries and their structured entities are required to set aside at least 10% of their after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of their registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. As a result of these PRC laws and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets, including general reserve and registered capital, either in the form of dividends, loans or advances. Such restricted portion of accumulated profits amounted to RMB11.3 million and RMB18.3 million (US\$2.9 million) as of December 31, 2013 and 2014, respectively.

To date, our principal sources of liquidity have been cash collected from customers, the proceeds from the private placement of our Series A, B, C, D-1 and D-2 convertible preference shares, the net proceeds from our initial public offering in 2010 and the net proceeds from our follow on offering in December 2013. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.” As of December 31, 2013 and 2014, we had RMB1.10 billion and RMB1.28 billion (US\$206.7 million) in cash, cash equivalents and time deposit, respectively. Although we consolidate the results of our PRC structured entities, we do not have direct access to their cash and cash equivalents or future earnings. However, we can direct the use of their cash through agreements that provide us with effective control of these entities. Moreover, we are entitled to receive annual fees from them in exchange for certain technology consulting services provided by us and the use of certain intellectual properties owned by us. See “Item 7. Major Shareholders and Related Party Transactions—B Related Party Transactions—Contractual Arrangements with our PRC Structured Entities and Their Shareholders.”

We believe that our current cash and anticipated cash flows from our operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

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Our cash, cash equivalents and time deposit as of December 31, 2013 and 2014 are listed in the table below.

	As of December 31,	
	2013	2014
	RMB	RMB
	(In millions)	
Cash located outside of the PRC		
- in US dollars	247.0	415.8
- in HK dollars	0.1	0.1
- in RMB	366.7	—
	613.8	415.9
Cash located in the PRC:		
- held by structured entities in RMB	251.2	448.0
- held by subsidiaries:		
- in RMB	236.6	195.3
- in US dollars	—	223.5
	487.8	866.8
Cash, cash equivalents and time deposit	1,101.6	1,282.7

Cash located in the PRC, which are held by our structured entities and PRC subsidiaries, can be transferred to our subsidiaries outside of China through dividend payments. Such transfer will incur cost in the form of PRC withholding tax. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders or ADS holders.”

Furthermore, cash transfers from our PRC subsidiaries to our subsidiaries outside of China are subject to PRC government control of currency conversion. Restrictions on the availability of foreign currency may affect the ability of our PRC subsidiaries and structured entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Dividend payments are current account transactions, which can be made in foreign currencies by complying with certain procedural requirements but do not require prior approval from SAFE. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may affect the value of your investment.”

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US\$
	(In thousands)			
Net cash from operating activities	128,362	330,556	413,601	66,660
Net cash used in investing activities	(83,303)	(56,759)	(320,289)	(51,621)
Net cash (used in)/from financing activities	(48,972)	230,373	24,975	4,025
Net (decrease)/increase in cash and cash equivalents	(3,913)	504,170	118,287	19,064
Net foreign exchange difference	2,921	(2,896)	1,526	247
Cash and cash equivalents at beginning of the year	601,378	600,386	1,101,660	177,555
Cash and cash equivalents at the end of the year	600,386	1,101,660	1,221,473	196,866

Operating Activities

Net cash from operating activities was RMB413.6 million (US\$66.7 million) for the year ended December 31, 2014. This amount was (i) primarily attributable to profit before tax of RMB586.8 million (US\$94.6 million), (ii) adjusted for certain non-cash expenses, principally depreciation of property, plant and equipment of RMB38.3 million (US\$6.2 million), amortization of intangible assets of RMB21.0 million (US\$3.4 million), provision for bad debts of RMB13.9 million (US\$2.2 million), and share-based payments of RMB57.1 million (US\$9.2 million) and for changes in certain working capital accounts that positively affected operating cash flow, primarily an increase in other payables and accruals of RMB290.4 million (US\$46.8 million) and an increase in trade payables of RMB292.1 million (US\$47.1 million) and (iii) offset by certain non-cash income, principally gain from step acquisition arising from revaluation of previously held equity interest of RMB53.6 million (US\$8.6 million) and by changes in certain working capital accounts that negatively affected operating cash flow, primarily an increase of RMB653.5 million (US\$105.3 million) in trade receivables and an increase of RMB64.1 million (US\$10.3 million) in prepayments and other receivables. The increase in other payables and accruals was attributable to an increase in advances from customers, in other payables and in taxes and related surcharges. The increase in trade receivables was primarily attributable to higher sales volume in 2014. See “—B. Liquidity and Capital Resources—Trade Receivables and Payables” for more detailed information regarding our trade receivables.

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Net cash from operating activities was RMB330.6 million for the year ended December 31, 2013. This amount was (i) primarily attributable to profit before tax of RMB263.5 million, (ii) adjusted for certain non-cash expenses, principally depreciation of property, plant and equipment of RMB30.2 million, amortization of intangible assets of RMB11.9 million, provision for bad debts of RMB10.3 million, and share-based payments of RMB19.4 million and for changes in certain working capital accounts that positively affected operating cash flow, primarily an increase in other payables and accruals of RMB141.4 million and an increase in trade payables of RMB99.9 million and (iii) offset by changes in certain working capital accounts that negatively affected operating cash flow, primarily an increase of RMB194.9 million in trade receivables and an increase of RMB2.2 million in prepayments and other receivables. The increase in other payables and accruals was attributable to an increase in advances from customers, in taxes and related surcharges and in employee salaries and benefits. The increase in trade receivables was primarily attributable to higher sales volume in 2013.

Net cash from operating activities was RMB128.4 million for the year ended December 31, 2012. This amount was (i) primarily attributable to profit before tax of RMB154.1 million, (ii) adjusted for certain non-cash expenses, principally depreciation of property, plant and equipment of RMB19.4 million, amortization of intangible assets of RMB11.9 million, provision for bad debts of RMB10.0 million, and share-based payment of RMB13.3 million and for changes in certain working capital accounts that positively affected operating cash flow, primarily an increase in other payables and accruals of RMB71.5 million and (iii) offset by changes in certain working capital accounts that negatively affected operating cash flow, primarily an increase of RMB59.1 million in trade receivables, an increase of RMB35.8 million in prepayments and other receivables and a decrease of RMB66.3 million in trade payables. The increase in other payables and accruals was attributable to an increase in employee salaries and benefits, in advances from customers, and in taxes and related surcharges. The increase in trade receivables was primarily attributable to higher sales volume in 2012.

Investing Activities

Our investing activities primarily relate to our purchases and disposals of property and equipment and to our acquisition activities.

Net cash used in investing activities was RMB320.3 million (US\$51.6 million) for the year ended December 31, 2014. This amount was primarily attributable to RMB107.7 million (US\$17.4 million) used in acquisitions of subsidiaries, RMB66.8 million (US\$10.8 million) used in acquisitions of associates and joint ventures, RMB61.2 million (US\$9.9 million) used in placement of time deposit, RMB48.4 million (US\$7.8 million) used in the purchase of property, plant and equipment, RMB30.6 million (US\$4.9 million) used in the purchase of available-for-sale investments and RMB7.9 million (US\$1.3 million) used in the purchase of intangible assets.

Net cash used in investing activities was RMB56.8 million for the year ended December 31, 2013. This amount was primarily attributable to RMB29.4 million used in the purchase of property, plant and equipment, RMB18.0 million contingent paid to certain key management personnel in connection with the acquisition of Bitcar in 2011, RMB5.5 million used in the purchase of available-for-sale investments and RMB3.7 million used in the purchase of intangible assets.

Net cash used in investing activities was RMB83.3 million for the year ended December 31, 2012. This amount was primarily attributable to RMB57.1 million used in the purchase of property, plant and equipment, RMB19.0 million used in the purchase of available-for-sale investments and RMB9.2 million used in the purchase of intangible assets.

Financing Activities

Net cash from financing activities was RMB25.0 million (US\$4.0 million) for the year ended December 31, 2014, mainly attributable to RMB29.5 million (US\$4.8 million) from the exercise of share options.

Net cash from financing activities was RMB230.4 million for the year ended December 31, 2013, mainly attributable to the proceeds from our follow-on public offering net of issuance costs amounting to RMB220.1 million and RMB13.0 million from the exercise of share options.

Net cash used in financing activities was RMB49.0 million for the year ended December 31, 2012, mainly attributable to RMB46.2 million used in the share repurchase program.

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Trade Receivables and Payables

For the advertising agent services we provide through our digital marketing solutions business, we act as an agent in placing advertisements on the websites of our media vendors on behalf of our automaker customers. We receive fees in the capacity of an agent for assisting automaker customers in placing advertisements on media vendors' websites, and therefore, record the fees on a net basis in our consolidated financial statements. The net fees recognized from each such transaction amount to a relatively small percentage of the related accounts receivable or payable recorded on a gross basis. For the advertising services we provide through our bitauto.com advertising business and taoche.com business, we act as the principal in the arrangement and record revenues on a gross basis in our consolidated financial statements. Revenues are recognized only after the amount has been contractually agreed with our customers, the advertisements have been published and when the collectability is reasonably assured. For both the advertising agent services and advertising services provided, we enter into publishing schedule agreements with our automaker and automobile dealer customers, before we enter into related advertising agreements with the media vendors who are then obligated to place the advertisements according to the customers' publishing schedule agreements. At such time, we record receivables from the customers and, in the same amount, corresponding payables due to the media vendors on a gross basis. Such payments are conducted through us. Gross billings include the gross value of advertisements placed by our customers that correspond to the gross payables recorded due to the media vendors. Gross billings for the year ended December 31, 2014 amounted to RMB3.45 billion (US\$556.5 million) compared to RMB2.01 billion for the year ended December 31, 2013.

As of December 31, 2014, our trade receivables were RMB1.34 billion (US\$216.5 million), and our trade payables were RMB589.2 million (US\$95.0 million). Of these receivables and payables, RMB396.1 million (US\$63.8 million) was related to the receivables from our automaker customers and the corresponding payables due to media vendors in connection with the advertisements we placed with the media vendors on behalf of our automaker customers under the publishing schedule agreements. Under our contracts with media vendors, terms of our trade payables due to media vendors generally correspond to, or are longer than, the terms of our receivables due from our automaker customers. The remaining trade receivables as of December 31, 2014 were RMB947.3 million (US\$152.7 million). We have not experienced any collection issues that required us to provide for bad debts in connection with our receivables from our automaker customers. However, we may continue to be held liable to pay the media vendors the full amount of our payables when they become due and in advance of when we receive the related payments from our automaker customers. In addition, we may incur penalties for late payments. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be liable to pay third-party media vendors in connection with the advertisements we placed with them on behalf of our automaker customers if we fail to collect some or all the payments from these automaker customers."

DSO

Annual days sales outstanding, or DSO, for our automaker customers that have entered into revenue arrangements with us directly, is defined as average trade receivables due from these automakers divided by gross billings to these automakers, multiplied by 365 days. Annual DSO for other customers, which include all of our customers other than our automaker customers that have entered into revenue arrangements with us directly, is defined as average trade receivables due from these other customers divided by gross billings to these other customers, multiplied by 365 days. Due to the seasonal nature of our business, we do not find DSO for interim periods a meaningful indicator of our business. In 2014, our annual DSO for automaker customers was 149 days and for other customers was 82 days, compared to 127 days and 89 days, respectively, in 2013. The increase in annual DSO for automaker customers was primarily due to the increase in some long-standing automaker customers' DSO.

Capital Expenditures

Our capital expenditures amounted to RMB88.2 million, RMB59.2 million and RMB261.3 million (US\$42.1 million) in 2012, 2013 and 2014, respectively. In the past, our capital expenditures consisted principally of purchases of property, plant and equipment, purchases of intangible assets, acquisitions of subsidiaries and investments in equity interests. We expect our capital expenditures in 2015 to consist principally of similar types of items.

See Item 18 "Financial Statements."

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C. Research and Development, Patents and Licenses, Etc.

Intellectual Property

Our proprietary automotive content and database and our other intellectual property contribute to our competitive advantage among internet automotive content and marketing service providers in China. To protect our brand and other intellectual property, we rely on a combination of trademark, trade secret and copyright laws in China as well as imposing procedural and contractual confidentiality and invention assignment obligations on our employees, contractors and others. In 2009, we registered our “Bitauto” trademark under the Madrid Protocol of the World Intellectual Property Organization, extending the trademark protection afforded to such trademark in China to all member states of the Madrid Protocol system. As of March 31, 2015, we held 604 registered trademarks, 755 pending trademark applications, 3 patents and 43 computer software copyrights. We have registered 1,753 domain names for our company and our customers, including our main website domain names www.bitauto.com and www.taoche.com.

We incurred research and development expenses of RMB53.8 million, RMB104.4 million and RMB148.1 million (US\$23.9 million) in 2012, 2013 and 2014, respectively.

See “Item 4. Information on the Company—B. Business Overview—Product Development.”

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events since the beginning of our fiscal year 2014 that are reasonably likely to have a material effect on our net revenues, income from operations, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Off-balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2014:

	Payment Due by Period				
	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	
	(In thousands of RMB)				
Operating lease obligations (1)	205,677	59,680	83,266	54,448	8,283

- (1) Operating lease obligations are primarily related to the lease of office space. These leases have terms ranging from one to five years and are renewable upon negotiation. During 2014, our operating lease obligations increased to RMB205.7 million as a result of additional office space leased for our headquarters in Beijing with lease terms from one to five years.

G. Safe Harbor

See “Forward Looking Statements” on page 2 of this annual report.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Bin Li	40	Chairman of the Board of Directors, Chief Executive Officer
Jingning Shao	44	Director, President
Xuan Zhang	39	Chief Financial Officer
Sidney Xuande Huang	49	Director
Dallas S. Clement	50	Director
Erhai Liu	46	Director
Yu Long	42	Director
Jun Hou	50	Director
Weihai Qu	39	Senior Vice President

Mr. Bin Li is our founder and has served as our chairman of the board of directors and chief executive officer since 2005. In 2002, Mr. Li and Mr. Weihai Qu, our senior vice president, co-founded Beijing C&I Advertising Company Limited, one of our structured entities in China, and has served as its chairman of the board of directors and chief executive officer since its inception. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006. In 1996, Mr. Li co-founded Beijing Antarctic Technology Development Co., Ltd., a pioneer web hosting service provider in China, and served as its director and general manager from 1996 to 2000. Mr. Li currently also serves as the vice-chairman of CADA, and was recognized by CADA in 2008 as one of the top 10 most influential and distinguished people in China's automobile dealer industry in the past 20 years. Mr. Li received his bachelor's degree in Sociology from Peking University where he minored in Law.

Mr. Jingning Shao has served as our director and president since 2010. Mr. Shao joined us in 2009 as our chief operating officer. Prior to joining us, Mr. Shao was the general manager of Sina Corporation's business operation department from 2007 to 2009 and the editor-in-chief of Sina's automotive channel from 2000 to 2009. From 1995 to 2000, Mr. Shao was a journalist and editor for newspapers of China Business Media Corporation Limited. Mr. Shao received his bachelor's degree in Literature from Capital Normal University.

Mr. Xuan Zhang has served as our chief financial officer since 2009 and was our vice president of finance from 2006 to 2009. Mr. Zhang has over 10 years of operational and managerial experiences with both multinational companies and local Chinese companies. His extensive involvement in Bitauto's strategy and operations contributed significantly to the growth of our company and our company's successful listing on NYSE in 2010. Prior to 2006, Mr. Zhang co-founded a consulting firm that provided professional marketing, finance and HR services to local Fortune 500 companies and multinationals in China. He also was a manager of both Ernst & Young LLP and PricewaterhouseCoopers LLP from 2000 to 2004. Mr. Zhang is a certified public accountant in the State of New York and he received both of his bachelor's degrees in Finance and Accounting from New York University.

Mr. Sidney Xuande Huang has served as our director since 2010. He was previously our independent director until we entered strategic partnership with JD.com and Tencent in early 2015. Mr. Huang has been the chief financial officer of JD.com since September 2013. Prior to that, he was the chief financial officer of Pactera Technology International, a leading China-based IT services provider, and its predecessor company, VanceInfo Technologies Inc., from 2006 to 2013. Mr. Huang also served as VanceInfo's co-president from 2011 to 2012 and its chief operating officer from 2008 until 2010. Prior to joining VanceInfo, he served as the chief financial officer with two other China-based companies in technology and internet sectors between 2004 and 2006. Prior to 2004, Mr. Huang was an investment banker with Citigroup Global Markets Inc. in New York and prior to that an audit manager of KPMG LLP. He is a Certified Public Accountant in the State of New York. Mr. Huang obtained his master's degree of business administration with distinction from the Kellogg School of Management at Northwestern University as an Austin Scholar. He received his bachelor's degree in accounting from Bernard M. Baruch College, where he graduated as class valedictorian.

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Mr. Dallas Clement has served as our director since November 2012. Mr. Clement is executive vice president and chief financial officer for AutoTrader Group, the largest automotive marketplace and leading provider of software solutions to auto dealers throughout the United States. In this role, Mr. Clement leads all of the company's finance functions, as well as legal and investor relations activities. In addition, he oversees the automotive strategy team, which is charged with working across both Manheim and AutoTrader Group to analyze strategic opportunities and implement plans for corporate development and adjacent growth. Previously, Mr. Clement served in several leadership positions spanning 20 years at Cox Communications, leading Cox's strategy and product management organizations. As the executive vice president and chief strategy and product management officer, Mr. Clement led the development of the company's long-term planning process, steered Cox to new industries and businesses and provided leadership across the company's video, voice and data product lines. He also spearheaded Cox's early wireless strategy and oversaw the execution of spectrum acquisition, business model evaluation, team development, wholesale negotiations, network build and go-to-market positioning. In 2004, Mr. Clement received the National Cable Television Association Vanguard Award for Young Leadership. Additionally, he is a graduate of the 2006 class of Leadership Atlanta, a prestigious community leadership program. In 2013, Mr. Clement was elected to the Atlanta Beltline Partnership board of directors, which works closely with the City of Atlanta and partner organizations to oversee the planning, development and execution of the Atlanta Beltline Project. He also serves on the boards of Technology Association of Georgia; Airo Wireless, a company that is developing an intrinsically safe smartphone; and Junior Achievement of Georgia. Additionally, he serves on the advisory boards of News Distribution Network and Urjanet. Mr. Clement received a bachelor of arts in applied mathematics and economics from Harvard College and holds a master of science in engineering-economic systems from Stanford University.

Mr. Erhai Liu has served as our director since 2005 and independent director since 2011. Mr. Liu is a managing director of Legend Capital, a China-based private investment fund. Mr. Liu also serves on the board of directors of other Legend Capital portfolio companies, including Rock Mobile (Cayman) Corporation, MAS Technology Company Limited, China Auto Rental Inc., Chongqing New Standard Medical Equipment Co., Ltd., Universal Education Holdings, Coremax Group Limited, Pod Inn, Beijing 21Cake Food Co., Ltd. and Joint Star Limited. Prior to joining Legend Capital in 2003, Mr. Liu was the chief operating officer of China RailcomNet Co., Ltd. from 2001 to 2003, the vice general manager of Clarent China from 2000 to 2001 and the director of the Value Added Service business of Jitong Communications Co., Ltd. from 1994 to 2000. Mr. Liu received his bachelor's degree in Telecommunications from Guilin Institute of Electronic Technology, his master's degree in Telecommunications and Information System from Xidian University and his EMBA from Peking University.

Ms. Yu Long has served as our director since 2008 and independent director since 2011. Ms. Long, member of Bertelsmann Group Management Committee, is the chief executive of Bertelsmann China Corporate Center, who also leads Bertelsmann Asia Investments (BAI) as Managing Partner. Ms. Long is board member of China Distance Educations Holdings Limited, a distant educational company listed on the NYSE (symbol: CEDL), and other companies including but not limited to Mogujie, Dayima, iClick and Mo9. She was named as Young Global Leader by World Economic Forum in 2011 and became the first person to join its advisory board from China in 2013. Ms. Long was elected by China Business Weekly as one of the 50 best investors in China in 2012. Prior to founding BAI, she worked as a Principal at Bertelsmann Digital Media Investments. Ms. Long joined Bertelsmann in New York since 2005. Before joining Bertelsmann, she started her career as a TV anchor and then became a producer with a variety of highly rated, award-winning television and radio programs in China. Ms. Long received her bachelor's degree in Electrical Engineering from the University of Electronic Science and Technology in China and her MBA from the Stanford Graduate School of Business.

Mr. Jun Hou has served as our independent director since March 2015. Mr. Jun Hou is currently chairman of Yanyuan Alumni (Beijing) Investment Management Limited, where he manages the Entrepreneur's Training Camp of Peking University. Mr. Hou has extensive experience in China's telematics sector. He was the co-founder and served as the honorary chairman of the board of directors of Autonavi Holdings Limited, from May 2013 to July 2014 and the chairman from April 2002 to May 2013. Mr. Hou also held the position of chief executive officer of Autonavi from April 2002 to October 2009. From June 1994 to April 2002, Mr. Hou served as the chairman of the board of directors and was actively involved in the operations of China Da Tong Industrial Co., Ltd. Prior to this, he worked at China Science and Technology International Trust and Investment Corporation from August 1990 to August 1993. Mr. Hou received a bachelor's degree in Chinese from Peking University in China.

Mr. Weihai Qu has served as our senior vice president since 2007. From 2005 to March 2015, Mr. Qu served as our director. In 2002, Mr. Qu and Mr. Bin Li, our chairman of the board of directors and chief executive officer, co-founded Beijing C&I Advertising Company Limited, one of our structured entities in China. Mr. Qu served as the general manager of Beijing C&I Advertising Company Limited and managed the operation of our digital marketing solutions business until 2009. Prior to joining us in 2000, Mr. Qu served as a project manager of the strategic planning department of Beiqi Foton Motor Co., Ltd. from 1997 to 2000. Mr. Qu received his bachelor's degree in Automotive Engineering and minored in computer application courses from Jilin University (formerly known as Jilin University of Technology) and obtained his Executive MBA from China Europe International Business School in 2010.

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B. Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2014, we paid an aggregate of approximately RMB6.89 million (US\$1.10 million) in cash compensation to our executive officers and directors as a group, which includes bonuses, salaries and social welfare benefits, and paid an aggregate of approximately RMB68.0 thousand (US\$10.8 thousand) in premiums for commercial medical insurance coverage for one executive officer. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and structured entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, housing fund, unemployment and other statutory benefits.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified period. We may terminate employment for cause, at any time, without notice or remuneration, for certain acts of the employee, such as willful misconduct or gross negligence, and indictment or conviction for, or confession of, a felony or any crime involving moral turpitude. We may also terminate an executive officer's employment without cause upon thirty days' advance written notice or with thirty days' salary in lieu of the written notice under certain circumstances when he or she is no longer able to perform his or her duty.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with his or her employment, any of our confidential information or trade secrets, any confidential information or trade secrets of our customers or prospective customers, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. In addition, each executive officer has agreed to be bound by non-competition restrictions during his or her employment for two year after the termination of his or her employment. Specifically, each executive officer has agreed (i) not to provide services to, own or operate any business that provides products, services or technologies substantially similar to the business currently conducted or proposed to be conducted by us; (ii) interfere with our business or solicit any of our suppliers or customers in connection with our business activities; and (iii) solicit any employee or consultant who was employed or was engaged by us at any time in the year preceding such termination.

Share Incentives

2006 Stock Incentive Plan

On December 31, 2006, we adopted the 2006 Plan to attract and retain the best available personnel and provide additional incentives to employees, directors and consultants. As of March 31, 2015, options to purchase 199,901.5 ordinary shares under the 2006 Plan were outstanding.

The following table summarizes, as of March 31, 2015, the shares related to outstanding options granted under the 2006 Plan to certain of our directors and executive officers and to other individuals as a group.

<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>	<u>Vesting Schedule</u>
Sidney Xuande Huang	*	10.20	December 28, 2010	December 28, 2020	vested
Other individuals as a group ⁽¹⁾	65,951.5	10.20	December 28, 2010	December 28, 2020	vested
	100,200	0.40	December 31, 2006	December 31, 2016	vested

* Less than one percent of our outstanding shares.

(1) As of March 31, 2015, certain employees terminated their services with us and accordingly forfeited options related to 155,000 shares granted to them under the 2006 Plan.

The following paragraphs describe the principal terms of the 2006 Plan.

Types of Awards. The 2006 Plan permits the awards of options, share application rights, restricted shares, restricted share units or deferred equity rights.

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Plan Administration. Our board of directors or a committee designated by our board of directors will administer the 2006 Plan. The committee or the full board of directors, as appropriate, will determine the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2006 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award. In addition, the award agreement may also provide that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Securities Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities.

Evidence of Award. Awards can be evidenced by an agreement, certificate, resolution or other type of writing or an electronic medium approved by the board of directors that sets forth the terms and conditions of the awards granted. An evidence of award, with the approval of the board of directors, need not be signed by a representative of our company or the recipient.

Eligibility. Awards other than incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986 as amended, may be granted to employees, directors and consultants. Incentive stock options may be granted only to our employees.

Acceleration of Awards upon Change in Control of Our Company. Except as provided otherwise in an award agreement, in the event of a change in control, each award which is at the time outstanding under the 2006 Plan automatically shall become fully vested and exercisable and be released from any repurchase or forfeiture rights immediately prior to the specified effective date of such change in control, provided that the grantee's continuous service has not terminated prior to such date.

Exercise Price and Term of Awards. Our board of directors, or a committee designated by our board of directors, determines the exercise price, grant price and expiration date for each award. The term of each award shall be stated in the award agreement, provided however, that the term of each option may not be more than 10 years from the date of grant.

Vesting Schedule. In general, our board of directors, or a committee designated by our board of directors, determines, or the evidence of award specifies, the vesting schedule.

Transfer Restrictions. Incentive stock options may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution. Awards other than incentive stock options shall be transferable by will or the laws of descent and distribution and during the lifetime of the grantee, to the extent and in the manner authorized by our board of directors, or a committee designated by our board of directors.

Termination of the 2006 Stock Incentive Plan. Unless terminated earlier, the 2006 Plan will terminate automatically in 2016. Our board of directors has the authority to amend or terminate the 2006 Plan to the extent necessary to comply with applicable law or the rules of the principal securities exchange upon which our ADSs are traded or quoted.

2010 Stock Incentive Plan

On February 8, 2010, we adopted a second stock incentive plan, or the 2010 Plan, to attract and retain the best available personnel and provide additional incentives to employees, directors and consultants. As of March 31, 2015, options to purchase 1,854,479.5 ordinary shares under the 2010 Plan were outstanding.

The following table summarizes, as of March 31, 2015, the shares related to outstanding options granted under the 2010 Plan to certain of our directors and executive officers and to other individuals as a group.

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<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>	<u>Vesting Schedule</u>
Bin Li	*	10.20	December 28, 2010	December 28, 2020	vested
Jingning Shao	*	3.20	February 8, 2010	February 8, 2020	vested
	*	10.20	December 28, 2010	December 28, 2020	vested
	*	4.03	August 7, 2012	August 7, 2022	4 years
Xuan Zhang	*	3.20	February 8, 2010	February 8, 2020	vested
	*	10.20	December 28, 2010	December 28, 2020	vested
	*	4.03	August 7, 2012	August 7, 2022	4 years
Other individuals as a group ⁽¹⁾	198,167	3.20	February 8, 2010	February 8, 2020	vested
	166,712.5	10.20	December 28, 2010	December 28, 2020	vested
	224,100	4.03	August 7, 2012	August 7, 2022	4 years

* Less than one percent of our outstanding shares.

(1) As of March 31, 2015, certain employees terminated their services with us and accordingly forfeited options related to 77,188 shares granted to them under the 2010 Plan.

The following paragraphs describe the principal terms of the 2010 Plan.

Types of awards. The 2010 Plan permits the awards of options, share application rights, restricted shares, restricted share units or deferred equity rights.

Plan Administration. Our board of directors or a committee designated by our board of directors will administer the 2010 Plan. The committee or the full board of directors, as appropriate, will determine the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2010 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award. In addition, the award agreement may also provide that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Securities Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities.

Evidence of Award. Awards can be evidenced by an agreement, certificate, resolution or other type of writing or an electronic medium approved by the board of directors that sets forth the terms and conditions of the awards granted. An evidence of award, with the approval of the board of directors, need not be signed by a representative of our company or the recipient.

Eligibility. Awards other than incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986 as amended, may be granted to employees, directors and consultants. Incentive stock options may be granted only to our employees.

Acceleration of Awards upon Change in Control of Our Company. Except as provided otherwise in an award agreement, in the event of a change in control, each award which is at the time outstanding under the 2010 Plan automatically shall become fully vested and exercisable and be released from any repurchase or forfeiture rights immediately prior to the specified effective date of such change in control, provided that the grantee's continuous service has not terminated prior to such date.

Exercise Price and Term of Awards. Our board of directors, or a committee designated by our board of directors, determines the exercise price, grant price and expiration date for each award. The term of each award shall be stated in the award agreement, provided however, that the term of each option may not be more than 10 years from the date of grant.

Vesting Schedule. In general, our board of directors, or a committee designated by our board of directors, determines, or the evidence of award specifies, the vesting schedule.

Transfer Restrictions. Incentive stock options may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution. Awards other than incentive stock options shall be transferable by will or the laws of descent and distribution and during the lifetime of the grantee, to the extent and in the manner authorized by our board of directors, or a committee designated by our board of directors.

Termination of the 2010 Stock Incentive Plan. Unless terminated earlier, the 2010 Plan will terminate automatically in 2020. Our board of directors has the authority to amend or terminate the 2010 Plan to the extent necessary to comply with applicable law or the rules of the principal securities exchange upon which our ADSs are traded or quoted.

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2012 Share Incentive Plan

On August 7, 2012, we adopted our 2012 Share Incentive Plan, or the 2012 Plan, to motivate, attract and retain employees, directors and consultants. As of March 31, 2015, 626,771 RSUs under the 2012 Plan were granted and outstanding.

The following table summarizes, as of March 31, 2015, the outstanding RSUs grants to certain of our directors and executive officers.

Name	Number of RSUs	Date of Grant	Vesting Schedule
Bin Li	*	August 7, 2013	4 years
Sidney Xuande Huang	*	October 1, 2013	vested
Weihai Qu	*	March 5, 2015	4 years
Jun Hou	*	March 5, 2015	4 years
Yu Long	*	February 17, 2015	3 years
Other individuals as a group(1)	84,982	December 25, 2013	4 years
	67,504	October 21, 2014	vested
	987	November 12, 2014	vested
	44,500	November 20, 2014	3 or 4 years

* Less than one percent of our outstanding shares.

(1) As of March 31, 2015, certain employees terminated their services with us and accordingly forfeited RSUs related to 32,150 shares granted to them under the 2012 Plan.

The following paragraphs describe the principal terms of the 2012 Plan.

Types of Awards. The 2012 Plan permits the awards of options, restricted shares or restricted share units.

Plan Administration. The plan administrator is our board of directors or the compensation committee of the board. The board or the compensation committee may delegate a committee of one or more members of the board the authority to grant or amend awards to participants other than senior executives of our company. The plan administrator will determine the provisions and terms and conditions of each grant.

Award Agreement. Options, restricted shares, or restricted share units granted under the plan are evidenced by an award agreement that sets forth the terms, conditions, and limitations for each grant.

Option Exercise Price. The exercise price subject to an option shall be determined by the plan administrator and set forth in the award agreement. The exercise price may be amended or adjusted in the absolute discretion of the plan administrator, the determination of which shall be final, binding and conclusive. To the extent not prohibited by applicable laws or the rules of any exchange on which our securities are listed, a downward adjustment of the exercise prices of options shall be effective without the approval of the shareholders or the approval of the affected participants.

Eligibility. We may grant awards to our employees, directors and consultants.

Term of the Awards. The term of each option grant shall be stated in the award agreement, provided that the term shall not exceed 10 years from the date of the grant. As for the restricted shares and restricted share units, the plan administrator shall determine and specify the period of restriction in the award agreement.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the option holder other than by will or the laws of descent and distribution and may be exercised during the lifetime of the option holder only by the option holder. Restricted shares and restricted share units may not be transferred during the period of restriction.

Termination of the Plan. Unless terminated earlier, the 2012 plan will terminate automatically in 2022. In the event that the award recipient ceases employment with us or ceases to provide services to us, the options will terminate after a period of time following the termination of employment and the restricted shares and restricted share units that are at that time subject to restrictions will be forfeited to or repurchased by us. Our board of directors has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted pursuant to the 2012 Plan without the prior written consent of the participants.

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C. Board Practices

Our board of directors consists of seven directors. A director is not required to hold any shares in the company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided the nature of the interest is disclosed prior to voting. A director may exercise all the powers of our company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of employment.

Committees of the Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee. We have adopted a charter for each of these committees. Each committee's members and functions are summarized below.

Audit Committee. Our audit committee consists of Mr. Erhai Liu, Ms. Yu Long and Mr. Jun Hou. Mr. Erhai Liu is the chairman of our audit committee and Mr. Jun Hou meets the criteria of an audit committee financial expert under applicable rules. Mr. Erhai Liu, Ms. Yu Long and Mr. Jun Hou satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving past or proposed related party transactions;
- reviewing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies; and
- meeting separately and periodically with management and the independent auditors.

Compensation Committee. Our compensation committee consists of Mr. Erhai Liu and Ms. Yu Long. Mr. Erhai Liu is the chairman of our compensation committee. Each of Mr. Erhai Liu and Ms. Yu Long satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors; and
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Bin Li and Mr. Erhai Liu. Mr. Bin Li is the chairman of our nominating and corporate governance committee. Mr. Erhai Liu satisfies the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

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- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors have a statutory duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

Our directors may hold office for such term as the shareholders or the board may determine or in the absence of such determination until their successors are elected or appointed or their office is otherwise vacated in accordance with our articles of association. Each director whose term of office expires shall be eligible for re-election at a meeting of the board. A director will vacate office automatically if, among other things, the director (i) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors, or (ii) is found to be or becomes of unsound mind or dies.

Our officers are elected by and serve at the discretion of the board of directors.

D. Employees

We had 1,980, 2,215 and 2,908 employees as of December 31, 2012, 2013 and 2014, respectively. Of all the employees as of December 31, 2014, 1,841 were located in Beijing, and 1,067 in other cities in China.

The following table sets forth the number and percentage of our employees by functional area as of December 31, 2014:

Functional Area	Number of Employees	% of Total
Sales, marketing and customer support	1,743	57%
Editorial and creative	355	13%
Product development	559	20%
General and administrative	251	10%
Total	2,908	100%

In addition, we also have 258 employees who are from the subsidiaries that we acquired in 2014.

We invest significant resources in the recruitment, retention, training and development of our employees. Through a combination of short-term performance evaluations and long-term incentive arrangements, we have built a competent, loyal and highly motivated workforce. We believe that our relationships with our employees are good, and we have not experienced any work stoppages due to labor disputes.

E. Share Ownership

Except as specifically noted in the table, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2015 by:

- each of our directors and executive officers;
- each person known to us to own beneficially more than 5% of our ordinary shares; and
- each selling shareholder.

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Beneficial ownership is determined in accordance with the rules and regulations of the United States Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Shares Beneficially Owned	
	Number	%*
Directors and Executive Officers:		
Bin Li ^{(1)†}	8,865,617.5	14.7%
Jingning Shao ^{(2)†}	915,000	1.5%
Dallas S. Clement ⁽³⁾	—	—
Erhai Liu ⁽⁴⁾	—	—
Yu Long ⁽⁵⁾	—	—
Sidney Xuande Huang ⁽⁶⁾	**	**
Jun Hou ⁽⁷⁾	—	—
Weihai Qu ^{(8)†}	**	**
Xuan Zhang ^{(9)†}	**	**
All Directors and Executive Officers as a group	10,393,045.5	17.0%
Principal Shareholders:		
JD.com Global Investment Limited ⁽¹⁰⁾	15,689,443	26.1%
ATG Global Management L.P. ⁽¹¹⁾	9,000,000	15.0%
Proudview Limited ^{(12)†}	8,219,997.5	13.7%
Entities affiliated with Tiger Global Management ⁽¹³⁾	6,085,022	10.1%

* For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares issued and outstanding, which is 60,094,120.5 as of March 31, 2015 (excluding 3,217,173.5 treasury shares), and the number of shares such person or group has the right to acquire upon exercise of options, RSUs or other rights within 60 days after March 31, 2015.

** Less than 1% of our total outstanding shares.

† (i) Proudview Limited, a British Virgin Islands company owned by Mr. Bin Li, (ii) Serene View Investment Limited, a British Virgin Islands company owned by Mr. Bin Li, (iii) Avner Developments Limited, a British Virgin Islands company owned by Mr. Jingning Shao, (iv) Full Riches Holdings Limited, a British Virgin Islands company owned by Mr. Xuan Zhang, (v) Speedview Investment Limited, a British Virgin Islands company owned by Mr. Weihai Qu, (vi) Mr. Bin Li, (vii) Mr. Jingning Shao, (viii) Mr. Xuan Zhang, (ix) Mr. Weihai Qu, and (x) AutoTrader Group, may be deemed to be a member of a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934. The persons above may be deemed to share voting power with respect to the shares held by them. The persons above expressly disclaim beneficial ownership of such shares pursuant to Rule 13d-4 under the Securities Exchange Act of 1934, except to the extent of each of their respective pecuniary interests therein.

- (1) Includes (i) 8,219,997.5 ordinary shares owned by Proudview Limited, a British Virgin Islands company owned by Mr. Bin Li and Mr. Weihai Qu, (ii) 500,000 ordinary shares owned by Serene View Investment, a British Virgin Islands company owned by Mr. Bin Li, (iii) 50,000 ordinary shares Mr. Li has the right to acquire upon exercise of the share options within 60 days after March 31, 2015 and (iv) 95,620 ordinary shares issuable for the restricted share units that have vested or will vest within 60 days after March 31, 2015. Mr. Li owns 84.3% of the outstanding capital stock of Proudview Limited and has the sole voting and investment power over Proudview Limited. The remaining 15.7% of Proudview is owned by Mr. Weihai Qu. Mr. Li is a director of Proudview Limited. Proudview Limited has pledged 1,699,080 ordinary shares to ATG Global Management L.P. as collateral for certain loans received from ATG Global Management L.P. Serene View Investment Limited has pledged 500,000 ordinary shares to ATG Global Management L.P. as collateral for certain loans received from ATG Global Management L.P. The business address of Mr. Li is New Century Hotel Office Tower, 6/F, No. 6 South Capital Stadium Road, Beijing, China, 100044.
- (2) Includes (i) 250,000 ordinary shares owned by Avner Developments Limited, a British Virgin Islands company owned by Mr. Jingning Shao, and (ii) 665,000 ordinary shares Mr. Shao has the right to acquire upon exercise of the share options within 60 days after March 31, 2015. Avner Developments Limited has pledged 250,000 ordinary shares to ATG Global Management L.P. as collateral for certain loans received from ATG Global Management L.P. The business address of Mr. Shao is New Century Hotel Office Tower, 6/F, No. 6 South Capital Stadium Road, Beijing, China, 100044.
- (3) The business address for Mr. Clement is c/o AutoTrader Group, Inc., 3003 Summit Boulevard, Atlanta, Georgia 30319.

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- (4) The business address for Mr. Liu is 10/F, Tower A, Raycom InfoTech Park, No. 2 Kexueyuan Nan Lu, Zhongguancun, Haidian District, Beijing, China, 100190.
- (5) The business address of Ms. Long is Units 2804-2805, SK Tower 6A Jianguomenwai Avenue, Chaoyang District, Beijing, China, 100022.
- (6) The business address of Mr. Huang is 10F Building A, North-Star Century Center, 8 Beichen West Street, Chaoyang District, Beijing.
- (7) The business address of Mr. Hou is Room 10222, Chateau Chang'An, No. 51, Fuxing Road, Haidian District, Beijing, China, 100036.
- (8) The business address of Mr. Qu is New Century Hotel Office Tower, 6/F, No. 6 South Capital Stadium Road, Beijing, China, 100044.
- (9) The business address of Mr. Zhang is New Century Hotel Office Tower, 6/F, No. 6 South Capital Stadium Road, Beijing, China, 100044.
- (10) Includes 15,689,443 ordinary shares held by JD.com Global Investment Limited. JD.com Global Investment Limited is a British Virgin Islands company, which is wholly owned subsidiary of JD.com, Inc., a Cayman Islands company with its shares listed on the Nasdaq Global Select Market. The business address of JD.com Global Investment Limited is 10th Floor, Building A, North Star Century Center, 8 Beichen West Street, Chaoyang District, Beijing 100101, P.R. China.
- (11) Includes (i) 4,380,000 ordinary shares and (ii) 4,620,000 ordinary shares in the form of ADSs owned by ATG Global Management L.P., or ATGGM. ATG International Management, LLC, or ATGIM, a Delaware limited liability company, is the general partner of ATGGM. In addition, (i) ATG Investments, Inc., or ATGI, a Delaware corporation, as sole member of ATGIM, (ii) AutoTrader.com, Inc., or ATC, a Delaware corporation and sole stockholder of ATGI; and (iii) AutoTrader Group, Inc., a Delaware corporation, as the sole stockholder of ATC, may be deemed to have beneficial ownership over our shares held by ATGGM. Mr. Clement is the executive vice-president and chief financial officer for AutoTrader Group, Inc. The principal office and business address for ATGGM, ATGIM, ATGI, ATC and AutoTrader Group, Inc. is c/o AutoTrader Group, Inc., 3003 Summit Boulevard, Atlanta, Georgia 30319.
- (12) See (1).
- (13) Based on a Schedule 13G/A jointly filed on March 26, 2015 by Tiger Global Investments, L.P., Tiger Global Performance, LLC, Tiger Global Management, LLC, Charles P. Coleman III, Scott Shleifer and Feroz Dewan, which we collectively refer to as Entities affiliated with Tiger Global Management. According to the Schedule 13G/A filing, 6,085,022 shares may be deemed beneficially owned by each of Tiger Global Performance, LLC, Tiger Global Management, LLC, Charles P. Coleman III, Scott Shleifer, and Feroz Dewan. In addition, 4,967,439 shares may be deemed beneficially owned by Tiger Global Investments, L.P. According to the Schedule 13G/A filing, the address of Tiger Global Investments, L.P. is c/o Citco Fund Services (Cayman Islands) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-1205, Cayman Islands. The address of Tiger Global Performance, LLC, Tiger Global Management, LLC, Charles P. Coleman III, Scott Shleifer, and Feroz Dewan is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, New York 10019.

As of March 31, 2015, to our knowledge, a total of 31,975,744 ordinary shares, representing approximately 50.5% of our total outstanding shares, were held by two record holders in the United States. One of these holders was Citibank, N.A., the depository of our ADS program, which held 31,888,244 ordinary shares (including 3,217,170 ordinary shares reserved for future issuances upon the exercise or vesting of awards granted under our share incentive plans). The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. None of our existing shareholders has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Transactions with Entities Controlled by Certain Directors, Officers and Shareholders

Acquisition of Bitcar. In 2011, we acquired 100% equity interest in Bitcar from two members of our key management personnel and in March 2013, we made the remaining payment of RMB18.0 million for the contingent consideration, as a result of which, we have made the full payment for the consideration of the acquisition in a total amount of RMB63.0 million.

Purchase of Services from Auto Radio. Beijing Auto Radio Advertising Company Limited, or Auto Radio, with certain common shareholders of ours, may be deemed as our related party. In 2012 and 2013, we purchased advertising services from Auto Radio in a total amount of RMB0.2 million and RMB0.2 million, respectively.

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Purchase of Services from Auto Weekly. Beijing Auto Weekly (Beijing) Media Advertising Company Limited, or Auto Weekly, with certain common shareholders of ours, may be deemed as our related party. In 2012 and 2013, we purchased advertising services from Auto Weekly in a total amount of RMB0.3 million and RMB1.4 million, respectively.

Purchase of Services from Youxinpai. Youxinpai (Beijing) Information Technology Company Limited, or Youxinpai, with certain common shareholders and directors of ours, may be deemed as our related party. In 2014, we purchased automobile transaction services from Youxinpai in a total amount of RMB1.3 million (US\$0.2 million).

Services Provided to Uxin. Youxin Internet (Beijing) Information Technology Company Limited, or Uxin, has common key management members with us. In November 2013, we entered into a series of agreements with Uxin to jointly develop used car business and we incurred expenses in an amount of RMB1.1 million in relation to the cooperation project development. In 2014, we provided marketing services to Uxin in a total amount of RMB0.1 million (US\$0.02 million).

Purchase of Services from Yucheng. Beijing Yucheng Advertising Company Limited, or Yucheng, is controlled by our ordinary shareholders. In 2014, we purchased advertising services from Yucheng in a total amount of RMB1.1 million (US\$0.2 million).

Transactions with KBB. In November 2013, we entered into a framework agreement to establish a joint venture in China with KBB and CADA. As of the date of this annual report, a joint venture in Hong Kong, which will be a shareholder of our joint venture in China, was established and we contributed an amount of US\$2.5 million to the Hong Kong joint venture.

Transactions with JD.com and Tencent

Share Subscription Agreement

We entered into a share subscription agreement with JD.com, JD.com Global Investment Limited, or JD Global, a wholly owned subsidiary by JD.com, together with Dongting Lake Investment Limited, or Dongting, a special purpose vehicle of Tencent, on January 9, 2015. Pursuant to the Share Subscription Agreement, we issued to JD Global 15,689,443 ordinary shares, representing approximately 25% of our then outstanding ordinary shares on a fully diluted basis, in consideration for US\$400 million in cash and certain resources material to the JD.com's finished automobile business on February 16, 2015. On the same closing date, we also issued 2,046,106 ordinary shares to Dongting for a total purchase price of US\$150 million in cash.

Lock-up restriction. Pursuant to the share subscription agreement, JD Global has agreed to not to offer, sell, contract to sell, pledge, transfer, assign or otherwise dispose of, directly or indirectly, any of the shares it acquired, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the shares it acquired, until twelve months from February 16, 2015. Dongting is subject to the same lock-up restriction with respect to the shares it acquired pursuant to the share subscription agreement.

Standstill restriction. Pursuant to the share subscription agreement, JD Global has agreed that, without our prior written consent, neither JD Global nor any of its affiliates will, directly or indirectly, (i) in any way acquire, offer or propose to acquire or agree to acquire legal title to or beneficial ownership of any of our securities; (ii) make any public announcement with respect to or submit any proposal for, the acquisition of any of our securities or with respect to any merger, consolidation, business combination, restructuring, recapitalization or purchase of any substantial portion of our assets or any of our subsidiaries; (iii) seek or propose to influence, advise, change or control the management, the board of directors, governing instruments or policies or affairs of ours by way of any public communication or communication with any person other than us, or make, or in any way participate in, any solicitation of proxies, until twelve months after February 16, 2015. Dongting is subject to the same standstill restriction pursuant to the share subscription agreement.

Business Cooperation Agreement

We entered into a business cooperation agreement with JD.com on January 9, 2015. Pursuant to the business cooperation agreement, JD.com has granted us an exclusive right to operate JD.com's finished automobile business, which includes the sale of finished automobiles (including new and used cars) on JD Mall, Paipai, their respective mobile sites and JD.com's mobile applications, as well as the provision of advertising services on JD.com's finished car channels, in mainland China. JD.com has also agreed to provide supports in areas such as traffic support, big data capabilities and technology infrastructure. The term of the business cooperation is five years from April 9, 2015.

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Non-compete. During the period of business cooperation, JD.com has agreed not to engage in the business of selling finished automobile (including new and used cars) and providing advertising services relating to finished automobile in mainland China, or control or otherwise be interested in entities or enterprises that engage in such business, nor shall JD.com allow any third-party merchants other than us to operate finished automobile business on its platform.

Investor Rights Agreement

We entered into an investor rights agreement with JD Global and Dongting on February 16, 2015. Pursuant to the investor rights agreement, JD Global has received certain board representation rights and certain registration rights, a brief summary of which is set forth below:

Board representation. JD Global is entitled to appoint one director on our board of directors, as long as JD Global holds no less than 12.5% of the then issued and outstanding share capital of Bitauto on a fully diluted basis. The director appointed by JD Global is entitled to serve on the compensation committee and the nominating and corporate governance committee of our board, unless a majority of the board determines in good faith that such service on the committee would violate any applicable law or result in us being not in full compliance with the applicable stock exchange requirements without seeking exemptions. If at any time any representative of any other shareholder has the right to attend the meetings of any committee of the board in a non-voting observer capacity and the director appointed by JD Global is not a member of such committee, the director appointed by JD Global has the right, as a non-voting observer, to attend all meetings of and observe all deliberations of any such committee.

Demand registration rights. Holders of at least 50% of the registrable securities then outstanding have the right to demand that Bitauto file a registration statement covering the registration of registrable securities with a market value in excess of US\$100 million. However, we are not obligated to effect any demand registration if it has already effected a registration within the six-month period preceding the demand. We are obligated to effect only three demand registrations for either JD Global or Dongting. The demand registration rights in the investor rights agreement are subject to customary restrictions, such as limitations on the number of securities to be included in any underwritten offering imposed by the underwriter.

Piggyback registration rights. If we propose to file a registration statement for a public offering of its securities other than a registration statement relating to any employee benefit plan or a corporate reorganization, we must offer holders of our registrable securities an opportunity to include in the registration all or any part of their registrable securities. The demand registration rights in the investor rights agreement are subject to customary restrictions, such as limitations on the number of securities to be included in any underwritten offering imposed by the underwriter.

Form F-3 registration rights. Holders of a majority of the registrable securities then outstanding have the right to request us to effect registration statements on Form F-3. However, we are not obligated to effect any such registration, if the proceeds from the sale of registrable securities (net of underwriters' discounts or commissions) will be less than US\$1.0 million or we have already effected a registration within the six-month period preceding the request.

Expenses of obligations. We will bear all registration expenses incurred in connection with any demand, piggyback or F-3 registration, including reasonable expenses of one legal counsel for the holders, but excluding underwriting discounts and selling commissions and ADS issuance fees charged by our depositary bank. Holders of registrable securities will bear such holder's proportionate share (based on the total number of shares sold in such registration other than for our account) of all underwriting discounts and selling commissions or other amounts payable to underwriters or brokers.

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Yixin Capital Share Subscription Agreement

We entered into a share subscription agreement with JD Financial Investment Limited, or JD Financial, a wholly-owned subsidiary of JD.com, Dongting, Hammer Capital Management Limited and Yixin Capital on January 9, 2015. The transactions contemplated under the Yixin Capital share subscription agreement were completed on February 16, 2015. Pursuant to the share subscription agreement, we agreed to contribute (i) our online financial service platform which links financiers, insurers, dealers and users to provide automobile related financial services to Yixin Capital in exchange for 13,499,906 ordinary shares of Yixin Capital representing 27.0% of the issued and outstanding equity securities of Yixin Capital on a fully diluted basis, which were issued to our wholly owned subsidiary, Bitauto Hong Kong Limited, and (ii) 100% of the equity interest in Shanghai Yixin Financial Leasing Company Limited, our wholly foreign-owned subsidiary, which has been approved to engage in the automobile financial leasing business, and US\$100 million in cash to Yixin Capital, in exchange for 11,534,156 series A preferred shares of Yixin Capital, representing 23.1% of the issued and outstanding equity securities of Yixin Capital on a fully diluted basis, which were issued to Bitauto Hong Kong Limited. JD Financial agreed to purchase 8,872,428 series A preferred shares of Yixin Capital, representing 17.7% of the issued and outstanding equity securities of Yixin Capital on a fully diluted basis, for a total purchase price of US\$100 million. In addition, Dongting agreed to purchase 13,308,642 series A preferred shares of Yixin Capital, representing 26.6% of the issued and outstanding equity securities of Yixin Capital on a fully diluted basis, for a total purchase price of US\$150 million, while Hammer Capital Management Limited agreed to purchase 887,243 series A preferred shares of Yixin Capital, representing 1.8% of the issued and outstanding equity securities of Yixin Capital on a fully diluted basis, for a total purchase price of US\$10 million. The series A preferred shares of Yixin Capital enjoy certain preferred dividend rights, liquidation preference, redemption rights and conversion rights.

Yixin Capital Shareholders' Agreement

Bitauto Hong Kong Limited, JD Financial, Dongting and Hammer Capital Management Limited, entered into a shareholders' agreement with Yixin Capital on February 16, 2015. Pursuant to the Yixin Capital shareholders' agreement, the board of Yixin Capital consists of five members. Currently, each of JD Financial and Dongting Lake Investment Limited has the right to appoint one director to the board respectively, and Bitauto Hong Kong Limited has the right to appoint the other three directors to the board. The preferred shareholders of Yixin Capital, subject to certain conditions, have a preemptive right with respect to any issuance of new shares by Yixin Capital. Furthermore, the shareholders of Yixin Capital have a right of first refusal and a tag-along right with respect to any transfer of shares of Yixin Capital by any shareholder. In addition, holders of a majority of the outstanding ordinary shares of Yixin Capital and holders of at least 75% of the outstanding preferred shares of Yixin Capital have a drag-along right in the case of a trade sale. The shareholders of Yixin Capital also enjoy demand registration rights, piggyback registration rights and Form F-3 registration rights with respect to the registrable securities they hold in Yixin Capital, subject to certain limitations.

Transactions with Associates and Joint Ventures

Transactions with Target Net. Prior to July 2014, Target Net was a joint venture of us. In July 2014, we acquired additional 31% interest in Target Net with a consideration of RMB100.0 million in cash. As a result, we held 51% equity interests in Target Net. In 2012, 2013 and 2014, we purchased advertising services from Target Net in a total amount of RMB1.0 million, RMB8.2 million and RMB7.5 million (US\$1.2 million), respectively. In 2014, we provided advertising services to Target Net in a total amount of RMB7.6 million (US\$1.2 million).

Purchase of Service from Eclicks. Shanghai Eclicks Network Co. Ltd., or Eclicks, is a joint venture of us. In 2014, we purchased advertising services from Eclicks in a total amount of RMB7.5 million (US\$1.2 million).

Transactions with Xinchuang Interactive. Beijing Xinchuang Interactive Advertising Company Limited, or Xinchuang Interactive is an associate of us. In 2012, we purchased advertising services to Xinchuang Interactive in the aggregate amount of RMB0.2 million. In 2014, we provided advertising services to Xinchuang Interactive in a total amount of RMB64.9 million (US\$10.5 million).

Services provided to Beijing Pang Da. Beijing Pang Da Zhixin Automobile Technology Company Limited, or Beijing Pang Da, is an associate of us. In 2014, we provided advertising services to Beijing Pang Da in a total amount of RMB0.08 million (US\$0.01 million).

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Services provided to Diandongbang. Diandongbang Technology (Beijing) Company Limited, or Diandongbang, is an associate of us. In 2014, we provided advertising services to Diandongbang in a total amount of RMB0.03 million (US\$0.005 million), respectively.

Contractual Arrangements with our PRC Structured Entities and Their Shareholders

Due to certain restrictions under PRC law on foreign ownerships of entities engaged in internet and advertising businesses, we conduct our operations in China mostly through contractual arrangements among our wholly foreign owned PRC subsidiaries, Beijing Bitauto Internet Information Company Limited, or BBII, Shanghai Techuang Advertising Company Limited, or Techuang, and Beijing Yixin Information Technology Co., Ltd., or Beijing Yixin, our structured entities in China, or structured entities, and the shareholders of these structured entities.

Agreements that Provide Us with Effective Control over Our PRC Structured Entities

Loan Agreements

As part of the contractual arrangements for BBII, CIG and BEAM and the relevant structured entities, each shareholder of BBIT, CIG and BEAM entered into a loan agreement with BBII, pursuant to which BBII agreed to provide interest-free loans to each of the shareholders of BBIT, CIG and BEAM. The purpose of the loans is to provide capital and/or registered capital to our PRC structured entities in order to develop their businesses. Each loan has a term of 10 years which may be extended upon mutual written consent of the parties or a long-term.

Each loan agreement contains a number of covenants to restrict the actions that a structured entity shareholder may take or cause the structured entity to take. For example, a structured entity shareholder (i) shall not transfer, sell, mortgage, dispose of, or encumber his/her equity interest in a structured entity except in accordance with the share pledge agreement discussed below, (ii) without prior written consent of the relevant PRC subsidiaries, shall not take actions or omissions that may have a material impact on the assets, business and liabilities of a structured entity, (iii) shall cause the shareholders' meeting and/or the board of directors of a structured entity not to approve the merger or consolidation of such structured entity with any person, or any acquisition or investment in any person, without prior written consent of the relevant PRC subsidiaries, and (iv) shall appoint any director candidates nominated by the relevant PRC subsidiaries.

Irrevocable Power of Attorney

Each shareholder of our PRC structured entities executed an irrevocable power of attorney, appointing the relevant PRC subsidiary or a person designated by such PRC subsidiary as his or her attorney-in-fact to attend shareholders' meetings of the respective structured entity, exercise all the shareholder's voting rights, including but not limited to the sale, transfer, pledge or disposition of the shareholder's equity interest in the structured entity, and designate or appoint legal representatives, directors and officers of the relevant structured entity. Each power of attorney remains valid and irrevocable from the date of execution so long as the person remains to be the shareholder of the respective structured entity. The key terms of all these powers of attorneys, which give effect to our control over the structured entities, are substantially the same.

Share Pledge Agreement

On March 31, 2009, BBII entered into share pledge agreements with BBIT and each of BBIT's shareholders. Pursuant to the share pledge agreements, each shareholder of BBIT agrees to pledge his/her shares in BBIT to secure BBIT's payment obligations, including payment of consulting and service fees, under the exclusive business cooperation agreement between BBII and BBIT described below. This agreement amended and replaced the share pledge agreements among BBII, BBIT and BBIT's shareholders dated March 9, 2006.

On March 31, 2009, BBII entered into share pledge agreements with CIG and each of its shareholders. These agreements have substantially the same terms as the agreements between BBII, BBIT and BBIT's shareholders described above. These agreements amended and replaced the share pledge agreements between BBII, CIG and CIG's shareholders dated March 9, 2006.

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On July 12, 2013, BBII entered into equity interest pledge agreements with BEAM and each of BEAM's three shareholders. Pursuant to the equity interest pledge agreements, each shareholder of BEAM agrees to pledge his/her equity interests in BEAM to secure BEAM's payment obligations, including payment of consulting and service fees, under the exclusive business cooperation agreement between BBII and BEAM described below.

On February 15, 2015, Techuang entered into an equity interest pledge agreement with Beijing Yixin and Beijing Yixin's shareholder, which was subsequently replaced by equity interest pledge agreements between Techuang, Beijing Yixin and each of its shareholders dated April 20, 2015. Pursuant to the currently equity interest pledge agreement, each shareholder of Beijing Yixin agreed to pledge the respective equity interests in Beijing Yixin to secure Beijing Yixin and its shareholders' performance of all of their obligations under the power of attorney executed by such shareholder of Beijing Yixin, the exclusive option agreement between Techuang, Beijing Yixin and its shareholder and the exclusive business cooperation agreement between Techuang and Beijing Yixin as described below.

Each pledge of shares or equity interests is effective on the date when it is registered with the local administration for industry and commerce and remains effective until all payments due under the relevant exclusive business cooperation agreement or all the obligations under the relevant contractual agreements, as the case may be, have been fulfilled by the respective structured entity. During the term of a pledge, the relevant PRC subsidiaries, the pledgees, may dispose of the pledge if the structured entity defaults under the exclusive business cooperation agreement. Each of the relevant PRC subsidiaries also has the right to collect dividends generated by the shares or equity interests pursuant to these pledge agreements. In addition, each shareholder of our PRC structured entities agreed not to transfer or create any new encumbrance adverse to the relevant PRC subsidiaries on the shareholder's equity interest in such structured entities without prior written consent of the relevant PRC subsidiaries. The key terms of these pledge agreements, which give effect to our control over structured entities, are substantially the same. We have registered the pledges of the shares or equity interests in our PRC structured entities with the local administration for industry and commerce, except the equity pledge of Beijing Yixin. The shareholders of Beijing Yixin are preparing for the capital increase of Beijing Yixin and will apply for the registration after the completion of the capital increase.

Agreements that Transfer Economic Benefits from Our PRC Structured Entities to Us

Exclusive Business Cooperation Agreement

On March 9, 2006, BBII entered into an exclusive business cooperation agreement with BBIT, pursuant to which BBII agreed to provide BBIT, on an exclusive basis, with technical, consulting and other services in relation to BBIT's e-commerce and internet content business. BBII's services include, among other things, technical services, network support, business consultations, intellectual property licenses, equipment or property leasing, marketing consultancy, product search and development and system maintenance. In return, BBIT agreed to pay BBII service fees. BBII follows the commonly used methodology, which is to charge service fees based on each structured entity's revenues reduced by its turnover taxes, such as business taxes, value-added taxes and other surcharges, cost of revenues, operating expenses and an appropriate amount of retained profit that is determined pursuant to tax planning strategies and relevant tax laws. During the term of this agreement, BBIT agreed not to accept any consultation and/or services provided by any third party without BBII's prior written consent. The term of this agreement is 10 years and may be extended upon BBII's prior written consent. BBII determines the extended term and BBIT agrees to unconditionally accept such extended term.

The exclusive business cooperation agreement dated March 9, 2006 between BBII and CIG, the exclusive business cooperation agreement dated April 30, 2010 between BBII and BEAM have terms that are substantially the same as those of the exclusive business cooperation agreement between BBII and BBIT described above.

On February 15, 2015, Techuang entered into an exclusive business cooperation agreement with Beijing Yixin, pursuant to which Beijing Yixin agreed to provide Techuang on an exclusive basis with technical, consulting and other services in relation to Beijing Yixin's automobile related financing business, among other things, software licenses, software development, maintenance and update, database design, marketing and promotion services, business management consultation, customer order management and customer services and equipment or property leasing. In return, Beijing Yixin agreed to pay Techuang service fees, which would comprise of the management fee and relevant service fee on the basis of several metrics including the type, value and market price of the services provided by Techuang and the operation condition of Beijing Yixin. The agreement remains effective unless Techuang terminates in writing or either Techuang or Beijing Yixin fails to obtain the government's approval on the renewal of the business license. Each of Techuang and Beijing Yixin must renew its operation term prior to the expiration thereof so as to enable the agreement to remain effective.

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Exclusive Option Agreements

On March 31, 2009, BBII entered into exclusive option agreements with BBIT and each of BBIT's shareholders. Pursuant to these agreements, each of BBIT's shareholders irrevocably granted BBII an exclusive right to purchase, or designate one or more persons to purchase, the equity interests in BBIT then held by such shareholder of BBIT. BBII or its designee may elect to purchase such equity interests at any time, once or at multiple times, in part or in whole at its own sole and absolute discretion to the extent permitted by the PRC laws. Unless an appraisal is required by any applicable PRC laws, the purchase price shall equal the actual capital contribution paid in the registered capital of BBIT by BBIT's shareholders. As agreed in the loan agreements between BBII and BBIT's shareholders, upon BBII's exercise of its option to purchase the equity interests in BBIT, BBII may elect to pay for the purchase by canceling the outstanding amount of loans owed by BBIT's shareholders to BBII. The terms of these agreements are 10 years. The agreements may be renewed for an additional 10 years at BBII's discretion. These agreements amended and replaced the exclusive option agreements among BBII, CIG and CIG's shareholders dated March 9, 2006.

On March 31, 2009, BBII entered into exclusive option agreements with CIG and each of CIG's shareholders, which amended and replaced the previous exclusive option agreement dated March 9, 2006. On July 12, 2013, BBII entered into exclusive option agreements with BEAM and each of BEAM's shareholders. The terms of these agreements are substantially the same as the exclusive option agreements among BBII, BBIT and each of BBIT's shareholders described above.

On February 15, 2015, Techuang entered into an exclusive option agreement with Beijing Yixin and Beijing Yixin's shareholder, which was subsequently replaced by the exclusive option agreements between Techuang, Beijing Yixin and each of its shareholders dated April 20, 2015. Pursuant to these agreements, each of Beijing Yixin's shareholders irrevocably granted Techuang an exclusive right to purchase, or designate one or more persons to purchase, the equity interests in Beijing Yixin then held by such shareholder of Beijing Yixin. Beijing Yixin or its designee may elect to purchase such equity interests at any time, once or at multiple times, in part or in whole at its own sole and absolute discretion to the extent permitted by the PRC laws. The purchase price for the equity interests of each shareholder equals to the capital contribution paid in the registered capital of Beijing Yixin by Beijing Yixin's such shareholder. If the appraisal is required by the PRC law, the purchase price may be adjusted based on the appraisal. Each shareholder undertakes to donate the applicable purchase price (exclusive of the relevant taxes) to Techuang or any person designated by Techuang. The agreement remains effective until all the equity interests held by the shareholder of Beijing Yixin have been transferred or assigned to Techuang or any other persons designated by Techuang.

As a result of these contractual arrangements, we control our structured entities and have consolidated the financial information of these structured entities and their subsidiaries into our consolidated financial statements in accordance with IFRS. We have been advised by our PRC counsel, Han Kun Law Offices, that each of such contractual agreements for operating our business in China, including our corporate structure and contractual arrangements with the structured entities, complies with all applicable existing PRC laws, rules and regulations, and does not violate, breach, contravene or otherwise conflict with any applicable PRC laws, rules or regulations.

However, we cannot assure you that the PRC regulatory authorities will not adopt any new regulations to restrict or prohibit foreign investment in internet and online internet and advertising businesses through contractual arrangements in the future, or will not determine that our corporate structure and contractual arrangements violate the PRC laws, rules or regulations. See "Item 3. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC governmental restrictions on foreign investment in internet content and marketing services, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" and "Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit the protection available to you and us."

For further disclosure on related party transactions, see Item 18 "Financial Statements—Notes to the financial statements—Note 22."

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Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 18 “Financial Statements.”

Legal and Administrative Proceedings

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. We are currently not involved in any legal or administrative proceedings that may have a material adverse impact on our business, financial position or results of operations.

Dividend Policy

We are a Cayman Islands holding company and substantially all of our operations are conducted through our PRC subsidiaries, and our structured entities. We rely principally on dividends paid to us by our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, service any debt we may incur and pay our operating expenses. In China, the payment of dividends is subject to certain limitations. PRC regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of its after-tax profit based on PRC accounting standards to its statutory general reserves each year until the accumulative amount of the reserves reaches 50% of its registered capital. BBII, as a foreign-invested enterprise, is required to set aside funds for employee bonus and welfare fund from its after-tax profits each year at percentages determined at its sole discretion. These reserves are not distributable as cash dividends.

BBII had accumulated profits amounting to RMB182.6 million (US\$29.4 million) as of December 31, 2014 pursuant to PRC Accounting Standards. Therefore, BBII appropriated reserves amounting to RMB18.3 million (US\$2.9 million) as of December 31, 2014. The accounting policies applied by BBII in preparing its financial statements under PRC accounting standards are materially consistent with our accounting policies under IFRS. There is no material difference between the accumulated profits of BBII determined under PRC accounting standards and the accumulated profits of BBII consolidated by us under IFRS. For a description of how earnings are transferred from our PRC subsidiaries, and our structured entities to us, see “Item 7. Major Shareholders and Related Party Transactions—B Related Party Transactions—Contractual Arrangements with our PRC Structured Entities and Their Shareholders.”

In addition, we do not have any present plan to pay cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has significant discretion on whether to distribute dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial position, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, the depositary will distribute such payments to our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

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ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing one ordinary share, has been listed on the NYSE since November 17, 2010 and trade under the symbol “BITA.” The following table provides the high and low trading prices for our ADSs on the NYSE for the periods indicated.

	<u>Trading Price</u>	
	<u>High</u>	<u>Low</u>
	<u>US\$</u>	<u>US\$</u>
2012	7.66	3.50
2013	35.04	7.06
First Quarter of 2013	10.40	7.06
Second Quarter of 2013	13.20	9.45
Third Quarter of 2013	18.10	11.00
Fourth Quarter of 2013	35.04	16.22
2014	98.28	27.10
First Quarter of 2014	46.93	27.10
Second Quarter of 2014	49.19	29.00
Third Quarter of 2014	98.28	43.17
Fourth Quarter of 2014	97.45	62.90
Monthly Highs and Lows		
October 2014	84.41	62.90
November 2014	97.45	75.68
December 2014	90.29	66.35
2015		
First Quarter of 2015	95.00	45.23
Second Quarter of 2015 (through April 17, 2015)	58.45	49.11
Monthly Highs and Lows		
January 2015	95.00	57.22
February 2015	66.38	55.47
March 2015	74.80	45.23
April 2015 (through April 17, 2015)	58.45	49.11

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

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B. Memorandum and Articles of Association

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association and the Companies Law of the Cayman Islands, which is referred to as the Companies Law below. The following are summaries of material provisions of our amended and restated memorandum and articles of association in effect as of the date of this annual report insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Offshore Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands, or at such other place as our board of directors may from time to time decide. The objects for which our company is established are unrestricted and we have and are capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.

Board of Directors

A director is not required to hold any shares in our company by way of qualification. A director may generally vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided the nature of his interest is disclosed prior to voting. A director may exercise all the powers of our company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. The directors may receive such remuneration as our board may from time to time determine. There is no age limit requirement with respect to the retirement or non-retirement of a director. See also “Item 6. Directors, Senior Management and Employees—C. Board Practices—Duties of Directors” and “—Terms of Directors and Officers.”

Ordinary Shares

General. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law and to our amended and restated memorandum and articles of association.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any shareholders’ meeting is by show of hands unless required by the rules of the listing exchange or a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution is required for important matters such as amending our amended and restated memorandum and articles of association. Holders of the ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital, and cancel any shares.

Transfer of Shares. Subject to the restrictions contained in our amended and restated memorandum and articles of association, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors. Our board of directors may, in its sole discretion, decline to register any transfer of any ordinary share. Our directors may also decline to register any transfer of any ordinary share unless (a) the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of ordinary shares; (c) the instrument of transfer is properly stamped, if required; (d) the ordinary shares transferred are fully paid and free of any lien in favor of us; (e) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; or (f) any fee related to the transfer has been paid to us.

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If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, after compliance with any notice requirements of the NYSE, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Redemption of Shares. Subject to the provisions of the Companies Law and other applicable law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner, including out of capital, as may be determined by the board of directors.

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such previously existing class of shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we have in our amended and restated memorandum and articles of association provided our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements. See Item 10. “Additional Information—H. Documents on Display.”

Anti-Takeover Provisions. Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to call meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

General Meetings of Shareholders. Shareholders’ meetings may be convened by a majority of our board of directors or our chairman. Advance notice of at least ten clear days is required for the convening of our annual general shareholders’ meeting and any other general meeting of our shareholders. A quorum for a meeting of shareholders consists of at least two shareholders present or by proxy, representing not less than one-third in nominal value of the total issued voting shares in our company.

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C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company,” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Currency Exchange.”

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties except for a double tax treaty entered into with the United Kingdom in 2010. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Council:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of twenty years from August 24, 2010.

People’s Republic of China Taxation

Under the Enterprise Income Tax Law, or EIT Law, and its implementation rules, enterprises established under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered to be PRC tax resident enterprises for tax purposes. We are a holding company incorporated in the Cayman Islands, which indirectly holds, through our Hong Kong subsidiaries, 100% of our equity interests in our subsidiaries in the PRC. Our business operations are principally conducted through our PRC subsidiaries and their structured entities and most of our directors and management staff are PRC nationals. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%. Further, the EIT Law and the implementation rules provide that an income tax rate of 10% may apply to China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiaries to its overseas parent that is not a PRC resident enterprise, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, unless there are applicable treaties that reduce such rate. Under a special arrangement between China and Hong Kong, such dividend withholding tax rate is reduced to 5% if a Hong Kong resident enterprise owns more than 25% of the equity interest in the PRC company distributing the dividends and is determined by the competent PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement between Hong Kong and Mainland China and other applicable PRC laws. As our Hong Kong subsidiaries own 100% of our PRC subsidiaries, under the aforesaid arrangement, any dividends that our PRC subsidiaries pay our Hong Kong subsidiaries may be subject to a withholding tax at the rate of 5% if our Hong Kong subsidiaries are not considered to be a PRC tax resident enterprises as described below and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements. However, if our Hong Kong subsidiaries are not considered to be the beneficial owners of such dividends under a tax notice promulgated on October 27, 2009 or is determined by the competent PRC tax authority not to have satisfied any other relevant condition or requirement, such dividends would be subject to the withholding tax rate of 10%.

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The implementation rules of the Enterprise Income Tax Law provide that (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10% if such shareholders are non-PRC resident enterprises or up to 20% if such shareholders are non-PRC resident individuals, and it is not clear whether the tax treaty benefit would be applicable in such cases.

See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders or ADS holders.” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— Under the EIT Law, we may be classified as a “resident enterprise” of China; such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and materially and adversely affect our results of operations and financial condition.”

The Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises, or the Non-resident Enterprises Measures, the entities which have the direct obligation to make certain payments to a non-resident enterprise must be the relevant tax withholders for such non-resident enterprise. Further, the Non-resident Enterprise Measures provides that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment must, by itself or engage an agent to, file a tax declaration with the PRC tax authority in the jurisdiction of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise, or be subject to certain penalties and additions to interest for any tax due. By promulgating and implementing Circular 59 and Circular 698, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. Under Circular 698, except for the purchase and sale of equity interests through a public securities market, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, the non-resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the Indirect Transfer is considered an abusive use of the holding company structure without reasonable commercial purposes. Public Notice 7 extends its tax jurisdiction to both Indirect Transfer as set forth under Circular 698 and transactions involving the transfer of real property in China and assets of an establishment or a place in the PRC by a foreign company through the offshore transfer of a foreign intermediate holding company. Public Notice 7 interprets the term “transfer of the equity interest in a foreign intermediate holding company” broadly. In addition, Public Notice 7 clarifies certain criteria on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Pursuant to the Public Notice 7, both the foreign transferor and the transferee of the Indirect Transfer are required to make a self-assessment on whether the transaction should be subject to PRC tax and whether to file or withhold the PRC tax accordingly.

See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.”

In November 2011, the PRC Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to value-added tax for certain industries, including, among others, transportation services, research and development and technical services, information technology services, and cultural and creative services. The VAT Pilot Program initially applied only to these industries in Shanghai, and has been expanded to eight additional provinces, including Beijing, Tianjin, Zhejiang Province (including Ningbo), Anhui Province, Guangdong Province (including Shenzhen), Fujian Province (including Xiamen), Hubei Province and Jiangsu province. The VAT Pilot Program has been rolled out to the whole country since August 1, 2013.

For the period immediately prior to the implementation of the VAT Pilot Program, revenues from our services are subject to a 5% PRC business tax. Our entities have been subject to a 6% value-added tax since the respective effective time of the VAT Pilot Program for our services that are deemed by the relevant tax authorities to be within the relevant industries.

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See “Item 3. Key Information—D. Risk Factors—We may have exposure to greater than anticipated tax liabilities.”

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations relating to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (“the Code”). This summary is based upon existing United States federal tax law, including the Code, its legislative history, existing, temporary and proposed regulations thereunder, published rulings and court decisions, all of which are subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (“IRS”) with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This summary does not discuss all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules that differ significantly from those summarized below (for example, banks, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships (or other entities treated as partnerships for U.S. federal income tax purposes) and their partners and tax-exempt organizations (including private foundations), holders who are not U.S. Holders, holders who own (directly, indirectly or constructively) 10% or more of our voting stock, holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation, investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes, certain expatriates or former long-term residents of the United States, governments or agencies or instrumentalities thereof, or investors that have a functional currency other than the United States dollar). In addition, this summary does not discuss any United States federal estate, gift or alternative minimum tax consequences or any non-United States, state or local tax considerations or the Medicare tax. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

General

For purposes of this summary, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding our ADSs or ordinary shares, the U.S. Holder is urged to consult its tax advisor regarding an investment in our ADSs or ordinary shares.

It is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner, for United States federal income tax purposes, of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of our ordinary shares for our ADSs will not be subject to United States federal income tax.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a “passive foreign investment company” (a “PFIC”), for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income (the “asset test”). For this purpose, cash is categorized as a passive asset and the company’s goodwill and unbooked intangibles associated with active business activities may generally be classified as non-passive assets. Passive income generally includes, without limitation, dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, net gains from commodity transactions, net foreign currency gains and net income from notional principal contracts. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

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Although the law in this regard is unclear, we treat our PRC structured entities as being owned by us for U.S. federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. If it were determined, however, that we were not the owner of our PRC structured entities for U.S. federal income tax purposes, we would likely be treated as a PFIC.

Assuming we are the owner of our PRC structured entities for U.S. federal income tax purposes, and based on our current income and assets, we presently do not expect to be classified as a PFIC for the current taxable year or future taxable years. While we do not anticipate becoming a PFIC for the current taxable year or the foreseeable future, no assurance can be given in this regard because the determination of whether we will be or become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, on the composition of our income and assets. Fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years because the value of assets for the purpose of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increase relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. In addition, because there are uncertainties in the application of the relevant rules, it is also possible that the IRS may challenge our classification of certain income and assets as non-passive, which may result in our company being or becoming classified as a PFIC for the current or future taxable years.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares even if we cease to be a PFIC in subsequent years (unless such U.S. Holder makes a “deemed sale” election, as discussed below), and such a U.S. Holder will become subject to special rules discussed below. U.S. Holders are urged to consult with their tax advisors regarding the consequences of potentially holding an interest in a PFIC, and the ramifications of making a “deemed sale” election, as discussed further below.

The discussion below under “Dividends” and “Sale or Other Disposition of ADSs or Ordinary Shares” is written on the basis that we will not be classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply if we are classified as a PFIC for our current or subsequent taxable years are generally discussed below under “Passive Foreign Investment Company Rules”.

Dividends

Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution paid will generally be treated as a “dividend” for U.S. federal income tax purposes. A non-corporate recipient of dividend income generally will be subject to tax on dividend income from a “qualified foreign corporation” at the lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation if (i) it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of the rules applicable to qualified dividends and which includes an exchange of information program, or (ii) our ADSs or ordinary shares are readily tradable on an established securities market in the United States. Our ADSs are listed on the New York Stock Exchange and will be considered readily tradable on an established securities market in the United States for as long as the ADSs continue to be listed on such exchange. Thus, we believe that we will be a qualified foreign corporation with respect to dividends we pay on our ADSs, though no assurances can be given with respect to our ADSs in this regard.

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Since we do not expect that our ordinary shares will be listed on established securities markets, it is unclear whether dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. However, in the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”), we may be eligible for the benefits of the United States-PRC income tax treaty (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose) and be treated as a qualified foreign corporation with respect to dividends we pay on our ADSs or ordinary shares, regardless of whether such shares are represented by the ADSs. You are urged to consult your tax advisor regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends-received deduction allowed to corporations.

Dividends generally will be treated as income from foreign sources for United States foreign tax credit purposes and generally will constitute passive category income. In the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on our ADSs or ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld, may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in amounts equal to the difference, if any, between the amount realized upon the disposition and the U.S. Holder’s adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term gain or loss if the ADSs or ordinary shares have been held for more than one year and will generally be United States-source gain or loss for United States foreign tax credit purposes. Long-term capital gains of non-corporate taxpayers are currently eligible for reduced rates of taxation. The deductibility of a capital loss may be subject to limitations. In the event that we are treated as a PRC resident enterprise under the PRC Enterprise Income Tax Law, and gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC, such gain may be treated as PRC-source gain for United States foreign tax credit purposes under the United States-PRC income tax treaty. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign withholding tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (with respect to our ADSs, as described below), the U.S. Holder will generally be subject to special U.S. federal income tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including under certain circumstances a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder’s holding period prior to the first taxable year in which we are classified as a PFIC (each, a “pre-PFIC year”) will be taxable as ordinary income;

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- the amount allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the U.S. Holder for that year, and
- such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such prior taxable years, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC (a “lower-tier PFIC”), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each such lower-tier PFIC for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

If we are classified as a PFIC, our ADSs or ordinary shares generally will continue to be treated as shares in a PFIC for all succeeding years during which a U.S. Holder holds our ADSs or ordinary shares, unless we cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ADSs or ordinary shares. If you make a deemed sale election, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value as of the last day of the last year during which we were a PFIC. Any gain from such deemed sale would be taxed as an excess distribution as described above. You are urged to consult your tax advisor regarding our possible status as a PFIC as well as the benefit of making a deemed sale election.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election for such stock in a PFIC to elect out of the tax treatment discussed in the preceding paragraphs, provided such stock is regularly traded on a qualified exchange, including the New York Stock Exchange. We anticipate that our ADSs should qualify as being regularly traded on the New York Stock Exchange, but no assurances may be given in this regard. If a U.S. Holder makes a valid mark-to-market election with respect to our ADSs, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis in such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs (or any portion thereof) and has not previously determined to make a mark-to-market election, and who is now considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs.

Because a mark-to-market election, as a technical matter, cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund election, which, if available, would result in tax treatment different from the general tax treatment of PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC or are treated as such with respect to such U.S. Holder, the U.S. Holder will generally be required to file an annual IRS Form 8621. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of holding and disposing ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election and the unavailability of the QEF election.

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Information Reporting and Backup Withholding

Certain U.S. holders are required to report information to the IRS relating to an interest in “specified foreign financial assets,” including shares issued by a non-United States corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds US\$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a United States financial institution). These rules also impose penalties if a U.S. holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS with respect to dividends on and proceeds from the sale or other disposition of our ADSs or ordinary shares. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the United States information reporting rules to their particular circumstances.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC registration statements on Form F-1 under the Securities Act with respect to the offering of our ordinary shares represented by ADSs.

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year for fiscal years, which is December 31. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. Copies of reports and other information, when filed, may also be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A., the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

I. Subsidiary Information

See “Item 4. Information on the Company—C. Organizational Structure.”

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Our presentation currency is Renminbi. The functional currencies of our holding company Bitauto Holdings Limited and our wholly owned subsidiaries outside of China are U.S. dollar and Hong Kong dollar, while the functional currency of our PRC subsidiary and structured entities is Renminbi. We earn all of our revenues and incur most of our expenses in Renminbi, and substantially all of our services contracts are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while the ADSs will be traded in U.S. dollars.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. After June 2010, the RMB began to appreciate against the U.S. dollar again, although there have been some periods when it has lost value against the U.S. dollar, as it did for example during 2014. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

There remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in further fluctuation in the value of the Renminbi against the U.S. dollar. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Interest Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Our earnings are affected by changes in interest rates due to the impact of such changes on interest income and interest expense from interest-bearing financial assets and liabilities. Our interest-bearing financial assets comprised primarily of cash deposits at floating rates based on Hong Kong Interbank Offered Rate and People's Bank of China daily bank deposit rates. For the year ended December 31, 2012, 2013 and 2014, we did not incur any interest expenses.

For the year ended December 31, 2012, 2013 and 2014, interest income from cash deposits was approximately RMB5.5 million, RMB8.1 million and RMB13.6 million (US\$2.2 million). The weighted average interest rate on our cash deposits is 0.92%, 0.95% and 1.14% for the year ended December 31, 2012, 2013 and 2014. The following demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of interest-bearing financial assets affected. With all other variables held constant, a 0.5% increase or decrease in annual interest rates would increase or decrease interest income by RMB6.4 million (US\$1.0 million), respectively, based on the cash, cash equivalents and time deposit balance at December 31, 2014 (2013: RMB5.5 million).

See Item 18 "Financial Statements—Notes to the financial statements—Note 24".

Credit Risk

A majority of the customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis via our management reporting procedures. We provide longer payment terms, ranging from 120 to 180 days to particular automaker customers after applying strict credit requirements based on our credit policy. These automaker customers, which comprise approximately 48.7% of total receivables as of December 31, 2014 (2013: approximately 42.8%), are major, long-standing customers and are mostly joint venture entities between PRC state-owned enterprises and international automakers. The related PRC state-owned enterprises have access to funds from the PRC government and thus do not represent substantial credit risks. However, with their influence in the automotive industry in the PRC, these customers are able to demand longer payment terms from their suppliers, such as us.

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Credit risk from balances with banks and financial institutions is managed by our treasury in accordance with our policy. As of December 31, 2013 and 2014, substantially all of our cash and cash equivalents and time deposit were held by various reputable Chinese major financial institutions located in the PRC and Hong Kong. Historically, deposits in Chinese banks are secured due to the state policy on protecting depositors' interests. However, the PRC promulgated a new Bankruptcy Law in August 2006 that has come into effect on June 1, 2007, which contains a separate article expressly stating that the State Council promulgates implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law when necessary. Under the new Bankruptcy Law, a Chinese bank can go into bankruptcy. In addition, since the PRC's accession to the World Trade Organization, foreign banks have been gradually permitted to operate in the PRC and have been significant competitors against Chinese banks in many aspects, especially since the opening of the Renminbi business to foreign banks in late 2006. Therefore, the risk of bankruptcy of those Chinese banks in which we have deposits has increased. In the event of bankruptcy of one of the banks that holds our deposits, we may not claim our deposits back in full because it may not be classified as a secured creditor based on PRC laws. When the global financial crisis began during the third quarter of 2008, the risk of bankruptcy of those banks in which we have deposits or investments increased significantly. In the event of bankruptcy of one of these financial institutions, it may be unlikely for us to claim back our deposits or investments in full. We maintain our deposits across a diversified portfolio of financial institutions and continue to monitor the financial strength of these financial institutions. Our maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2013 and 2014 is the carrying amounts as illustrated in "Item 18 Financial Statements—Notes to the financial statements—Note 24." of our consolidated financial statements" included in this annual report.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges our ADS Holders May Have to Pay

All fees and charges may, at any time and from time to time, be changed by agreement between the depositary and us but, in the case of fees and charges payable by holders or beneficial owners of our ADSs, only in the manner contemplated by paragraph (22) of the ADR and as contemplated in the deposit agreement. The depositary will provide, without charge, a copy of its latest fee schedule to anyone upon request.

Depositary fees payable upon (i) deposit of shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of deposited securities will be charged by the depositary to the person to whom the ADSs so issued are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation to the depositary (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC or presented to the depositary via DTC, the ADS issuance and cancellation fees will be payable to the depositary by the DTC Participant(s) receiving the ADSs from the depositary or the DTC participant(s) surrendering the ADSs to the depositary for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. Depositary fees in respect of distributions and the depositary services fee are payable to the depositary by ADS holders as of the applicable ADS record date established by the depositary. In the case of distributions of cash, the amount of the applicable depositary fees is deducted by the depositary from the funds being distributed. In the case of distributions other than cash and the depositary service fee, the depositary will invoice the applicable ADS holders as of the ADS record date established by the depositary. For ADSs held through DTC, the depositary fees for distributions other than cash and the depositary service fee are charged by the depositary to the DTC participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC participants in turn charge the amount of such fees to the beneficial owners for whom they hold ADSs.

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The depository may remit to us all or a portion of the depository fees charged for the reimbursement of certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement upon such terms and conditions as we and the depository may agree from time to time. We will pay to the depository such fees and charges and reimburse the depository for such out-of-pocket expenses as the depository and we may agree from time to time. Responsibility for payment of such charges and reimbursements may from time to time be changed by agreement between us and the depository. Unless otherwise agreed, the depository shall present its statement for such expenses and fees or charges to us once every three months. The charges and expenses of the custodian are for the sole account of the depository.

The right of the depository to receive payment of fees, charges and expenses as provided above shall survive the termination of the deposit agreement. As to any depository, upon the resignation or removal of such depository as described in section 5.4 of the deposit agreement, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

<u>Service</u>	<u>Fees</u>
• Issuance of ADSs	Up to US\$5¢ per ADS issued
• Cancellation of ADSs	Up to US\$5¢ per ADS canceled
• Distribution of cash dividends or other cash distribution	Up to US\$5¢ per ADS held
• Distribution of ADSs pursuant to stock dividends, free stock distribution or exercise of rights	Up to US\$5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US\$5¢ per ADS held
• Depository services	Up to US\$5¢ per ADS held on the applicable record date(s) established by the depository bank
• Transfer of ADSs	US\$1.50 per certificate presented for transfers

ADS holders will also be responsible to pay certain fees and expenses incurred by the depository bank and certain taxes and governmental charges such as:

- fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e. upon deposit and withdrawal of ordinary shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes and duties upon the transfer of securities (i.e. when ordinary shares are deposited or withdrawn from deposit); and
- fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Fees and Other Payments Made by the Depository to Us

The depository bank may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depository fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depository may agree from time to time. Since the completion of our initial public offering in November 2010, we have received approximately US\$1.6 million, net of applicable withholding taxes in the U.S., from the depository as reimbursement for our expenses incurred in connection with the establishment and maintenance of the ADS program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

We received net proceeds of approximately US\$96.4 million from our initial public offering after deducting expenses. We received net proceeds of approximately US\$35.9 million from our follow-on offering after deducting expenses. For the period from the completion of our initial public offering to December 31, 2014, we used the net proceeds received from our public offerings as follows:

- approximately US\$10.0 million to repurchase ADSs from the open market; and
- approximately US\$80.2 million for general corporate purposes, including strategic investment, establishment of new entities, acquisitions of assets and capital increase for business development.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our management has concluded that, as of December 31, 2014, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Rule 13(a)-15(f) and 15(d)-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management, under the supervision and with the participation of our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013 Framework) issued by the Committee on Sponsoring Organizations of the Treadway Commission. Our management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Work It Out Jor Limited, Target Net (Beijing) Technology Company Limited and Beijing Runlin Automobile and Technology Company Limited, which are included in the 2014 consolidated financial statements of Bitauto Holdings Limited and constituted RMB110.5 million and RMB60.0 million of total and net assets, respectively, as of December 31, 2014 and RMB69.7 million and RMB20.4 million of revenues and net income, respectively, for the year then ended. Based on our evaluation under the framework in Internal Control-Integrated Framework (2013 Framework), our management concluded that, as of December 31, 2014, our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young Hua Ming LLP, an independent registered public accounting firm, as stated in their attestation report thereon which appears herein.

Attestation Report of the Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Bitauto Holdings Limited

We have audited Bitauto Holdings Limited's (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Work It Out Jor Limited, Target Net (Beijing) Technology Company Limited and Beijing Runlin Automobile and Technology Company Limited, which are included in the 2014 consolidated financial statements of Bitauto Holdings Limited and constituted RMB110.5 million and RMB60.0 million of total and net assets, respectively, as of December 31, 2014 and RMB69.7 million and RMB20.4 million of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of Bitauto Holdings Limited also did not include an evaluation of the internal control over financial reporting of Work It Out Jor Limited, Target Net (Beijing) Technology Company Limited and Beijing Runlin Automobile and Technology Company Limited.

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In our opinion, Bitauto Holdings Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Bitauto Holdings Limited as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2014 of Bitauto Holdings Limited and our report dated April 20, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young Hua Ming LLP

Beijing, the People's Republic of China

April 20, 2015

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Jun Hou, an independent director (under the standards set forth in Section 303A of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act) is our audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at <http://ir.bitauto.com>. We hereby undertake to provide to any person without charge a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Ernst & Young Hua Ming LLP, our independent registered public accounting firm, for the periods indicated. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the Year Ended December 31,	
	2013	2014
	(In US\$ thousands)	
Audit fees ⁽¹⁾	965	1,111
Audit-related fees ⁽²⁾	242	—
Tax fees ⁽³⁾	24	42
Other service fees ⁽⁴⁾	—	229

- (1) "Audit fees" means the aggregate fees billed for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements (including the attestation and reporting on the effectiveness of our internal control over financial reporting).
- (2) "Audit-related fees" represents aggregate fees billed for professional services rendered by our independent registered public accounting firm for assurance and related services, which mainly included the SAS 100 review of the September 30, 2013 financial statements and other assurance services rendered in connection with our Form F-3 filing in December 2013.
- (3) "Tax fees" represents the aggregated fees billed for professional services rendered by our independent registered public accounting firm for tax compliance, tax advice, and tax planning.
- (4) "Other service fees" represents the aggregated fees billed for professional services rendered by our independent registered public accounting firm for buy-side due diligence service.

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The policy of our audit committee is to pre-approve all audit and non-audit services provided by Ernst & Young Hua Ming LLP, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Certain corporate governance practices in the Cayman Islands, which is our home country, are considerably different than the standards applied to U.S. domestic issuers. We are exempt from certain corporate governance requirements of the NYSE by virtue of being a foreign private issuer. For example, we are not required to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the United States Securities Exchange Act of 1934, as amended, or the Exchange Act);
- have regularly scheduled executive sessions with only non-management directors;
- have a fully independent nominating and corporate governance committee;
- have at least one executive session of solely independent directors each year; or
- seek shareholder approval for (i) the implementation and material revisions of the terms of share incentive plans, (ii) the issuance of more than 1% of our outstanding ordinary shares or 1% of the voting power outstanding to a related party, (iii) the issuance of more than 20% of our outstanding ordinary shares, and (iv) an issuance that would result in a change of control.

We have elected to follow home country practice with respect to the above. Other than these practices, there have been no significant differences between our corporate governance practices and those followed by U.S. domestic companies under the requirements of NYSE rules, except that during the period from February 16, 2015 to March 4, 2015, our audit committee was comprised of only two members, both of whom were independent directors.

A copy of our corporate governance guidelines is available on our website at <http://ir.bitauto.com>.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

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ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Bitauto Holdings Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Second Amended and Restated Memorandum of Association and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 99.2 to the Form 6-K furnished on November 8, 2011 (File No. 001- 34947))
2.1	Registrant’s Specimen American Depositary Receipt (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1, as amended (File No. 333- 170238))
2.2	Registrant’s Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1, as amended (File No. 333- 170238))
2.3	Form of Deposit Agreement, among the Registrant, the depository and holder of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1, as amended (File No. 333- 170238))
2.4	Shareholders Agreement between the Registrant and other parties therein dated July 8, 2009 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1, as amended (File No. 333- 170238))
2.5	Amendment to the Shareholders’ Agreement between the Registrant and other parties therein, dated October 28, 2010 (incorporated herein by reference to Exhibit 4.5 to the registration statement on Form F-1, as amended (File No. 333- 170238))
2.6	Shareholders Agreement by and among the Registrant and other parties thereto dated November 1, 2012 (incorporated herein by reference to Exhibit G to Schedule 13D filed by AutoTrader Group, Inc. on November 26, 2012 (File No. 005-85981))
4.1	2006 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1, as amended (File No. 333- 170238))
4.2	2010 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1, as amended (File No. 333- 170238))
4.3	2012 Share Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.4	Form of Indemnification Agreement between the Registrant and its directors and officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1, as amended (File No. 333- 170238))
4.5	Form of Employment Agreement between the Registrant and the officers of the Registrant (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1, as amended (File No. 333- 170238))
4.6	Exclusive Business Cooperation Agreement between BBII and BBIT (incorporated herein by reference to Exhibit 4.6 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.7	Exclusive Option Agreement among BBII, BBIT and a shareholder of BBIT (incorporated herein by reference to Exhibit 4.7 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.8	Share Pledge Agreement among BBII, BBIT and a shareholder of BBIT (incorporated herein by reference to Exhibit 4.8 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.9	Loan Agreement between BBII and a shareholder of BBIT (incorporated herein by reference to Exhibit 4.9 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.10	Exclusive Business Cooperation Agreement between BBII and BEAM (incorporated herein by reference to Exhibit 4.10 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.11	Exclusive Option Agreement among BBII, BEAM and a shareholder of BEAM (incorporated herein by reference to Exhibit 4.11 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.12	Equity Interest Pledge Agreement among BBII, BEAM and a shareholder of BEAM (incorporated herein by reference to Exhibit 4.12 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))
4.13	Loan Agreement between BBII and a shareholder of BEAM (incorporated herein by reference to Exhibit 4.13 to the Form 20-F filed on April 26, 2013 (File No. 001- 34947))

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Exhibit Number	Description of Document
4.14	Power of Attorney by the shareholders of each PRC structured entity (incorporated herein by reference to Exhibit 4.14 to the Form 20-F filed on April 26, 2013 (File No. 001-34947))
4.15*	Subscription Agreement by and among the Registrant, JD.com Global Investment Limited, JD.com, Inc. and Dongting Lake Investment Limited dated January 9, 2015
4.16*	English translation of Business Cooperation Agreement between the Registrant and JD.com, Inc., dated January 9, 2015
4.17*	Investor Rights Agreement by and among the Registrant, JD.com Global Investment Limited and Dongting Lake Investment Limited dated February 16, 2015
4.18*	Share Subscription Agreement by and among the Registrant, Yixin Capital Limited, Dongting Lake Investment Limited, JD Financial Investment Limited and Hammer Capital Management Limited dated January 9, 2015
4.19*	Shareholders' Agreement by and among Bitauto Hong Kong Limited, Yixin Capital Limited, Dongting Lake Investment Limited, JD Financial Investment Limited and Hammer Capital Management Limited dated February 16, 2015
4.20*	Exclusive Business Cooperation Agreement between Techuang and Beijing Yixin dated February 15, 2015
4.21*	Exclusive Option Agreement among Techuang, Beijing Yixin and a shareholder of Beijing Yixin dated April 20, 2015
4.22*	Share Pledge Agreement among Techuang, Beijing Yixin and a shareholder of Beijing Yixin dated April 20, 2015
4.23*	Power of Attorney by a shareholder of Beijing Yixin dated April 20, 2015
8.1*	List of Subsidiaries and Affiliated Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1, as amended (File No. 333-170238))
12.1*	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Han Kun Law Offices
15.2*	Consent of Ernst & Young Hua Ming LLP

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BITAUTO HOLDINGS LIMITED

By: /s/ Bin Li

Name: Bin Li

Title: Chairman and Chief Executive Officer

Date: April 20, 2015

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Bitauto Holdings Limited

We have audited the accompanying consolidated statements of financial position of Bitauto Holdings Limited (the “Company”) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bitauto Holdings Limited as of December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Bitauto Holdings Limited’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young Hua Ming LLP

Beijing, the People’s Republic of China

April 20, 2015

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Notes	2012 RMB	2013 RMB	2014 RMB
Revenue	5	1,056,905,980	1,439,332,364	2,458,938,024
Cost of revenue		(292,150,155)	(335,198,970)	(597,010,464)
Gross profit		764,755,825	1,104,133,394	1,861,927,560
Selling and administrative expenses	6.1	(557,355,414)	(748,868,802)	(1,175,686,612)
Product development expenses		(53,794,845)	(104,405,159)	(148,078,746)
Operating profit		153,605,566	250,859,433	538,162,202
Other income	6.2	6,579,959	12,419,154	3,675,572
Other expenses	6.3	(7,279,115)	(6,892,492)	(14,579,718)
Interest income		5,534,742	8,111,431	13,606,952
Interest expense		(3,771,809)	(2,751,915)	(6,339,436)
Changes in fair value of financial assets		(267,297)	—	—
Share of (losses)/profits of associates and joint ventures	4	(317,143)	1,737,568	(1,341,336)
Gain from step acquisition arising from revaluation of previously held equity interest	3	—	—	53,581,440
Profit before tax		154,084,903	263,483,179	586,765,676
Income tax expense	7	(18,923,256)	(22,254,998)	(97,643,152)
Profit for the year		135,161,647	241,228,181	489,122,524
Other comprehensive (loss)/income				
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency exchange differences, net of tax of nil		(1,679,942)	(15,168,361)	3,163,699
Net gain on available-for-sale financial instruments, net of tax of nil	20.1	1,093,734	9,068,634	5,975,938
Other comprehensive (loss)/income for the year, net of tax		(586,208)	(6,099,727)	9,139,637
Total comprehensive income for the year, net of tax		134,575,439	235,128,454	498,262,161
Profit for the year attributable to:				
Ordinary shareholders of the parent		135,161,647	241,228,181	485,190,724
Non-controlling interest		—	—	3,931,800
Total comprehensive income attributable to:				
Ordinary shareholders of the parent		134,575,439	235,128,454	494,330,361
Non-controlling interest		—	—	3,931,800
Profit per share	18			
- basic, profit for the year per share attributable to ordinary shareholders of the parent		3.40	6.07	11.62
- diluted, profit for the year per share attributable to ordinary shareholders of the parent		3.33	5.74	10.88

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Notes	2013 RMB	2014 RMB
ASSETS			
Non-current assets			
Property, plant and equipment	8	74,836,453	127,878,000
Intangible assets	9	42,147,481	243,201,184
Investments in associates and joint ventures	4	7,756,167	87,914,371
Available-for-sale investments	20	32,887,895	69,541,208
Goodwill	10	38,992,640	187,434,356
Deferred tax assets	7	12,235,229	26,205,070
Other non-current assets		4,954,726	16,119,616
		<u>213,810,591</u>	<u>758,293,805</u>
Current assets			
Trade receivables	12	656,654,578	1,343,373,607
Bills receivables	13	69,183,900	104,716,846
Prepayments and other receivables	14	75,907,000	146,852,416
Due from related parties	23	4,578,747	38,934,999
Inventories		—	370,994
Time deposit	15	—	61,190,000
Cash and cash equivalents	16	1,101,660,090	1,221,472,624
Other current assets		305,842	101,947
		<u>1,908,290,157</u>	<u>2,917,013,433</u>
TOTAL ASSETS		<u>2,122,100,748</u>	<u>3,675,307,238</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital	17	12,128	12,662
Share premium	17	2,650,342,547	2,696,753,983
Treasury shares	17	(62,727,907)	(62,579,400)
Employee equity benefit reserve	19	52,721,654	91,534,747
Other reserve			
- Foreign currency translation reserve		9,616,245	12,779,944
- Available-for-sale financial instruments reserve		10,162,368	16,138,306
Accumulated losses		<u>(1,184,278,154)</u>	<u>(699,087,430)</u>
Equity attributable to ordinary shareholders of the parent		1,475,848,881	2,055,552,812
Non-controlling interest		—	105,362,097
Total equity		<u>1,475,848,881</u>	<u>2,160,914,909</u>
Non-current liabilities			
Deferred tax liabilities	7	5,033,021	48,535,845
Other non-current liabilities		—	38,323,654
		<u>5,033,021</u>	<u>86,859,499</u>
Current liabilities			
Trade payables	21	232,533,524	589,152,700
Other payables and accruals	22	366,715,770	717,017,074
Due to related parties	23	2,550,000	4,500,000
Income tax payable		39,419,552	116,863,056
		<u>641,218,846</u>	<u>1,427,532,830</u>
Total liabilities		<u>646,251,867</u>	<u>1,514,392,329</u>
TOTAL EQUITY AND LIABILITIES		<u>2,122,100,748</u>	<u>3,675,307,238</u>

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Attributed to Ordinary Shareholders of the Parent							
	Issued capital (Note 17)	Share premium (Note 17)	Treasury shares (Note 17)	Employee equity benefit reserve (Note 19)	Other reserve- foreign currency translation reserve, net of tax of nil	Other reserve- available-for- sale financial instrument reserve, net of tax of nil	Accumulated losses	Total equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As of January 1, 2012	11,696	2,409,156,049	(16,809,532)	27,706,721	26,464,548	—	(1,560,667,982)	885,861,500
Profit for the year	—	—	—	—	—	—	135,161,647	135,161,647
Other comprehensive (loss)/income	—	—	—	—	(1,679,942)	1,093,734	—	(586,208)
Total comprehensive (loss)/income for the year	—	—	—	—	(1,679,942)	1,093,734	135,161,647	134,575,439
Share-based payment	—	—	—	13,285,819	—	—	—	13,285,819
Repurchase of ordinary shares	—	—	(45,918,375)	—	—	—	—	(45,918,375)
As of December 31, 2012	<u>11,696</u>	<u>2,409,156,049</u>	<u>(62,727,907)</u>	<u>40,992,540</u>	<u>24,784,606</u>	<u>1,093,734</u>	<u>(1,425,506,335)</u>	<u>987,804,383</u>

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Attributed to Ordinary Shareholders of the Parent							
	Issued capital (Note 17)	Share premium (Note 17)	Treasury shares (Note 17)	Employee equity benefit reserve (Note 19)	Other reserve-foreign currency translation reserve, net of tax of nil	Other reserve-available-for-sale financial instrument reserve, net of tax of nil	Accumulated losses	Total equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As of January 1, 2013	11,696	2,409,156,049	(62,727,907)	40,992,540	24,784,606	1,093,734	(1,425,506,335)	987,804,383
Profit for the year	—	—	—	—	—	—	241,228,181	241,228,181
Other comprehensive (loss)/income	—	—	—	—	(15,168,361)	9,068,634	—	(6,099,727)
Total comprehensive (loss)/income for the year	—	—	—	—	(15,168,361)	9,068,634	241,228,181	235,128,454
Exercise of options	—	21,886,238	—	(7,657,345)	—	—	—	14,228,893
Issuance of ordinary shares (Note 17)	432	219,300,260	—	—	—	—	—	219,300,692
Share-based payment	—	—	—	19,386,459	—	—	—	19,386,459
As of December 31, 2013	<u>12,128</u>	<u>2,650,342,547</u>	<u>(62,727,907)</u>	<u>52,721,654</u>	<u>9,616,245</u>	<u>10,162,368</u>	<u>(1,184,278,154)</u>	<u>1,475,848,881</u>

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

Attributed to Ordinary Shareholders of the Parent										
	Issued capital (Note 17)	Share premium (Note 17)	Treasury shares (Note 17)	Employee equity benefit reserve (Note 19)	Other reserve-foreign currency translation reserve, net of tax of nil	Other reserve-available-for-sale financial instruments reserve, net of tax of nil	Accumulated losses	Total	Non-controlling interest	Total equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As of January 1, 2014	12,128	2,650,342,547	(62,727,907)	52,721,654	9,616,245	10,162,368	(1,184,278,154)	1,475,848,881	—	1,475,848,881
Profit for the year	—	—	—	—	—	—	485,190,724	485,190,724	3,931,800	489,122,524
Other comprehensive income	—	—	—	—	3,163,699	5,975,938	—	9,139,637	—	9,139,637
Total comprehensive income for the year	—	—	—	—	3,163,699	5,975,938	485,190,724	494,330,361	3,931,800	498,262,161
Exercise of options and RSUs	—	46,411,436	148,507	(18,290,773)	—	—	—	28,269,170	—	28,269,170
Issuance of ordinary shares (Note 17)	534	—	—	—	—	—	—	534	—	534
Share-based payment	—	—	—	57,103,866	—	—	—	57,103,866	—	57,103,866
Acquisitions of subsidiaries (Note 3)	—	—	—	—	—	—	—	—	101,430,297	101,430,297
As of December 31, 2014	<u>12,662</u>	<u>2,696,753,983</u>	<u>(62,579,400)</u>	<u>91,534,747</u>	<u>12,779,944</u>	<u>16,138,306</u>	<u>(699,087,430)</u>	<u>2,055,552,812</u>	<u>105,362,097</u>	<u>2,160,914,909</u>

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Notes	2012 RMB	2013 RMB	2014 RMB
Operating activities				
Profit before tax		154,084,903	263,483,179	586,765,676
Non-cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation of property, plant and equipment	8	19,415,439	30,238,275	38,318,421
Amortization of intangible assets	9	11,902,559	11,907,235	20,957,848
Exercise of Car King Holding Ltd. warrant		—	37,157	—
Loss/(gain) on disposal of property, plant and equipment	6	1,388,379	485,883	(501,176)
Gain on disposal of intangible assets		—	—	(10,377)
Share-based payment	19	13,285,819	19,386,459	57,103,866
Provision for bad debts	12	10,023,510	10,348,662	13,896,878
Impairment of available-for-sale investments		—	768,526	—
Interest income		(5,534,742)	(8,111,431)	(13,606,952)
Interest expense		3,771,809	2,751,915	6,339,436
Share of losses/(profits) of associates and joint ventures	4	4,109	(1,737,568)	1,341,336
Gain from step acquisition arising from revaluation of previously held equity interest	3	—	—	(53,581,440)
Unrealized exchange (gains)/losses	6	(4,484,641)	(11,727,588)	1,556,594
Changes in fair value of financial assets		267,297	—	—
Fair value adjustment of a contingent consideration		1,870,000	—	—
Changes in working capital, net of effects of acquisitions:				
Trade receivables		(59,099,136)	(194,928,544)	(653,530,462)
Bills receivables		5,771,153	(415,640)	(35,532,946)
Prepayments and other receivables		(35,845,164)	(2,164,153)	(64,129,366)
Due from related parties		4,981,020	866,698	(34,356,252)
Inventories		(42,572)	42,572	255,197
Other current assets		1,274,340	458,762	203,895
Other non-current assets		420,060	(4,954,726)	(11,164,890)
Trade payables		(66,272,727)	99,930,321	292,112,065
Other payables and accruals		71,526,121	141,406,547	290,417,043
Due to related parties		(374,996)	2,125,000	1,950,000
		128,332,540	360,197,541	444,804,394
Interest received		5,534,742	8,111,431	13,215,846
Income tax paid		(5,504,973)	(37,753,200)	(44,419,052)
Net cash flows from operating activities		<u>128,362,309</u>	<u>330,555,772</u>	<u>413,601,188</u>
Investing activities				
Proceeds from sale of property, plant and equipment		4,943,299	2,460,599	1,573,502
Proceeds from sale of intangible assets		—	—	671,984
Purchases of property, plant and equipment	8	(57,071,099)	(29,396,843)	(48,390,605)
Purchases of intangible assets	9	(9,201,739)	(3,725,182)	(7,915,237)
Investment in associates and joint ventures		(3,000,000)	(2,610,000)	(66,750,000)
Purchase of available-for-sale investments	20.1	(18,973,656)	(5,487,207)	(30,595,000)
Placement of time deposit		—	—	(61,190,000)
Acquisition of subsidiaries, net of cash acquired		—	(18,000,000)	(107,693,185)
Net cash flows used in investing activities		<u>(83,303,195)</u>	<u>(56,758,633)</u>	<u>(320,288,541)</u>

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

	Notes	2012 RMB	2013 RMB	2014 RMB
Financing activities				
Interest expense paid		(2,761,963)	(2,751,915)	(3,683,909)
Exercise of options		—	12,992,594	29,490,370
Proceeds from issuance of ordinary shares, net of issuance costs		—	220,132,181	227
Payment of public offering expenses		—	—	(831,531)
Repurchase of ordinary shares		(46,210,492)	—	—
Net cash flows (used in)/from financing activities		<u>(48,972,455)</u>	<u>230,372,860</u>	<u>24,975,157</u>
Net (decrease)/increase in cash and cash equivalents		(3,913,341)	504,169,999	118,287,804
Net foreign exchange difference		2,921,749	(2,895,467)	1,524,730
Cash and cash equivalents at beginning of the year		<u>601,377,150</u>	<u>600,385,558</u>	<u>1,101,660,090</u>
Cash and cash equivalents at end of the year		<u><u>600,385,558</u></u>	<u><u>1,101,660,090</u></u>	<u><u>1,221,472,624</u></u>
Supplemental disclosure of non-cash activities:				
Acquisition of subsidiaries		2,879,846	—	61,209,204
Purchases of property, plant and equipment		1,586,668	1,591,804	43,081,557
Exchange of advertising services for motor vehicles		10,783,847	—	—
Purchases of intangible assets		—	—	424,528
Public offering expenses accrued for in other payables and accruals		—	831,531	—
Amounts receivable from exercise of options		—	(1,236,299)	(19,581)

The accompanying notes are an integral part of the consolidated financial statements

BITAUTO HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014
(Amounts in Renminbi (“RMB”) except for number of shares)

1. Corporate information

Bitauto Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Cayman Islands. The registered office is located at Scotia Centre, George Town, Grand Cayman, Cayman Islands.

The Company does not conduct any substantial operations other than acting as an investment holding company and parent of its subsidiaries and structured entities (the “SEs”). The Company conducts most of its business operations through its subsidiary, Beijing Bitauto Internet Information Company Limited (“BBII”) and the SEs (collectively, the “Group”), which are all established in the People’s Republic of China (the “PRC”). The Company owns 100% of the equity of BBII through a wholly-owned subsidiary, Bitauto Hong Kong Limited (“Bitauto HK”).

The Group is principally engaged in the provision of Internet content and marketing services in the automobile industry, including advertising services, subscription services, listing services and one-stop digital marketing solution services in the PRC.

As of December 31, 2014, the Company’s principal operating subsidiaries and the SEs are as follows:

Name	Place and date of incorporation or registration and place of operations		% equity interest	
			2014	2013
Subsidiaries				
Beijing Bitauto Internet Information Company Limited	January 20, 2006	PRC	100	100
Bitauto Hong Kong Limited	April 27, 2010	Hong Kong	100	100
SEs				
Beijing C&I Advertising Company Limited	December 30, 2002	PRC	100	100
Beijing Runlin Automobile and Technology Company Limited (“Beijing Runlin”)	April 24, 2003	PRC	51	—
Beijing Bitauto Information Technology Company Limited	November 30, 2005	PRC	100	100
Beijing Yihui Interactive Advertising Company Limited (formerly known as Beijing Brainstorm Advertising Company Limited)	February 10, 2006	PRC	100	100
Beijing New Line Advertising Company Limited	June 8, 2006	PRC	100	100
Beijing Bitauto Interactive Advertising Company Limited	December 12, 2007	PRC	100	100
Beijing Taoche Information Technology Company Limited	February 2, 2008	PRC	100	100
Beijing Easy Auto Media Company Limited	March 7, 2008	PRC	100	100
Beijing You Jie Information Company Limited	July 11, 2008	PRC	100	100
Beijing Bitcar Interactive Information Technology Company Limited (“Bitcar”)	October 16, 2008	PRC	100	100
Beijing BitOne Technology Company Limited	August 13, 2010	PRC	100	100
Beijing Bit EP Information Technology Company Limited (“Bit EP”)	June 3, 2011	PRC	100	100
Target Net (Beijing) Technology Company Limited (“Target Net”)	January 31, 2012	PRC	51	20
Bitauto (Tianjin) Commerce Company Limited	May 16, 2014	PRC	100	—

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1. Corporate information (continued)

Bitauto HK’s principal activities are the provision of administrative and consulting services to its subsidiaries. BBII’s principal activities are the provision of technical and consulting services to the SEs. All of the SEs’ principal activities are the provision of advertising services, subscription services, listing services and one-stop digital marketing solution services through various forms of media, such as websites and mobile.

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in Renminbi (“RMB”). Certain items reported in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Basis of consolidation

Pursuant to a number of contractual and trust agreements, the Company owns and controls its SEs through nominees. At the option of the Company, the Company could or could direct another person to purchase the entire equity interests of the SEs from the nominees. In addition, the nominees transferred to the Company all the voting power over the financial and operating policies of the SEs as well as all the economic benefits received from the SEs.

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and its SEs for the years ended December 31, 2012, 2013 and 2014.

Control is achieved when the Company 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. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company’s voting rights and potential voting rights

The Company re-assesses 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. Consolidation of a subsidiary or SE begins when the Company obtains control over the subsidiary or SE and ceases when the Company loses control of the subsidiary or SE. Assets, liabilities, income and expenses of a subsidiary or SE acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary or SE.

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2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries and SEs to bring their accounting policies into line with the Company’s accounting policies. 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.

A change in the ownership interest of a subsidiary or SE, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary or SE, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary or SE
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

In order to effectively control the SEs, the subsidiary of the Company has entered into exclusive business cooperation agreements and supplementary agreements with the SEs, which entitle the subsidiary of the Company to receive a majority of SEs’ residual returns. The paid-in capital of the SEs was funded by the Company through long-term loans to the nominees. As a security for such loans, the nominees have pledged their interests in the SEs to the subsidiary of the Company. In addition to the aforesaid agreements, the nominees have agreed not to transfer the equity interests, or place or permit the existence of any security interest or other encumbrance that affects the Company’s rights and interests in the SEs, without the prior written consent of the Company.

Based on these contractual arrangements, the Company believes that the SEs are considered structured entities under IFRS 10 “*Consolidated Financial Statements*” (“IFRS 10”) and the SEs are consolidated under IFRS 10 as the SEs are controlled by the Company, even when the Company directly owns none of the voting shares of the SEs.

Based on the advice of Han Kun Law Offices, the Group’s PRC legal counsel, the corporate structure and contractual arrangements of the SEs and BBII are in compliance with all existing PRC laws and regulations. Therefore, in the opinion of management, (i) the ownership structure of the Company, Bitauto HK, BBII and the SEs are in compliance with existing PRC laws and regulations; (ii) the contractual arrangements with the SEs and their nominee shareholders are valid and binding, and will not result in any violation of PRC laws or regulations currently in effect; and (iii) the Group’s business operations are in compliance with existing PRC law and regulations in all material respects.

Accordingly, all SEs are consolidated by the Company.

Details on the principal subsidiaries and SEs of the Company are disclosed in Note 1 – Corporate information.

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2.2 Significant accounting judgments, estimates and assumptions

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

Judgments

In the process of applying the Group’s accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Cash-generating unit (“CGU”) for goodwill impairment testing

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group. Until December 31, 2012, the Group managed its business in three segments, namely, bitauto.com business, taoche.com business and digital marketing solutions business. In late 2012, the Easypass services, which were part of the bitauto.com business, had grown into an automobile marketing and customer relationship management (“CRM”) platform providing web-based and mobile-based integrated digital marketing solutions and CRM services to automobile customers in the PRC, collectively known as “EP platform business”. Based on the above, management started to oversee and monitor the EP platform business as a separate business unit starting from January 1, 2013. As a result, starting from January 1, 2013, the chief operating decision maker has identified the EP platform business as a separate segment in accordance with *IFRS 8 Operating Segments*.

The Bitcar and Bit EP legal entities that respectively benefit from the synergies of the acquisition of Bitcar belong to the same EP platform business segment. As of January 1, 2013, management concluded that there was no impairment associated with the goodwill allocated to the Bitcar and Bit EP legal entities, respectively. Management also started to monitor the total goodwill associated with the Bitcar acquisition on a combined basis at the EP platform business segment level starting from January 1, 2013. Target Net, Beijing Runlin and other legal entities belonging to EP platform business were expected to benefit from the synergies of the acquisitions of Target Net and Beijing Runlin. The goodwill of Target Net and Beijing Runlin was allocated entirely to the EP platform business segment. Work It Out Jor Limited (“Work It Out”) and other legal entities belonging to digital marketing solutions segment were expected to benefit from the synergies of the acquisition of Work It Out. The goodwill of Work It Out was allocated entirely to the digital marketing solutions segment. Based on the above, the lowest level within the Group at which goodwill is monitored for internal management purposes is the business segment level. Therefore, goodwill impairment was tested at the business segment level as of December 31, 2014.

Foreign currencies

The Group’s presentation currency is the RMB. The Company, its subsidiaries and the SEs individually determine their functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the Company and its wholly owned subsidiaries outside China are the U.S. dollar (US\$) and the Hong Kong dollar (“HKD”), and the functional currency of PRC subsidiaries and the SEs is the RMB. Since the Group’s operations are primarily denominated in the RMB, the Group has chosen the RMB as the presentation currency for the consolidated financial statements.

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2.2 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

a. Impairment of trade receivables

The Group recognizes a provision for bad debts associated with its trade receivables in accordance with the accounting policy stated in Note 2.3. The Group has made judgments based on the age of the trade receivables and the customer specific credit risk in relation to the impairment of the trade receivable balances, which include the incurrence of losses, and amounts expected to be recovered in respect of any impaired trade receivables. As of December 31, 2013 and 2014, the provision for bad debts amounted to RMB23,802,281 and RMB37,699,159, respectively.

b. Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details are set out in Note 11.

c. Share-based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

The Company measures the cost of equity-settled transactions with non-employees by reference to the fair value of the goods or services received at the date at which the services are rendered to the Company, and only on the fair value of the equity instruments if the fair value of the goods and services cannot be reliably estimated.

Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in Note 19.

d. Deferred tax assets

Deferred tax assets are recognized for unused tax losses and other deductible temporary differences to the extent it is probable that taxable profit will be available against which the losses and other deductible temporary differences can be recognized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are set out in Note 7.

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2.2 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

e. Fair value measurement and impairment of other financial assets

As the fair values of financial assets at fair value through profit or loss and available-for-sale investments recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques.

The major inputs to the valuation models for the assessment of the fair value of other financial assets are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. Changes in assumptions about these factors could affect the reported fair values of the financial instruments. For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. Further details are set out in Note 20.1.

f. Property, plant and equipment and intangible assets—estimated useful lives and residual values

The Group determines the estimated useful lives and residual values (if applicable) and consequently related depreciation/amortization charges for its property, plant and equipment and intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, or based on value-in-use calculations or market valuations according to the estimated periods that the Group intends to derive future economic benefits from the use of intangible assets. Management will increase the depreciation/amortization charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortization expense in future periods.

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2.3 Summary of significant accounting policies

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed.

The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, which are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Group determines the fair value for non-financial assets by considering the highest and best use of the asset from the perspective of market participants.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”) either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group’s net identifiable assets acquired and liabilities assumed. If the aggregate consideration is lower than the fair value of the net assets acquired, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets and liabilities (and contingent liabilities, if relevant) are made within the measurement period, a period of no more than one year from the acquisition date.

When the initial allocation of goodwill to a CGU was determined provisionally, any adjustments to the provisional values allocated to the CGU are made before the end of the first annual period beginning after the acquisition date.

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2.3 Summary of significant accounting policies (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investments in the associates and the joint ventures are carried at cost plus post acquisition changes in the Group's share of net assets of the associates and the joint ventures. Goodwill relating to the associates and the joint ventures is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associates or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates or joint ventures.

The financial statements of the associates and the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investments in its associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and the joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and the joint ventures and its carrying value and recognizes the amount in the share of profits/losses of associates and joint ventures in the consolidated statements of comprehensive income.

Upon loss of significant influence or joint control over the associates or the joint ventures respectively, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associates and the joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

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2.3 Summary of significant accounting policies (continued)

Fair value measurement

The Group’s management determines the policies and procedures for fair value measurements.

Independent appraisers are involved for valuation of significant assets, such as financial assets at fair value through profit or loss and available-for-sale investments. Selection criteria of the independent appraisers include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s management decides, after discussions with the Group’s independent appraisers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group’s independent appraiser, also compares significant changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 20.

Foreign currencies

The Group’s presentation currency is the RMB. The Company, its subsidiaries and the SEs individually determine their functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the Company and its wholly owned subsidiaries outside China are the US\$ and the HKD, and the functional currency of PRC subsidiaries and the SEs is the RMB. Since the Group’s operations are primarily denominated in the RMB, the Group has chosen the RMB as the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded by the entities within the Group at their respective functional currency spot rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date.

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

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2.3 Summary of significant accounting policies (continued)

Foreign currencies (continued)

The assets and liabilities of entities that have a functional currency that is different from the presentation currency are translated into the RMB at the rates of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign entity, the component of other comprehensive income relating to that particular entity is recognized in profit or loss.

Property, plant and equipment

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Estimated useful life
Computers and servers	3 – 5 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	over the shorter of the remaining lease terms or the estimated useful lives of the assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at least at each financial year end, and adjusted prospectively, if appropriate.

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2.3 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets with finite lives are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

	Estimated useful life	Internally generated or acquired
Purchased software	5 – 10 years	Acquired
Digital Sales Assistant system	10 years	Acquired
Trade name and lifetime membership	Indefinite	Acquired
Domain names	10 years	Acquired
Contract backlog	1.1 – 2 years	Acquired
Brand name	15.25 years	Acquired
Customer relationship	6 – 15.25 years	Acquired
Others	5 years	Acquired

Intangible assets with finite lives are amortized over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The trade name and lifetime membership acquired may be used indefinitely without significant costs of renewal. The expected cash flows generated from the trade name and lifetime membership are for an indefinite period. As a result, the trade name and lifetime membership are assessed as having an indefinite useful life.

An item of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition (that is, on disposal or retirement from use) of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

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2.3 Summary of significant accounting policies (continued)

Impairment of non-financial assets other than goodwill and intangible assets with indefinite lives

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognized in the income statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment of goodwill and intangible assets with indefinite lives

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU, to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill are not reversible in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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2.3 Summary of significant accounting policies (continued)

Product development expenses

Expenditure on product development research is expensed as incurred.

Expenditure on development or from the development phase of an individual project is recognized as an internally generated intangible if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

In addition, expenditure on website development should only be capitalized as an intangible asset if, in addition to complying with all of the conditions above, the Group can demonstrate that the website is used directly in the revenue generating process.

Following initial recognition of the development expenditure as an asset, the asset will be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the specific identification method. The cost comprises purchase cost and any other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and cash equivalents with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Time deposit

Time deposit comprises highly liquid investments with original maturities of greater than three months, but less than twelve months.

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2.3 Summary of significant accounting policies (continued)

Initial recognition and subsequent measurement of financial assets

The Group’s financial assets include cash and cash equivalents, time deposit, trade receivables, bills receivables, other receivables, financial assets at fair value through profit or loss and available-for-sale investments. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset.

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

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Cash equivalents with an original maturity of three months or less and time deposit, categorized as held-to-maturity investments, are measured at amortized cost, to the extent that the effect of discounting is material, using the effective interest rate, less provision for impairment.

Loans and receivables

Trade and bills receivables, categorized as loans and receivables, are subsequently measured at amortized cost, to the extent that the effect of discounting is material, using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are discounted if the effect of discounting is material. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. When a trade and bills receivable is uncollectible, it is written-off against the allowance account for trade and bills receivables. Subsequent recoveries of amounts previously written-off are recognized as income in profit or loss.

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2.3 Summary of significant accounting policies (continued)

Initial recognition and subsequent measurement of financial assets (continued)

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives such as the warrant associated with the financial assets discussed in Note 20.1 are measured at fair value with changes in fair value recognized in profit or loss. Dividend or interest income, if any, from financial assets at fair value through profit or loss is recognized in profit or loss as part of other income when the Group’s right to receive payments is established.

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2.3 Summary of significant accounting policies (continued)

Initial recognition and subsequent measurement of financial assets (continued)

Available-for-sale investments

Available-for-sale financial investments are mainly equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale financial instruments reserve until the investments are derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investments are determined to be impaired, when the cumulative loss is reclassified from the available-for-sale financial instruments reserve to profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. If any such evidence exists for available-for-sale investments, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss—is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

Initial recognition and subsequent measurement of financial liabilities

The Group's financial liabilities mainly include trade and other payables. The Group determines the classification of its financial liabilities at initial recognition.

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

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2.3 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

Financial liabilities

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

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

Employee Benefits—PRC contribution scheme

Full-time employees of the Group in the PRC participate in a government mandated contribution scheme pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of the employees’ salaries. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services. The total expenses for the scheme were RMB53,876,162, RMB73,872,937 and RMB97,974,066 for the years ended December 31, 2012, 2013 and 2014, respectively.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statements of comprehensive income on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

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2.3 Summary of significant accounting policies (continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based compensation transactions

Employees (including senior executives and directors) and non-employees of the Group receive remuneration in the form of share-based payment transactions, whereby individuals above render services as consideration for equity instruments (“equity-settled transactions”). When the Group grants an award that vest in installments, or graded vesting, each installment or vesting tranche is treated as a separate award.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions with employees is recognized, together with a corresponding increase in equity, presented as employee equity benefit reserve, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled transaction are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transactions, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

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2.3 Summary of significant accounting policies (continued)

Share-based compensation transactions (continued)

Non-employee equity-settled transactions are generally accounted for in the same manner as employee equity-settled transactions except for the measurement date and measurement basis of the expense. Non-employee costs are measured and recognized at the service date, which is the date when goods or services are rendered to the Group. This implies that, where the goods or services are received on a number of dates over a period, the fair value at each date should be used. Therefore, at each date the non-employee provides service, the fair value needs to be calculated and recorded as an expense with a corresponding increase in equity. The measurement basis of the expense is the fair value of the goods or services received by the Group, and only on the fair value of the equity instruments if, the fair value of the goods and services cannot be reliably estimated.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 18).

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee and a significant portion of the risks and rewards of ownership are retained by the lessor, the lease is classified as an operating lease. Operating lease payments are recognized as an expense in profit or loss on the straight-line basis over the lease term.

Where the Group is a lessor and the Group does not transfer substantially all the risks and benefits of ownership of an asset, the lease is classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Revenue recognition

As disclosed in Note 2.2, the Group started to manage its business in four segments starting from January 1, 2013. The Group also reorganized its revenue streams based on how management monitors and oversees the business as a result of its segment restructuring. As a result, starting from January 1, 2013, the Group reorganized its revenue streams into advertising services, dealer subscription and listing services and agent services. The Group also revised the comparative figures for the year ended December 31, 2012 accordingly.

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2.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; (iii) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Value added tax is deducted from revenues.

The Group enters into transactions that may include website design, set-up, and maintenance services, and customer relationship management services. The commercial effect of each separately identifiable component of the transaction is evaluated in order to reflect the substance of the transaction. The consideration from these transactions is allocated to each separately identifiable component based on the relative fair value of each component. The Group determines the fair value of each component based on the selling price of the component if sold separately by the Group. The consideration allocated to each component is recognized as revenue when the revenue recognition criteria for that component have been met. The following specific recognition criteria must also be met before revenue is recognized:

(a) *Advertising services*

Revenue from advertising services is recognized when the advertisements are published over the stated display period, and when the collectability is reasonably assured. The Group also organizes promotional events to help customers to promote their products. The Group recognizes revenue from organizing promotional events when the services have been rendered, and the collectability is reasonably assured. Revenues from advertising services are reported at a gross amount.

(b) *Dealer subscription and listing services*

The Group provides web-based and mobile-based integrated digital marketing solutions and customer relationship management services to new car customers and used car dealers and listing services to used car dealers. The Group makes available throughout the subscription or listing period a proprietary platform linked to its website or media vendors' websites where automobile customers can manage their customer relationships, and publish information, such as the pricing of their automobiles, locations and addresses and other related information. The revenue is recognized on a straight-line basis over the subscription or listing period. Additionally, the Group provides customer relationship management services. The revenue is recognized when the services have been rendered and the collectability is reasonably assured. Revenues from dealer subscription and listing services are reported at a gross amount.

The Group invoices its customers based on the payment terms stipulated in the executed subscription agreements, which generally ranges from several months to one year. The Group records amounts received prior to revenue recognition in advances from customers, which is included in the other payables and accruals line item in the Group's consolidated statements of financial position.

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2.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(c) *Agent services*

The Group receives commissions for assisting customers in placing advertisements on media vendor websites (“advertising agent services”). The net commission revenue from advertising agent services is recognized when the advertisements are published over the stated display period, and when the collectability is reasonably assured. The Group also receives performance-based rebates from the media vendors, equal to a percentage of the purchase price for qualifying advertising space purchased and utilized by the customers the Group represents. Revenue is recognized when the amounts of these performance-based rebates are probable and reasonably estimable. The Group also provides other services to assist customers, such as, project based services including public relations and marketing campaign, website design, setup and maintenance services. The Group recognizes project based services revenue when the services have been rendered, and the collectability is reasonably assured. Revenue from development services is recognized when the services have been rendered, which is once the design and setup of the website is complete, and the collectability is reasonably assured. Revenue for maintenance services is recognized ratably over the contract period.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or uncertainty exists related to the sustainability of such positions taken and establishes provisions where appropriate.

Deferred tax

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

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

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

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2.3 Summary of significant accounting policies (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income tax relating to item recognized outside profit or loss is recognized outside profit or loss. Income tax relating to an item accounted for directly in equity is recognized directly in equity.

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) the entity is an associate or joint venture of the Group, or vice versa;
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

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2.4 Recent accounting pronouncements

New Standards, Amendments and Interpretations to Existing Standards Adopted by the Group

Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities. These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. As the Group does not have any financial instruments that are set off in accordance with IAS 32 nor subject to an enforceable master netting arrangement, these amendments did not have an impact on the Group’s financial position and performance.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle. In the 2010-2012 annual improvements cycle the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group as it already measures short-term receivables and payables at invoice amount.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group

Annual Improvements 2011-2013 Cycle (issued in December 2013)

These improvements are effective for annual periods beginning on or after July 1, 2014 and when adopted will not have a material impact on the Group’s financial position and performance.

Amendment to IFRS 3 Business Combinations – Scope exceptions for joint ventures. The amendment clarifies that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is applied prospectively.

Amendment to IFRS 13 Fair Value Measurement – Scope of paragraph 52 (portfolio exception). The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment is applied prospectively.

Annual Improvements 2010-2012 Cycle (issued in December 2013)

These improvements are effective for annual periods beginning on or after July 1, 2014 and when adopted will not have a material impact on the Group’s financial position and performance.

Amendment to IFRS 2 Share-based Payment – Definitions of vesting conditions. This amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition;
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment is applied prospectively.

Amendment to IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination. The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group (continued)

Annual Improvements 2010-2012 Cycle (issued in December 2013) (continued)

Amendment to IFRS 8 Operating Segments – Aggregation of operating segments. The amendment clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’. The amendment is applied retrospectively.

Amendment to IFRS 8 Operating Segments – Reconciliation of the total of the reportable segments’ assets to the entity’s assets. The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is applied retrospectively.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation/amortization. The amendments clarify that the restatement can be performed, as follows:

- Adjust the gross carrying amount of the asset to market value; or
- Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value

In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. These amendments are applied retrospectively.

Amendment to IAS 24 Related Party Disclosures—Key Management Personnel. The amendment clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is applied retrospectively.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group (continued)

Effective for the 2016 financial year

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 *Business Combinations*, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are applied prospectively and early application is permitted.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. Early adoption is permitted. The adoption of this amendment affects presentation only therefore, did not have an impact on the Group's financial position or performance.

Amendments to IFRS 11 Joint Arrangements—Accounting for Acquisitions of Interests: The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group (continued)

Effective for the 2016 financial year (continued)

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*: The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual improvements 2012-2014 Cycle (issued in September 2014)

These improvements are effective for annual periods beginning on or after January 1, 2016 and when adopted will not have a material impact on the Group’s financial position and performance.

Amendment to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. The amendment is applied prospectively.

Amendments to IFRS 7 Financial Instruments: Disclosures – Servicing contracts. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Amendments to IFRS 7 Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements. The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment is applied retrospectively.

Amendment to IAS 34 Interim Financial Reporting – Disclosure of information elsewhere in the interim financial report. The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is applied retrospectively.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group (continued)

Effective for 2017 financial year

IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

- Step 1. Identify the contract(s) with a customer
- Step 2. Identify the performance obligations in the contract
- Step 3. Determine the transaction price
- Step 4. Allocate the transaction price to the performance obligations in the contract
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences, warranties, rights of return, principal versus agent considerations, options for additional goods or services and breakage.

Entities can choose to apply the standard using either a full retrospective approach with some limited relief provided, or a modified retrospective approach. Early application is permitted. The Group is currently assessing the impact of the new requirements on the financial statements.

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2.4 Recent accounting pronouncements (continued)

New Standards, Amendments and Interpretations to Existing Standards not yet Adopted by the Group (continued)

Effective for the 2018 financial year

IFRS 9 Financial Instruments. The key requirements of IFRS 9 are, as follows:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss. Debt instruments are subsequently measured at fair value through profit or loss, amortized cost or fair value through other comprehensive income, on the basis of their contractual cash flow characteristics and the business model under which the debt instruments are held. There is a fair value option that allows financial assets on initial recognition to be designated as fair value through profit or loss if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at fair value through profit or loss. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading equity instruments in OCI (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as fair value through profit or loss using the fair value option, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the fair value option.

Impairment

The impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model. The expected credit loss model applies to: debt instruments accounted for at amortized cost or at fair value through OCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognize either 12-months' or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognized.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation of the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

Early application is permitted for reporting periods beginning after July 24, 2014. The transition to IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to apply IFRS 9 in its entirety, entities may elect to apply early only the requirements for the presentation of gains and losses on financial liabilities designated as fair value through profit or loss without applying the other requirements in the standard. The Group is currently assessing the impact of the new requirements on the financial statements.

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3. Acquisitions

Acquisition of Work It Out

In March, 2014, the Group acquired 100% equity interest in Work It Out, a company incorporated in Hong Kong and specializing in the provision of advertising services, to expand its advertising services.

Acquisition of additional interest in Target Net

In October, 2012, the Group acquired a 20% interest in Target Net, an unlisted entity based in PRC and involved in the provision of internet information distribution services. In July, 2014, the Group acquired an additional 31% equity interest in Target Net, increasing its ownership interest to 51%. The Group acquired Target Net to expand its internet information distribution services.

This transaction was considered as a step acquisition under IFRS 3, Business Combinations. The Group recognized a gain of RMB53,581,440 and included in the gain from step acquisition arising from revaluation of previously held equity interest in the consolidated statements of comprehensive income for the year ended December 31, 2014.

Acquisition of Beijing Runlin

In October, 2014, the Group acquired 51% equity interest in Beijing Runlin, an unlisted entity based in PRC and involved in the provision of solutions and applications to the CRM system to auto makers and dealers. The Group acquired Beijing Runlin to expand its CRM services.

The fair values of the identifiable assets and liabilities as at the date of the acquisitions are summarized in the following table:

	Fair value recognized on acquisition RMB
Cash and cash equivalents	23,490,120
Property, plant and equipment	2,089,446
Intangible assets	214,333,393
Other assets	53,159,468
Current liabilities	(39,211,499)
Deferred tax liabilities	(46,850,438)
Net assets	207,010,490
Non-controlling interests	(101,430,297)
Goodwill arising on acquisitions	148,441,716
Total considerations	254,021,909
Fair value of previously held equity interest	(61,629,400)
Consideration settled by cash	(131,183,305)
Contingent considerations	61,209,204

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3. Acquisitions (continued)

Out of the total purchase consideration for acquiring Target Net, the Group will pay in aggregate RMB50,000,000 contingent upon Target Net meeting certain revenue and net profit targets for the years of 2014 and 2015. The Group measured the liability at an estimated fair value of RMB45,525,600 as of the acquisition date, and remeasured to its estimated fair value of RMB47,834,000 as of December 31, 2014 with the change recorded in earnings.

Out of the total purchase consideration for acquiring Beijing Runlin, the Group will pay in aggregate RMB20,000,000 contingent upon Beijing Runlin meeting certain revenue and net profit targets for the years from 2015 to 2017. The Group measured the liability at an estimated fair value of RMB15,683,604 as of the acquisition date, and remeasured to RMB16,030,731 as of December 31, 2014 with the change recorded in earnings.

The goodwill of RMB148,441,716 represented expected synergies arising on acquisitions. The knowledge and expertise of employees is not separable. Therefore, it does not meet the criteria for recognition as intangible asset under IAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes.

The non-controlling interest has been recognized at the proportion of net assets acquired.

The fair value and gross amount of the trade receivables amounted to RMB47,085,445. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Results of operations since the respective acquisition dates and pro forma results of operations for these acquisitions were not presented because they were not material to the consolidated results of operations, either individually or in aggregate.

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4. Investments in associates and joint ventures

The Group held equity interests ranging from 15% to 50% in certain equity method investments, majority of which are engaged in used car transactions and automotive applications. The Group used the equity method of accounting to account for the investments when the Group has the ability to exercise significant influence or joint control but does not have controlling interest over the investments.

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	2012 RMB	2013 RMB	2014 RMB
Share of the associates’ (loss)/profit for the year	(28,972)	(392,722)	21,272
Share of the associates’ other comprehensive income	—	—	—
Share of the associates’ total comprehensive (loss)/income	(28,972)	(392,722)	21,272
Aggregate carrying amount of the Group’s investments in the associates	488,437	205,715	37,726,987

The following table illustrates the aggregate financial information of the Group’s joint ventures that are not individually material:

	2012 RMB	2013 RMB	2014 RMB
Share of the joint ventures’ (loss)/profit for the year	(288,171)	2,130,290	(1,362,608)
Share of the joint ventures’ other comprehensive income	—	—	—
Share of the joint ventures’ total comprehensive (loss)/income	(288,171)	2,130,290	(1,362,608)
Aggregate carrying amount of the Group’s investments in the joint ventures	2,920,162	7,550,452	50,187,384

As of December 31, 2014, there was no material contingent liability relating to the Group’s interests in its associates and joint ventures, and the associates and the joint ventures themselves.

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5. Revenue

The Group reorganized its revenue streams based on how management monitors and oversees the business as a result of its segment restructuring as disclosed in Note 2.2. As a result, starting from January 1, 2013, the Group reorganized its revenue streams into advertising services, dealer subscription and listing services, and agent services. The Group also revised the comparative figures for the year ended December 31, 2012 accordingly.

	2012 RMB	2013 RMB	2014 RMB
Advertising services	498,732,735	741,783,094	1,233,190,684
Dealer subscription and listing services	363,464,468	491,849,069	870,712,581
Agent services	194,708,777	205,700,201	355,034,759
	<u>1,056,905,980</u>	<u>1,439,332,364</u>	<u>2,458,938,024</u>

For the year ended December 31, 2014, value added tax of RMB137,057,096 was deducted from revenues (2013: RMB71,569,638; 2012: RMB25,586,000).

6. Profit before tax

6.1 Selling and administrative expenses

	2012 RMB	2013 RMB	2014 RMB
Salaries and benefits	201,587,270	262,277,809	351,785,054
Depreciation and amortization	18,027,258	25,742,437	29,174,482
Operating lease expenses	28,953,931	37,935,804	54,709,964
Share based payment	13,285,819	19,386,459	57,103,866
Office expenses	38,974,820	41,413,327	50,236,383
Provision for bad debts	10,023,510	10,348,662	13,896,878
Sales and marketing expenses	235,380,893	334,504,115	598,074,809
Others	11,121,913	17,260,189	20,705,176
	<u>557,355,414</u>	<u>748,868,802</u>	<u>1,175,686,612</u>

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6. Profit before tax (continued)

6.2 Other income

	2012 RMB	2013 RMB	2014 RMB
Unrealized exchange gains	4,484,641	11,727,588	—
Gain on disposal of property, plant and equipment	302,603	246,419	552,347
Government grants	—	—	3,108,148
Others	1,792,715	445,147	15,077
	<u>6,579,959</u>	<u>12,419,154</u>	<u>3,675,572</u>

Unrealized exchange gains represent foreign exchange differences from monetary assets and liabilities denominated in foreign currencies translated at the functional currency spot rates of exchange ruling at the reporting date. The unrealized exchange gains above are as a result from the appreciation of the RMB against the US\$.

6.3 Other expenses

	2012 RMB	2013 RMB	2014 RMB
Unrealized exchange losses	—	—	1,556,594
Realized exchange losses	—	—	9,486,122
Loss on disposal of property, plant and equipment	1,690,982	732,302	51,171
Change in the contingent consideration (Note 23)	1,870,000	—	—
Impairment of available-for-sale investments (Note 20.1)	—	768,526	—
Others	3,718,133	5,391,664	3,485,831
	<u>7,279,115</u>	<u>6,892,492</u>	<u>14,579,718</u>

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7. Income tax expense

The major components of income tax expense for the years ended December 31, 2012, 2013 and 2014 are:

	2012 RMB	2013 RMB	2014 RMB
Current income tax			
Current income tax charge	22,994,629	24,211,773	112,440,178
Deferred income tax			
Relating to operating loss	1,023,600	4,060,687	(4,465,386)
Relating to origination and reversal of temporary differences	(5,094,973)	(6,017,462)	(10,331,640)
Income tax expense reported in the consolidated statements of comprehensive income	<u>18,923,256</u>	<u>22,254,998</u>	<u>97,643,152</u>

A reconciliation between income tax expense and the product of the accounting profit multiplied by the PRC tax rate for the years ended December 31, 2012, 2013 and 2014 is as follows:

	2012 RMB	2013 RMB	2014 RMB
Accounting profit before income tax	<u>154,084,903</u>	<u>263,483,179</u>	<u>586,765,676</u>
Tax at statutory tax rate of 25%	38,521,226	65,870,795	146,691,419
Tax holiday or lower tax rates for certain entities comprising the Group	(31,725,957)	(60,238,226)	(59,421,593)
Effect of differing tax rates in different jurisdictions	4,718,669	6,078,253	16,504,826
Utilization of previously unrecognized tax losses	(219,669)	—	(7,777,937)
Non-taxable income	(1,580,152)	(3,361,911)	(14,171,094)
Non-deductible expenses	9,045,182	11,569,482	14,939,962
Research and development expense additional deduction	(864,507)	(1,097,145)	(500,705)
Lapse of statutory limitations	—	—	(1,252,510)
Effect on deferred tax of changes in tax rates	—	(400,708)	—
Unrecognized tax losses	1,026,437	3,870,428	2,630,784
Others	2,027	(35,970)	—
	<u>18,923,256</u>	<u>22,254,998</u>	<u>97,643,152</u>
Income tax expense reported in the consolidated statements of comprehensive income	<u>18,923,256</u>	<u>22,254,998</u>	<u>97,643,152</u>
Effective income tax rate	12.3%	8.4%	16.6%

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7. Income tax expense (continued)

Deferred tax

Deferred tax as of December 31, 2013 and 2014, relates to the following:

	Consolidated statements of financial position		Consolidated statements of comprehensive income	
	2013 RMB	2014 RMB	2013 RMB	2014 RMB
Deferred tax assets				
Amortization of intangible assets	469,056	548,840	81,482	79,784
Tax losses available for offset against future taxable income	866,518	7,483,981	(4,060,687)	4,465,386
Accrued wages and salaries	<u>10,899,655</u>	<u>18,172,249</u>	<u>3,677,386</u>	<u>6,904,242</u>
	<u>12,235,229</u>	<u>26,205,070</u>	<u>(301,819)</u>	<u>11,449,412</u>
Deferred tax liabilities				
Intangible assets acquired in business combinations	<u>(5,033,021)</u>	<u>(48,535,845)</u>	<u>2,258,594</u>	<u>3,347,614</u>
	<u>(5,033,021)</u>	<u>(48,535,845)</u>	<u>2,258,594</u>	<u>3,347,614</u>
Deferred tax expense			<u>1,956,775</u>	<u>14,797,026</u>
Deferred tax assets/(liabilities), net	<u>7,202,208</u>	<u>(22,330,775)</u>		

Reconciliation of deferred tax assets/(liabilities), net

	2013 RMB	2014 RMB
Opening balance as of January 1	5,245,433	7,202,208
Tax expense recognized in profit or loss during the period	1,956,775	14,797,026
Deferred taxes, net acquired in a business combination	—	(44,330,009)
Closing balance as of December 31	<u>7,202,208</u>	<u>(22,330,775)</u>

As of December 31, 2014, the Group recognized deferred tax assets amounting RMB7,483,981 (2013: RMB866,518; 2012: RMB4,927,205) for entities which suffered a loss in either the current or preceding year and the utilization of such deferred tax assets are dependent on future taxable profits which are based on the business forecasts after taking into account of the latest business developments.

As of December 31, 2014, no deferred tax asset was recognized in respect of tax losses carry forward amounting RMB16,663,455 (2013: RMB39,603,340; 2012: RMB24,121,626), of which RMB185,274, RMB951,028, RMB996,615, RMB4,957,234 and RMB9,573,304 would expire, if unused, by December 31, 2015, 2016, 2017, 2018 and 2019, respectively.

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7. Income tax expense (continued)

Deferred tax (continued)

The Group did not provide for deferred taxes on the undistributed earnings of its subsidiaries and SEs as of December 31, 2013 and 2014 on the basis of its intent to reinvest the earnings. The Company is able to control the timing of the reversal of the temporary differences of its subsidiaries and SEs. The associates and joint ventures are established in the PRC and the related temporary differences for such investments will be reversed through future distribution, which are nontaxable. The Company also does not intend to sell its interests in its associates and joint ventures. Therefore, management considered that it is probable that the temporary differences will not be reversed in the foreseeable future. The undistributed earnings amounted to RMB468,339,800 and RMB1,002,163,912 as of December 31, 2013 and 2014, respectively. Determination of the amount of unrecognized deferred tax liabilities related to these earnings is not practicable.

8. Property, plant and equipment

	Computers and servers RMB	Motor vehicles RMB	Furniture and fixtures RMB	Leasehold improvements RMB	Total RMB
Cost:					
At January 1, 2013	58,687,501	37,940,392	1,309,365	22,896,313	120,833,571
Additions	13,361,216	6,345,716	342,054	9,929,989	29,978,975
Disposals	<u>(3,819,805)</u>	<u>(3,590,111)</u>	<u>(8,325)</u>	—	<u>(7,418,241)</u>
At December 31, 2013	68,228,912	40,695,997	1,643,094	32,826,302	143,394,305
Additions	26,176,338	48,962,697	4,490,997	10,712,816	90,342,848
Disposals	<u>(2,281,296)</u>	<u>(2,286,295)</u>	<u>(41,064)</u>	<u>(1,132,484)</u>	<u>(5,741,139)</u>
Acquisition of subsidiaries	28,786	661,703	1,398,957	—	2,089,446
At December 31, 2014	<u>92,152,740</u>	<u>88,034,102</u>	<u>7,491,984</u>	<u>42,406,634</u>	<u>230,085,460</u>
Accumulated depreciation:					
At January 1, 2013	27,983,829	6,798,413	710,903	7,298,191	42,791,336
Charge for the year	12,907,384	7,701,279	284,772	9,344,840	30,238,275
Disposals	<u>(3,223,833)</u>	<u>(1,240,281)</u>	<u>(7,645)</u>	—	<u>(4,471,759)</u>
At December 31, 2013	37,667,380	13,259,411	988,030	16,643,031	68,557,852
Charge for the year	15,298,845	10,027,470	696,226	12,295,880	38,318,421
Disposals	<u>(2,190,969)</u>	<u>(1,315,928)</u>	<u>(36,066)</u>	<u>(1,125,850)</u>	<u>(4,668,813)</u>
At December 31, 2014	<u>50,775,256</u>	<u>21,970,953</u>	<u>1,648,190</u>	<u>27,813,061</u>	<u>102,207,460</u>
Net book value:					
At December 31, 2014	<u>41,377,484</u>	<u>66,063,149</u>	<u>5,843,794</u>	<u>14,593,573</u>	<u>127,878,000</u>
At December 31, 2013	<u>30,561,532</u>	<u>27,436,586</u>	<u>655,064</u>	<u>16,183,271</u>	<u>74,836,453</u>

As of December 31, 2014 and 2013, the gross carrying amount of fully depreciated property, plant and equipment that were still in use were RMB29,672,999 and RMB13,056,307, respectively.

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9. Intangible assets

	Purchased software RMB	Digital Sales Assistant system RMB	Trade name and lifetime membership RMB	Domain names RMB	Contract backlog RMB	Customer relationships RMB	Brand name RMB	Others RMB	Total RMB
Cost:									
At January 1, 2013	12,650,861	25,430,000	8,036,725	5,342,779	14,163,000	—	—	3,900	65,627,265
Additions	721,703	—	952,783	4,056,451	—	—	—	14,245	5,745,182
Disposals and retirements	—	—	—	—	(14,163,000)	—	—	—	(14,163,000)
At December 31, 2013	13,372,564	25,430,000	8,989,508	9,399,230	—	—	—	18,145	57,209,447
Additions	2,562,042	—	1,415,094	4,361,129	—	—	—	1,500	8,339,765
Disposals and retirements	—	—	—	(660,184)	—	—	—	(2,453)	(662,637)
Acquisition of subsidiaries	2,813,393	—	—	—	27,280,000	180,610,000	3,630,000	—	214,333,393
At December 31, 2014	18,747,999	25,430,000	10,404,602	13,100,175	27,280,000	180,610,000	3,630,000	17,192	279,219,968
Amortization:									
At January 1, 2013	6,122,260	2,754,917	—	768,838	7,671,625	—	—	91	17,317,731
Amortization	1,933,230	2,543,000	—	939,332	6,491,375	—	—	298	11,907,235
Disposals and retirements	—	—	—	—	(14,163,000)	—	—	—	(14,163,000)
At December 31, 2013	8,055,490	5,297,917	—	1,708,170	—	—	—	389	15,061,966
Amortization	2,283,683	2,543,000	—	1,117,798	8,291,691	6,661,659	59,508	509	20,957,848
Disposals and retirements	—	—	—	(956)	—	—	—	(74)	(1,030)
At December 31, 2014	10,339,173	7,840,917	—	2,825,012	8,291,691	6,661,659	59,508	824	36,018,784
Net book value:									
At December 31, 2014	8,408,826	17,589,083	10,404,602	10,275,163	18,988,309	173,948,341	3,570,492	16,368	243,201,184
At December 31, 2013	5,317,074	20,132,083	8,989,508	7,691,060	—	—	—	17,756	42,147,481

As of December 31, 2014 and 2013, the gross carrying amount of fully amortized intangible assets that were still in use were RMB3,082,575 and RMB2,282,416, respectively.

The addition in domain names in 2013 was mainly due to the purchase consideration paid to third parties to acquire the “yiche010.com” and “taoche010.com” domain names. The addition in domain names in 2014 was mainly due to the purchase consideration paid to third parties to acquire the “huimaiche.com” and “diandong.com” domain names.

The addition in customer relationships in 2014 was mainly due to acquired subsidiaries’ long-term business relationships with customers.

Management determined the trade name and lifetime membership would have an indefinite useful life as the assets may be used indefinitely without significant costs of renewal.

There were no indicators of impairment associated with the finite lived intangible assets as of December 31, 2013 and 2014. Refer to Note 11 for further discussion on the impairment testing of indefinite lived intangible assets.

10. Goodwill

	RMB
At January 1, 2013	38,992,640
At December 31, 2013	38,992,640
Acquisition of subsidiaries (Note 3)	148,441,716
At December 31, 2014	187,434,356

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11. Impairment testing of goodwill and intangible assets with indefinite lives

As disclosed in Note 2.2, the lowest level within the Group at which goodwill is monitored for internal management purposes is the business segment level. Therefore, goodwill impairment was tested at the business segment level as of December 31, 2014.

Intangible assets with indefinite lives are mainly lifetime memberships and trade names. They do not generate cash inflows independently of other assets or groups of assets and their carrying amount cannot be allocated on a reasonable and consistent basis to the individual cash-generating units under review. The lifetime memberships and trade names qualify as corporate assets and are allocated to the Group for impairment testing.

	December 31, 2013		
	Corporate assets RMB	EP platform business RMB	Total RMB
Goodwill	—	38,992,640	38,992,640
Lifetime membership	4,746,480	—	4,746,480
Trade name with indefinite useful lives	4,243,028	—	4,243,028

	December 31, 2014			
	Corporate assets RMB	EP platform business RMB	Digital marketing solutions RMB	Total RMB
Goodwill	—	186,260,934	1,173,422	187,434,356
Lifetime membership	4,746,480	—	—	4,746,480
Trade name with indefinite useful lives	5,658,122	—	—	5,658,122

The Group performed annual impairment tests as of December 31, 2013 and 2014 to assess the cash-generating units' respective recoverable amounts. Management concluded that there was no impairment as the recoverable amounts of the cash generating units exceeded their carrying amounts.

The recoverable amount of each CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections was 20% and cash flows beyond the five-year period are extrapolated using growth rates of 3%.

Key assumptions were used in the value in use calculation of each CGU as of December 31, 2013 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rates used are pre-tax interest rates and reflect specific risks relating to the relevant units.

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12. Trade receivables

	2013 RMB	2014 RMB
Trade receivables	680,456,859	1,381,072,766
Less: Provision for bad debts	<u>(23,802,281)</u>	<u>(37,699,159)</u>
	<u>656,654,578</u>	<u>1,343,373,607</u>

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days. In some cases, these terms are extended up to 180 days for certain qualifying long-term customers who have met specific credit requirements.

For the advertising agent services the Group provides, the Group acts as an agent in placing automaker customers’ advertisements on the websites of media vendors in the PRC. The Group receives fees in the capacity of an agent for assisting automaker customers in placing advertisements on media vendors’ websites, and therefore, records the fees on a net basis in its consolidated financial statements. For the advertising services the Group provides, the Group acts as the principal in the arrangement and records revenues on a gross basis in its consolidated financial statements. For the advertising agent services and advertising services provided, the Group enters into publishing schedule agreements with its automaker and automobile dealer customers; and related advertising agreements with media vendors who are then obligated to place the advertisements according to the Group’s customers’ publishing schedule agreements. Therefore, the Group records trade receivables from its customers and accounts payable to media vendors on a gross basis. Gross billings include the gross value of advertisements placed by the Group’s customers that correspond to the gross payables recorded due to the media vendors. Gross billings for the year ended December 31, 2014 was RMB3,452,944,416 (2013: RMB2,011,695,642).

As of December 31, 2014, trade receivables at initial value of RMB37,699,159 (2013: RMB23,802,281) were impaired and fully provided for. Movements in the provision for individually impaired trade receivables were as follows:

	Individually impaired RMB
At January 1, 2013	13,453,619
Charge for the year	<u>10,348,662</u>
At December 31, 2013	23,802,281
Charge for the year	<u>13,896,878</u>
At December 31, 2014	<u>37,699,159</u>

As of December 31, the ageing analysis of trade receivables was as follows:

	Total RMB	Neither past due nor impaired RMB	Past due but not impaired		
			<90 days RMB	90-180 days RMB	>180 days RMB
2014	1,343,373,607	493,879,519	488,234,804	164,891,454	196,367,830
2013	656,654,578	240,400,237	181,478,189	95,503,205	139,272,947

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13. Bills receivables

	2013 RMB	2014 RMB
Bills receivables	<u>69,183,900</u>	<u>104,716,846</u>

Bills receivables represent short-term notes receivables issued by reputable financial institutions that entitle the Group to receive the full face amount from the financial institutions at maturity, which generally range from three to six months from the date of issuance.

14. Prepayments and other receivables

	2013 RMB	2014 RMB
Advances to suppliers	9,250,318	19,217,749
Prepaid expenses	5,850,342	8,559,087
Deposits	6,491,438	27,012,110
Staff advances	9,374,790	13,656,469
Tax refund receivables including value added taxes	41,943,772	70,572,246
Others	2,996,340	7,834,755
	<u>75,907,000</u>	<u>146,852,416</u>

Prepayments and other receivables are unsecured, interest-free and have no fixed terms of repayment.

15. Time deposit

	2013 RMB	2014 RMB
Time deposit	<u>—</u>	<u>61,190,000</u>

Time deposit is made for varying periods of between three months and one year, and earns interest at the respective short-term deposit rates.

16. Cash and cash equivalents

	2013 RMB	2014 RMB
Cash at bank and on hand	<u>1,101,660,090</u>	<u>1,221,472,624</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

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17. Issued capital, share premium and treasury shares

Authorized shares	2013	2014
Ordinary shares of US\$0.00004 each	1,250,000,000.0	1,250,000,000.0
Ordinary shares issued and fully paid	Number of shares	RMB
At January 1, 2012	41,640,890.0	11,696
At December 31, 2012	41,640,890.0	11,696
Issuance of ordinary shares in connection with the future exercise of share options	500,000.0	123
Issuance of ordinary shares to public	1,264,855.0	309
At December 31, 2013	43,405,745.0	12,128
Issuance of ordinary shares in connection with the future exercise of share options	2,170,000.0	534
At December 31, 2014	45,575,745.0	12,662
Share premium		RMB
At January 1, 2012		2,409,156,049
At December 31, 2012		2,409,156,049
Share options exercised for the year 2013		21,886,238
Issuance of ordinary shares to public		219,300,260
At December 31, 2013		2,650,342,547
Share options exercised for the year 2014		46,411,436
At December 31, 2014		2,696,753,983

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17. Issued capital, share premium and treasury shares (continued)

<i>Treasury shares</i>	Number of shares	RMB
At January 1, 2012	455,006.0	16,809,532
Repurchase of ordinary shares	<u>1,453,174.0</u>	<u>45,918,375</u>
At December 31, 2012	1,908,180.0	62,727,907
Repurchase of ordinary shares	<u>3.5</u>	<u>—</u>
At December 31, 2013	1,908,183.5	62,727,907
Share options exercised for the year 2014	<u>(4,518.0)</u>	<u>(148,507)</u>
At December 31, 2014	<u>1,903,665.5</u>	<u>62,579,400</u>

On August 12, 2011, the Board of Directors approved an ordinary share repurchase program, which authorized the Company’s management to repurchase up to US\$10,000,000 of the Company’s American Depositary Shares (“ADSs”) within 12 months from approval date. Each ADS represents one ordinary share of the Company. As of December 31, 2012, the Company repurchased a total of 1,908,180.0 ADSs (2011: 455,006.0 ADSs) for a total consideration of RMB62,727,907 (2011: RMB16,809,532).

On May 27, 2013, the Company issued 500,000.0 ordinary shares to its depository for future delivery to employees upon exercise of vested stock options. As of December 31, 2014, all of the 500,000.0 ordinary shares have been issued to the employees upon exercise of their stock options.

The Company issued a total of 1,264,855.0 ordinary shares upon completion of its follow-on public offering on December 11, 2013. The proceeds from the offering net of issuance costs amounted to RMB219,300,569.

On March 6, 2014, the Company issued 650,000.0 ordinary shares to its depository for future delivery to employees upon exercise of vested stock options. As of December 31, 2014, all of the 650,000.0 ordinary shares have been issued to the employees upon exercise of their stock options.

On August 12, 2014, the Company issued 630,000.0 ordinary shares to its depository for future delivery to employees upon exercise of vested stock options. As of December 31, 2014, 133,761.0 ordinary shares out of the 630,000.0 ordinary shares have been issued to the employees upon exercise of their stock options.

On September 15, 2014, the Company issued 890,000.0 ordinary shares to its depository for future delivery to employees upon exercise of vested stock options. As of December 31, 2014, nil of the 890,000.0 ordinary shares have been issued to the employees upon exercise of their stock options.

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18. Basic and diluted earnings per share

Basic earnings per share is computed by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per ordinary share is computed by dividing the profit for the year attributable to ordinary shareholders for the year by the weighted average number of ordinary and potential ordinary shares outstanding during the year, if the effect of potential ordinary shares is dilutive. Potential ordinary shares include incremental shares of ordinary shares issuable upon the exercise of employee stock options and the over-allotment option for the follow-on public offering.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2012 RMB	2013 RMB	2014 RMB
Basic earnings attributable to ordinary shareholders	<u>135,161,647</u>	<u>241,228,181</u>	<u>485,190,724</u>
Diluted earnings attributable to ordinary shareholders	<u>135,161,647</u>	<u>241,228,181</u>	<u>485,190,724</u>
	2012	2013	2014
Weighted average number of shares			
Ordinary shares outstanding as of January 1,	40,885,884.0	39,432,710.0	41,327,366.0
Weighted average number of ordinary shares repurchased during the year (Note 17)	(1,128,573.0)	(2.0)	—
Weighted average number of ordinary shares issued during the year	—	291,797.0	435,412.0
Weighted average number of ordinary shares outstanding for the year for basic earnings	39,757,311.0	39,724,505.0	41,762,778.0
Dilutive effect of share based compensation	814,050.0	2,272,618.0	2,813,404.0
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>40,571,361.0</u>	<u>41,997,123.0</u>	<u>44,576,182.0</u>

The following weighted average number of shares result from instruments that could potentially dilute basic earnings per ordinary share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive or nil for the years presented:

	2012	2013	2014
Weighted average number of shares			
Equity settled share based compensation	1,521,451.0	299,479.0	123,764.0
Over-allotment option	—	29,445.0	—
Total	<u>1,521,451.0</u>	<u>328,924.0</u>	<u>123,764.0</u>

The over-allotment option expired unexercised on January 6, 2014 and will have no potential dilutive effect in the future. There have been no other significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these consolidated financial statements.

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19. Share-based payments

The expenses recognized for employee services received during the years are shown in the following table:

	2012 RMB	2013 RMB	2014 RMB
Expense arising from employee stock incentive plan	<u>13,285,819</u>	<u>19,386,459</u>	<u>57,103,866</u>

On December 31, 2006, the Company implemented an Employee Stock Incentive Plan (“2006 Plan”) under which the Company has reserved 1,028,512.5 ordinary shares for employees. The Board of Directors of the Company may invite employees of the Group to subscribe for options over the Company’s ordinary shares.

Options related to 750,000.0 shares were granted to designated employees on December 31, 2006, as determined by the Board of Directors. These options have an exercise price of US\$0.40 per share. Pursuant to the 2006 Plan, the first 33% of the options would vest 12 months after the grant date, the second 33% of the options would vest 24 months after the grant date, and the remaining 34% of the options would vest 36 months after the grant date, on the condition that employees remain in service without any performance requirements. Options granted typically expire in ten years from the grant date and there are no cash settlement alternatives. The Company has not developed a past practice of cash settlement.

On February 8, 2010, the Company implemented an Employee Stock Incentive Plan (“2010 Plan”) under which the Company has reserved 3,089,887.5 ordinary shares for employees. The 2010 Plan stipulates that if options are forfeited, the forfeited options can be added back to the option pool to be granted to other employees. The board of the Company may invite employees of the Company to subscribe for options over the Company’s ordinary shares.

Options related to 2,397,500.0 shares were granted to designated employees on February 8, 2010, as determined by the Board of Directors. These options have an exercise price of US\$3.20 per share. Pursuant to the 2010 Plan and subject to limited exception, the first 25% of the options would vest 12 months after the grant date, the second 25% of the options would vest 24 months after the grant date, the third 25% of the options would vest 36 months after the grant date and the remaining 25% of the options would vest 48 months after the grant date, on the condition that employees remain in service without any performance requirements. Options granted typically expire in ten years from the grant date and there are no cash settlement alternatives. The Company has not developed a past practice of cash settlement.

On December 28, 2010, the Company granted options to purchase 278,512.5 ordinary shares under the 2006 Plan and options to purchase 589,487.5 ordinary shares under the 2010 Plan, at an exercise price of US\$10.20 per share, to designated employees and consultants on that date. Pursuant to the Plans, the options have graded vesting terms, and vest in equal tranches from the grant date over three or four years, on the condition that employees remain in service without any performance requirements. Options granted typically expire in ten years from the grant date and there are no cash settlement alternatives.

On August 7, 2012, the Company granted options to purchase 1,100,000.0 ordinary shares under the 2010 Plan, at an exercise price of US\$4.03 per share, to designated employees on that date. Pursuant to the Plans, the options have graded vesting terms, and vest in equal tranches from the grant date over four years, on the condition that employees remain in service without any performance requirements. Options granted typically expire in ten years from the grant date and there are no cash settlement alternatives.

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19. Share-based payments (continued)

On August 7, 2012, the Company implemented an Employee Stock Incentive Plan (“2012 Plan”) under which the Company has reserved 1,908,180.0 ordinary shares to motivate, attract and retain employees, and directors. The 2012 Plan permits the awards of options, restricted shares or restricted share units (“RSUs”).

On August 7, 2013, the Company granted 400,000 RSUs with graded vesting terms to a senior executive under the 2012 Plan. The grant of RSUs may only vest if the total revenues of the Group in any fiscal year from 2013 to 2016 equal or exceed 125% of the total revenues of the Group for the immediately preceding fiscal year. In the event that the total revenues of the Group in any fiscal year from 2013 to 2016 are lower than 125% of the total revenues for the immediately preceding fiscal year, the senior executive shall not be eligible to receive such performance-based RSUs to that year on August 7 of the following fiscal year. The first 30% of the RSUs vested on August 7, 2014, the second 30% of the RSUs would vest on August 7, 2015. If the respective revenue performance targets were achieved for each fiscal year, the third 20% of the RSUs would vest on August 7, 2016 and the remaining 20% of the RSUs would vest on August 7, 2017.

Based on its evaluation of the Group’s current performance against financial budgets covering a four-year period, management concludes that it is probable that the revenue performance targets above will be achieved.

On October 1, 2013, the Company granted 40,000 RSUs with graded vesting terms to a director under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

On December 25, 2013, the Company granted 100,000 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

On October 21, 2014 and November 12, 2014, the Company granted 115,000 and 1,500 RSUs to employees under the 2012 Plan, respectively. The grant of RSUs would vest on March 16, 2015 if the employees’ key performance indicators were achieved.

On November 20, 2014, the Company granted 32,500 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 25% of the award shall vest on the anniversary date of the grant date each year within four years of the award.

On November 20, 2014, the Company granted 12,000 RSUs with graded vesting terms to employees under the 2012 Plan. Pursuant to the RSUs Award Agreement, each 4,000 RSUs of the award shall vest on the anniversary date of the grant date each year within three years of the award.

Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

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19. Share-based payments (continued)

The following share options were outstanding under the 2006 and 2010 Plans during the year:

	2013 Number of shares	2013 Weighted average exercise prices US\$/Share	2014 Number of shares	2014 Weighted average exercise prices US\$/Share
Outstanding at January 1	3,707,375.0	4.71	3,041,011.0	4.92
Granted during the year	—	—	—	—
Exercised during the year	(629,801.0)	3.68	(927,505.0)	4.95
Forfeited during the year	(36,563.0)	4.82	(35,000.0)	4.91
Outstanding at December 31	<u>3,041,011.0</u>	4.92	<u>2,078,506.0</u>	4.90
Exercisable at December 31	<u>1,826,817.0</u>	5.04	<u>1,593,506.0</u>	5.17

The weighted average remaining contractual life for the options outstanding as of December 31, 2014 was 6.03 years (2013: 6.94 years, 2012: 7.68 years).

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The estimate of the fair values of the options granted on February 8, 2010, December 28, 2010 and August 7, 2012 was measured based on the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the 2006 and 2010 Plans on the date of grant:

	February 8, 2010	December 28, 2010		August 7, 2012
		Vesting period of 3 years	Vesting period of 4 years	
Fair value per share	US\$ 3.02	US\$ 10.16	US\$ 10.16	US\$ 4.20
Exercise price	US\$ 3.20	US\$ 10.20	US\$ 10.20	US\$ 4.03
Risk-free interest rate	3.62%	3.58%	3.58%	1.72%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Weighted-average fair value per option granted	US\$ 3.60	US\$ 5.08	US\$ 5.36	US\$ 2.34
Expected volatility	60%	69%	69%	53%

Since the Group did not have a trading history for its ordinary shares sufficient to calculate its own historical volatility, the volatility is estimated based on annualized standard deviation of daily stock price return of comparable companies, for the period before valuation date and with similar span as time to expiration.

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19. Share-based payments (continued)

The following RSUs were outstanding under the 2012 Plan during the year:

	2013 Number of RSUs	2014 Number of RSUs
Outstanding at January 1	—	540,000.0
Granted during the year	540,000.0	161,000.0
Vested and sold during the year	—	(30,973.0)
Forfeited during the year	—	(12,150.0)
Outstanding at December 31	<u>540,000.0</u>	<u>657,877.0</u>
Vested at December 31	<u>—</u>	<u>121,402.0</u>

The share-based payment expense recognized associated with the RSUs amounted to RMB7,518,508 and RMB52,118,794 for the year ended December 31, 2013 and 2014. The fair value of services received in return for RSUs granted on August 7, 2013, October 1, 2013, December 25, 2013, October 21, 2014, November 12, 2014 and November 20, 2014 was measured by reference to the fair value of the RSUs granted, which was based on the closing price of the Company’s publicly traded ordinary shares of the grant date. The following table lists weighted-average fair value per RSU for the 2012 Plan on the date of grant:

	The 2012 Plan					
Grant date	August 7, 2013	October 1, 2013	December 25, 2013	October 21, 2014	November 12, 2014	November 20, 2014
Weighted-average fair value per RSU granted	US\$12.00	US\$17.95	US\$29.01	US\$81.06	US\$79.32	US\$87.60

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20. Other financial assets and financial liabilities

20.1 Other financial assets

On May 24, 2012, the Company purchased 4,050,000 Series B Preference Shares (“Series B PS”) issued by Car King Holding Ltd. (“Car King”), for a total consideration of US\$2,999,835. Car King was founded in April 2011 as a limited liability company incorporated under the laws of British Virgin Islands, mainly engaged in the business of used cars sales. In conjunction with the Company’s purchase of Series B PS, Car King also issued a warrant that entitled the Company to purchase a certain number of the Series B PS from Car King. The aggregate amount of purchase price under the Preference Shares Purchase Warrant shall be US\$900,000. Car King’s Series B PS and the Preference Shares Purchase Warrant are recognized as available-for-sale investment and financial asset at fair value through profit or loss, respectively.

On March 6, 2013, the Company exercised the Preference Shares Purchase Warrant issued by Car King. The Company purchased 934,676 Series B PS at a purchase price per share of US\$0.9629 for an aggregate purchase price of US\$899,999.52.

Subsequent to the exercise of the warrant, the Company’s percentage of shareholding in Car King is 4.47% on a fully-diluted basis. The Company does not exercise significant influence over Car King’s financial and operating policies.

On August 20, 2014, the Company purchased 89,286 Series B PS issued by Zamplus (Cayman) Holding Limited (“Zamplus”), for a total consideration of US\$5,000,000. Zamplus was founded on November 28, 2012 as a limited liability company incorporated and validly existing under the laws of Cayman Islands, mainly engaged in the business of the design, formulation and promotion of advertisement, the provision of digital technology services, market research, media-related services, and/or other related consulting and technical supporting services. Zamplus’ Series B PS is recognized as available-for-sale investment.

The reconciliation of the carrying values of other financial assets as of December 31, 2013 and 2014 is as follows:

	2013 RMB	2014 RMB
<i>Financial assets at fair value through profit or loss</i>		
Opening balance	37,713	—
Exercise of Car King Warrant	(37,157)	—
Foreign exchange reserve	(556)	—
Closing balance	<u>—</u>	<u>—</u>
<i>Available-for-sale investments</i>		
Opening balance	19,645,330	32,887,895
Purchase of Car King Series B PS upon exercise of Car King Warrant	5,487,207	—
Purchase of Zamplus Series B PS	—	30,595,000
Total gain recognized in other comprehensive income	9,068,634	5,975,938
Impairment expense recognized in profit or loss	(768,526)	—
Foreign exchange reserve	(544,750)	82,375
Closing balance	<u>32,887,895</u>	<u>69,541,208</u>

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20. Other financial assets and financial liabilities (continued)

20.1 Other financial assets (continued)

As the fair value of other financial assets recorded in the consolidated statements of financial position cannot be derived from an active market, they are determined using valuation techniques with the major inputs used in the model as follows:

<i>Available-for-sale investments</i>	December 31, 2013	December 31, 2014
Expected volatility of Car King	49.78%	34.29%
Probability of IPO of Car King	50%	50%
Expected volatility of Zamplus	—	49.32%
Probability of IPO of Zamplus	—	40%

Any changes in the major inputs into the model will result in changes in the fair value of the other financial assets.

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20. Other financial assets and financial liabilities (continued)

20.2 Other financial liabilities

As part of the identification and measurement of assets and liabilities in the acquisition of Bitcar, the Group identified an element of contingent consideration with a fair value of RMB15,036,000 at the acquisition date, remeasured to RMB18,000,000 as of December 31, 2012, which is classified as due to related parties and was paid out in 2013.

As part of the purchase agreement with selling shareholders of Target Net signed in July 2014, a portion of the consideration was determined to be contingent, based on the performance of the acquired entity.

As part of the purchase agreement with selling shareholders of Beijing Runlin signed in September 2014, a portion of the consideration was determined to be contingent, based on the performance of the acquired entity.

The reconciliation of the carrying values of other financial liabilities as of December 31, 2014 is as follows:

	2013 RMB	2014 RMB
<i>Financial liabilities at fair value through profit or loss</i>		
Opening balance	18,000,000	—
Payment of the contingent consideration-Bitcar	(18,000,000)	—
Initial fair value of the contingent consideration-Target Net	—	45,525,600
Initial fair value of the contingent consideration-Beijing Runlin	—	15,683,604
Unrealized fair value changes recognized in profit or loss	—	2,655,527
Closing balance	<u>—</u>	<u>63,864,731</u>

As the fair value of other financial liabilities recorded in the consolidated statements of financial position cannot be derived from an active market, it is determined using a valuation technique with the major inputs used in the model as follows:

<i>Contingent consideration-Target Net</i>		December 31, 2014
2015 Revenue Growth Rate		24.0% - 36.0%
<i>Contingent consideration-Beijing Runlin</i>		December 31, 2014
2015 Revenue Growth Rate		30.1% - 32.2%
2016 Revenue Growth Rate		33.5% - 35.9%
2017 Revenue Growth Rate		29.7% - 31.8%
2015 Net Profit Ratio		36.4% - 38.7%
2016 Net Profit Ratio		40.1% - 42.6%
2017 Net Profit Ratio		40.8% - 43.3%

Any changes in the major inputs into the model will result in changes in the fair value of the other financial liabilities.

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20. Other financial assets and financial liabilities (continued)

20.3 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company’s financial instruments:

	December 31, 2013		December 31, 2014	
	Carrying amount RMB	Fair Value RMB	Carrying amount RMB	Fair Value RMB
<i>Financial assets</i>				
Trade receivables	656,654,578	656,654,578	1,343,373,607	1,343,373,607
Bills receivables	69,183,900	69,183,900	104,716,846	104,716,846
Other receivables and due from related parties	74,635,405	74,635,405	177,228,328	177,228,328
Cash, cash equivalents and time deposit	1,101,660,090	1,101,660,090	1,282,662,624	1,282,662,624
Available-for-sale investments	32,887,895	32,887,895	69,541,208	69,541,208
Total	<u>1,935,021,868</u>	<u>1,935,021,868</u>	<u>2,977,522,613</u>	<u>2,977,522,613</u>
<i>Financial liabilities</i>				
Trade payables	232,533,524	232,533,524	589,152,700	589,152,700
Other payables (excluding contingent considerations), advances from customers, due to related parties	204,218,825	204,218,825	434,328,329	434,328,329
Contingent considerations	—	—	63,864,731	63,864,731
Total	<u>436,752,349</u>	<u>436,752,349</u>	<u>1,087,345,760</u>	<u>1,087,345,760</u>

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of cash and cash equivalents, time deposit, trade receivables, bills receivables, other receivables, trade payables, other payables, advances from customers, and due to related parties approximate their carrying amounts largely due to the short-term maturity of these instruments.

The fair value of financial assets at fair value through profit or loss, available-for-sale investments and contingent considerations are estimated using appropriate valuation techniques, which are all at Level 3 of the hierarchy carried in the consolidated financial statements.

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20. Other financial assets and financial liabilities (continued)

20.3 Fair values (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use any input that has a significant effect on the recorded fair value that is not based on observable market data.

As of December 31, 2013 and 2014, the Group held the following financial instruments carried at fair value in the statement of financial position:

	December 31, 2013		
	Level 1	Level 2	Level 3
	RMB	RMB	RMB
Available-for-sale investments	<u>32,887,895</u>	<u>—</u>	<u>32,887,895</u>
	December 31, 2014		
	Level 1	Level 2	Level 3
	RMB	RMB	RMB
Available-for-sale investments	69,541,208	—	69,541,208
Contingent considerations	(63,864,731)	—	(63,864,731)
	<u>5,676,477</u>	<u>—</u>	<u>5,676,477</u>

For the year ended December 31, 2013 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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20. Other financial assets and financial liabilities (continued)

20.3 Fair values (continued)

Management with the assistance of its independent appraiser estimated the fair value of Car King’s Series B PS as of December 31, 2013 using the backsolve method. The backsolve method, a form of the market approach to valuation, derives the implied enterprise equity value and the fair value of the Series B PS from a contemporaneous transaction. On January 27, 2014, Car King successfully issued 18,564,721 Series C Preference Shares (“Series C PS”) to third parties that were unrelated to the Company. In addition, all the key terms and conditions of the Series C PS were finalized as of December 31, 2013. The Series C PS issuance was deemed a contemporaneous transaction as the key terms and conditions, which would impact the issuance price and hence, fair value of the Series C PS, were finalized as of December 31, 2013. The backsolve valuation model requires management to make certain assumptions about inputs such as expected volatility and probability of IPO with consideration of the rights and preferences of each class of equity.

Valuation Technique	Significant unobservable inputs	Increase/decrease In the inputs	Sensitivity of the input to fair value RMB
Backsolve method	Expected volatility	-5.00%	(388,129)
		+5.00%	389,531
Backsolve method	Probability of IPO	-5.00%	(805,644)
		+5.00%	789,975

Management with the assistance of its independent appraiser estimated the fair value of Car King’s Series B PS as of December 31, 2014 using the backsolve method. On January 16, 2015, Car King successfully issued 24,570,502 Series D Preference Shares (“Series D PS”) to third parties that were unrelated to the Company. In addition, all the key terms and conditions of the Series D PS were finalized as of December 31, 2014. The Series D PS issuance was deemed a contemporaneous transaction as the key terms and conditions, which would impact the issuance price and hence, fair value of the Series D PS, were finalized as of December 31, 2014. The backsolve valuation model requires management to make certain assumptions about inputs such as expected volatility and probability of IPO with consideration of the rights and preferences of each class of equity.

Valuation Technique	Significant unobservable inputs	Increase/decrease In the inputs	Sensitivity of the input to fair value RMB
Backsolve method	Expected volatility	-5.00%	(2,295,867)
		+5.00%	2,180,793
Backsolve method	Probability of IPO	-5.00%	(4,506,240)
		+5.00%	4,647,319

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20. Other financial assets and financial liabilities (continued)

20.3 Fair values (continued)

Management with the assistance of its independent appraiser estimated the fair value of Zamplus’s Series B PS as of December 31, 2014 using the backsolve method. On December 29, 2014, Zamplus successfully issued 375,000 Series C PS to third parties that were unrelated to the Company. In addition, all the key terms and conditions of the Series C PS were finalized as of December 31, 2014. The Series C PS issuance was deemed a contemporaneous transaction as the key terms and conditions, which would impact the issuance price and hence, fair value of the Series C PS, were finalized as of December 31, 2014. The backsolve valuation model requires management to make certain assumptions about inputs such as expected volatility and probability of IPO with consideration of the rights and preferences of each class of equity.

Valuation Technique	Significant unobservable inputs	Increase/decrease In the inputs	Sensitivity of the input to fair value RMB
Backsolve method	Expected volatility	-5.00%	136,405
		+5.00%	(8,536)
Backsolve method	Probability of IPO	-5.00%	(1,279,507)
		+5.00%	1,239,709

The fair value of contingent consideration of Target Net is based primarily on the 2015 revenue growth rate, which has been estimated using a Monte Carlo model. The valuation requires management to make certain assumptions about the model inputs as detailed above (Note 20.2). The probabilities of the various estimates within the range can be reasonably assessed and are used in management’s estimate of fair value for these instruments. As it relates to the other financial liabilities, management has determined the potential effect of using reasonably possible alternatives, changes of 5% in the 2015 revenue growth rate in either direction as inputs to the valuation model. The fair value of other financial liabilities would be the same in both scenarios.

The fair value of contingent consideration of Beijing Runlin is based primarily on the revenue growth rate and net profit ratio from financial year 2015 to 2017, which has been estimated using a Monte Carlo model. The valuation requires management to make certain assumptions about the model inputs as detailed above (Note 20.2). The probabilities of the various estimates within the range can be reasonably assessed and are used in management’s estimate of fair value for these instruments. As it relates to the other financial liabilities, management has determined the potential effect of using reasonably possible alternatives, changes of 5% in the revenue growth rate and net profit ratio in either direction as inputs to the valuation model. A decrease in the revenue growth rate of all the 3 financial years by 5% would reduce the fair value of other financial liabilities by RMB13,984,878, while an increase by 5% would increase the fair value of other financial liabilities by RMB895,630. A decrease in the net profit ratio of all the 3 financial years by 5% would reduce the fair value of other financial liabilities by RMB1,245,694, while an increase by 5% would make no change to the fair value of other financial liabilities.

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21. Trade payables

	2013 RMB	2014 RMB
Trade payables	<u>232,533,524</u>	<u>589,152,700</u>

Trade payables are non-interest bearing and are normally settled under the terms of 120 to 150 days.

22. Other payables and accruals

	2013 RMB	2014 RMB
Accrued payroll	57,120,396	84,742,322
Accrued expenses	27,915,702	30,370,061
Advances from customers	168,261,557	326,108,749
Other payables	33,407,268	129,260,657
Other tax payables	<u>80,010,847</u>	<u>146,535,285</u>
	<u>366,715,770</u>	<u>717,017,074</u>

The above balances are non-interest-bearing and are normally settled under the terms of 120 to 150 days. Included in advances from customers, are amounts received from dealer subscription and listing customers prior to revenue recognition amounting to RMB148,201,816 and RMB309,949,685, as of December 31, 2013 and 2014, respectively.

23. Related party disclosures

In November, 2011, the Group acquired 100% equity interest in Bitcar, a company incorporated in PRC from key management personnel of the Group. The total purchase consideration comprised of two cash payments, a closing payment and one payment contingent on achieving certain performance targets. During the year ended December 31, 2012, the contingent consideration was adjusted to reflect the actual performance and a charge of RMB1,870,000 has been recognized through profit or loss.

In November 2013, the Group entered into a framework agreement to establish a joint venture with Kelley Blue Book (“KBB”), www.kbb.com, a leading provider of new and used car information in the United States, and the China Automobile Dealers Association (“CADA”), a national organization representing automobile dealers in China. KBB is wholly owned by AutoTrader Group, Inc., a shareholder of the Group.

In November 2013, Beijing Taoche Information Technology Company Limited (“Taoche”) entered into a series of agreements with Youxin Internet (Beijing) Information Technology Company Limited (“Uxin”) to jointly develop used car business. Of the total incurred expenses of RMB1,551,850 in relation to the cooperation project development, Taoche was to bear RMB1,064,350 and Uxin was to bear RMB487,500. Separately, Taoche would also provide marketing services to Uxin under the business cooperation agreement. In 2014, the marketing services fee was RMB128,585 (2013: nil). The Group and Uxin have common key management members, who exercise significant influence over the operating and financial policies of both the Group and Uxin.

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23. Related party disclosures (continued)

The following table summarizes the related party transactions for years ended December 31, 2012, 2013 and 2014:

	2012 RMB	2013 RMB	2014 RMB
Services purchased from entities with common shareholders of the Company			
- Beijing Auto Radio Advertising Company Limited	193,299	200,000	—
- Auto Weekly (Beijing) Media Advertising Company Limited	339,623	1,415,094	—
- Beijing Yucheng Advertising Company Limited	—	—	1,135,696
	<u>532,922</u>	<u>1,615,094</u>	<u>1,135,696</u>
Services purchased from an entity with common key management personnel of the Group			
- Youxinpai (Beijing) Information Technology Company Limited	—	—	1,324,648
	<u>—</u>	<u>—</u>	<u>1,324,648</u>
Services purchased from associates and joint ventures			
- Beijing Xinchuang Interactive Advertising Company Limited	213,676	—	—
- Target Net (Beijing) Technology Company Limited	1,041,667	8,227,359	7,454,088
- Shanghai Eclicks Network Co., Ltd.	—	—	7,547,170
	<u>1,255,343</u>	<u>8,227,359</u>	<u>15,001,258</u>
	2012 RMB	2013 RMB	2014 RMB
Services provided to an entity with common key management personnel of the Group			
- Youxin Internet (Beijing) Information Technology Company Limited	—	—	128,585
	<u>—</u>	<u>—</u>	<u>128,585</u>
Services provided to associates and joint ventures			
- Beijing Xinchuang Interactive Advertising Company Limited (“BXIA”)	—	—	64,887,484
- Target Net (Beijing) Technology Company Ltd.	—	—	7,567,847
- Beijing Pang Da Zhixin Automobile Technology Company Limited	—	—	75,472
- Diandongbang Technology (Beijing) Company Limited	—	—	29,465
	<u>—</u>	<u>—</u>	<u>72,560,268</u>
Acquisition of Bitcar from key management personnel of the Group			
- Key management personnel	1,870,000	—	—

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23. Related party disclosures (continued)

The following table summarizes the related party balances as of December 31, 2013 and 2014:

	2013 RMB	2014 RMB
Amounts due from entities with common shareholders of the Company	3,912,080	3,412,167
Amounts due from an entity with common key management personnel of the Group	—	1,306,780
Amounts due from associates	—	16,018,720
Amounts due from joint ventures	666,667	18,197,332
Total amounts due from related parties	<u>4,578,747</u>	<u>38,934,999</u>

	2013 RMB	2014 RMB
Amounts due to entities with common shareholders of the Company	700,000	500,000
Amounts due to joint ventures	1,850,000	4,000,000
Total amounts due to related parties	<u>2,550,000</u>	<u>4,500,000</u>

The above balances are unsecured, interest-free and have no fixed terms of repayment.

For the year ended December 31, 2013 and 2014, the Group did not make any provision for doubtful debts relating to amounts owed by related parties. The assessment of doubtful debt provision is undertaken each financial year through examining the financial position of the relevant related parties and the market in which the related parties operate.

Compensation of key management personnel of the Group

	2012 RMB	2013 RMB	2014 RMB
Wages and salaries	6,075,000	6,289,700	6,604,185
Employment benefits	259,519	284,677	284,330
Share-based payments	5,211,113	12,107,152	15,766,658
Total compensation paid to key management personnel	<u>11,545,632</u>	<u>18,681,529</u>	<u>22,655,173</u>

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24. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into operating leases on certain office premises. These leases have an average life of between 1 and 5 years. There are no restrictions placed upon the Group by entering into these leases.

Payments under operating leases are expensed on a straight-line basis over the periods of the respective leases. The terms of the leases do not contain rent escalation or contingent rents. Future minimum lease payments under non-cancelable operating leases as of December 31 are as follows:

	2013 RMB	2014 RMB
Within one year	34,718,230	59,679,645
After one year but not more than five years	26,464,121	137,713,941
Later than five years	—	8,283,090
	<u>61,182,351</u>	<u>205,676,676</u>

Legal proceedings

From time to time, the Group is subject to legal proceedings, investigations and claims incidental to the conduct of our business. The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position or results of operations.

25. Financial risk management objectives and policies

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk. The Group is also exposed to liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks and they are summarized below.

(i) Interest rate risk

The Group's earnings are affected by changes in interest rates due to the impact of such changes on interest income and interest expense from interest-bearing financial assets and liabilities. The Group's interest-bearing financial assets comprised primarily of cash deposits at floating rates based on Hong Kong Interbank Offered Rate and People's Bank of China daily bank deposit rates. The interest expense incurred for the year ended December 31, 2014 was nil (2013: nil; 2012: nil).

For the year ended December 31, 2014, the interest income from cash deposits was approximately RMB13,606,952 (2013: RMB8,111,431; 2012: RMB5,534,742). The weighted average interest rate on the Group's cash deposits is 1.14% for the year ended December 31, 2014 (2013: 0.95%; 2012: 0.92%). The following demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of interest-bearing financial assets affected. With all other variables held constant, a 0.5% increase or decrease in annual interest rates would increase or decrease interest income by RMB6,413,313, respectively, based on the cash, cash equivalents and time deposit balance as of December 31, 2014 (2013: RMB5,508,300).

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25. Financial risk management objectives and policies (continued)

(ii) Foreign currency risk

The Group’s presentation currency is RMB. The functional currency of the Company and Bitauto HK is US\$, while the functional currency of the PRC subsidiaries and SEs is RMB. The Group’s exposure to foreign currency exchange rate risk primarily relates to cash and cash equivalents and time deposit denominated in the US\$.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB/US\$ exchange rate, with all other variables held constant, of the Group’s profit.

	Increase/decrease in US\$ rate	Effect on profit US\$	Effect on profit RMB	Effect on equity US\$	Effect on equity RMB
2014	+5.00%	1,738,964	11,172,754	3,236,166	20,792,203
	-5.00%	(1,922,012)	(11,172,754)	(3,576,815)	(20,792,203)
2013	+5.00%	(2,864,361)	(18,218,272)	—	—
	-5.00%	3,165,872	18,218,272	—	—

(iii) Liquidity risk

The Group’s exposure to liquidity risk is the amounts recognized as financial liabilities (Note 20.3), which generally has a maturity profile of later than three months but not later than one year as of fiscal year-end. There is no material net liquidity risk due to cash and cash equivalents balances amounting to RMB1,101,660,090 and RMB1,221,472,624 as of December 31, 2013 and 2014, respectively.

(iv) Credit risk

A majority of the customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis via the Group’s management reporting procedures. The Group provides longer payment terms, ranging from 120 to 180 days to particular automaker customers after applying strict credit requirements based on the Group’s credit policy. These automaker customers, which comprise approximately 48.7% of total receivables as of December 31, 2014 (2013: approximately 42.8%), are major, long-standing customers and are mostly joint venture entities between PRC state-owned enterprises and international automakers. The related PRC state-owned enterprises have access to funds from the PRC government and thus do not represent substantial credit risks. However, with their influence in the automotive industry in the PRC, these customers are able to demand longer payment terms from their suppliers, such as the Group.

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25. Financial risk management objectives and policies (continued)

(iv) Credit risk (continued)

Credit risk from balances with banks and financial institutions is managed by the Group’s treasury in accordance with the Group’s policy. As of December 31, 2013 and 2014, substantially all of the Group’s cash and cash equivalents and time deposit were held by various reputable Chinese major financial institutions located in the PRC and Hong Kong. Historically, deposits in Chinese banks are secured due to the state policy on protecting depositors’ interests. However, the PRC promulgated a new Bankruptcy Law in August 2006 that has come into effect on June 1, 2007, which contains a separate article expressly stating that the State Council promulgates implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law when necessary. Under the new Bankruptcy Law, a Chinese bank can go into bankruptcy. In addition, since the PRC’s accession to the World Trade Organization, foreign banks have been gradually permitted to operate in the PRC and have been significant competitors against Chinese banks in many aspects, especially since the opening of the Renminbi business to foreign banks in late 2006. Therefore, the risk of bankruptcy of those Chinese banks in which the Group has deposits has increased. In the event of bankruptcy of one of the banks which holds the Group’s deposits, it is unlikely to claim its deposits back in full since it is unlikely to be classified as a secured creditor based on PRC laws. Since the global financial crisis began during the third quarter of 2008, the risk of bankruptcy of those banks in which the Group has deposits or investments has increased significantly. In the event of bankruptcy of one of these financial institutions, it may be unlikely to claim its deposits or investments back in full. The Group maintains its deposits across a diversified portfolio of financial institutions and continues to monitor the financial strength of these financial institutions. The Group’s maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2013 and 2014 is the carrying amounts as illustrated in Note 20. The Group’s maximum exposure for financial instruments is noted in Note 20.

(v) Fair values

Financial assets of the Group mainly include cash and cash equivalents, time deposit, trade receivables, bills receivables, other receivables and other financial assets. Financial liabilities of the Group mainly include trade payables, other payables, contingent considerations and interest-bearing borrowing.

The carrying amounts of other financial assets approximate their fair values as of December 31, 2014. Fair value estimates are made at a specific point in time and based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Refer to Note 20.3 for further information on fair value.

(vi) Capital management

The primary objective of the Group’s capital management is to maintain a balance between continuity of funding and flexibility through the use of borrowings, when necessary in order to support the current and future growth of the Group’s business and to maximize shareholder value.

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25. Financial risk management objectives and policies (continued)

(vi) Capital management (continued)

Capital includes equity attributable to the ordinary shareholders of the parent amounting to RMB1,475,848,881 and RMB2,055,552,812, as of December 31, 2013 and 2014, respectively. In order to fund its growth and working capital requirements, the Company issued a total of 1,264,855.0 ordinary shares upon completion of its follow-on public offering on December 11, 2013. The proceeds from the offering net of issuance costs amounted to RMB219,300,569. To maintain or adjust its capital structure, the Group may change its current dividend policy, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2014.

26. Operating segment information

As disclosed in Note 2.2, until December 31, 2012, the Group managed its business in three segments, namely, bitauto.com business, taoche.com business and digital marketing solutions business. Starting from January 1, 2013, the chief operating decision maker has identified the EP platform business as a separate segment in accordance with *IFRS 8 Operating Segments*. Based on the above, the Group has four reportable operating segments as follows:

- The bitauto.com advertising business segment comprises of advertising services.
- The EP platform business segment comprises of dealer subscription services targeted to the new car automobile market.
- The taoche.com business segment comprises of advertising services, listing and subscription services targeted to the used automobile market.
- The digital marketing solutions segment comprises of agent services.

Although the taoche.com business segment does not meet any of the qualitative thresholds to be considered a reportable segment and meets the criteria to be aggregated with the bitauto.com advertising business operating segment, management believes that information about this segment would be useful to users of the consolidated financial statements as the potential revenue from this segment is expected to exceed 10% of the Group’s total revenue in future periods. Accordingly, management disclosed the taoche.com business segment as a separate reportable segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

As the Group’s long-lived assets are substantially all located in the PRC and substantially all the Group’s revenues are derived from external customers within the PRC, no geographical segments are presented.

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26. Operating segment information (continued)

There are no intercompany transactions between the operating segments that have an effect on profit or loss before eliminations. The Group does not allocate non-operating income and expenses to each reportable segment. Accordingly, the measure of profit and loss for each reportable segment as reported to the chief operating decision maker is operating profit. A reconciliation of operating profit to profit before tax is presented in the statements of comprehensive income.

As a result of the above changes in segment structure, the comparative figures of segment information for the year ended December 31, 2012 were revised accordingly.

Year ended, December 31, 2012	bitauto.com advertising business	EP platform business	taoche.com business	Digital marketing solutions	Total
Revenue	482,398,401	358,175,785	21,623,017	194,708,777	1,056,905,980
Cost of revenue	<u>(71,548,444)</u>	<u>(90,041,494)</u>	<u>(38,540,373)</u>	<u>(92,019,844)</u>	<u>(292,150,155)</u>
Gross profit/(loss)	410,849,957	268,134,291	(16,917,356)	102,688,933	764,755,825
Selling and administrative expenses	(254,440,934)	(183,257,724)	(18,820,870)	(100,835,886)	(557,355,414)
Product development expenses	<u>(27,444,240)</u>	<u>(16,426,583)</u>	<u>(3,645,118)</u>	<u>(6,278,904)</u>	<u>(53,794,845)</u>
Operating profit/(loss)	<u>128,964,783</u>	<u>68,449,984</u>	<u>(39,383,344)</u>	<u>(4,425,857)</u>	<u>153,605,566</u>
Year ended, December 31, 2013	bitauto.com advertising business	EP platform business	taoche.com business	Digital marketing solutions	Total
Revenue	722,103,877	489,819,887	21,708,399	205,700,201	1,439,332,364
Cost of revenue	<u>(94,469,685)</u>	<u>(105,022,863)</u>	<u>(32,950,804)</u>	<u>(102,755,618)</u>	<u>(335,198,970)</u>
Gross profit/(loss)	627,634,192	384,797,024	(11,242,405)	102,944,583	1,104,133,394
Selling and administrative expenses	(379,899,808)	(234,718,439)	(33,143,958)	(101,106,597)	(748,868,802)
Product development expenses	<u>(40,905,789)</u>	<u>(44,648,064)</u>	<u>(6,472,640)</u>	<u>(12,378,666)</u>	<u>(104,405,159)</u>
Operating profit/(loss)	<u>206,828,595</u>	<u>105,430,521</u>	<u>(50,859,003)</u>	<u>(10,540,680)</u>	<u>250,859,433</u>
Year ended, December 31, 2014	bitauto.com advertising business	EP platform business	taoche.com business	Digital marketing solutions	Total
Revenue	1,211,222,781	867,647,521	25,032,963	355,034,759	2,458,938,024
Cost of revenue	<u>(205,067,787)</u>	<u>(225,656,308)</u>	<u>(16,126,371)</u>	<u>(150,159,998)</u>	<u>(597,010,464)</u>
Gross profit	1,006,154,994	641,991,213	8,906,592	204,874,761	1,861,927,560
Selling and administrative expenses	(565,805,368)	(437,878,368)	(42,873,346)	(129,129,530)	(1,175,686,612)
Product development expenses	<u>(58,233,844)</u>	<u>(67,586,559)</u>	<u>(9,378,989)</u>	<u>(12,879,354)</u>	<u>(148,078,746)</u>
Operating profit/(loss)	<u>382,115,782</u>	<u>136,526,286</u>	<u>(43,345,743)</u>	<u>62,865,877</u>	<u>538,162,202</u>

For the years ended December 31, 2012, 2013 and 2014, revenue from one customer amounted to RMB53,732,003, RMB61,096,641 and RMB70,863,129, respectively, arising from sales by both the bitauto.com advertising business segment and digital marketing solutions segment.

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27. Event after the reporting period

The Company, JD.com, Inc. (“JD.com”), the leading online direct sales company in China and Tencent Holdings Limited (“Tencent”), a leading provider of comprehensive Internet services in China, have entered into definitive agreements pursuant to which JD.com and Tencent would make investments in Bitauto totaling US\$550 million in cash and certain resources, and investments totaling US\$250 million in cash in Yixin Capital Limited (“Yixin Capital”), a subsidiary of Bitauto primarily engaged in e-commerce-related automotive financing platform business. Upon completion of the transactions, the three companies would work together to provide enhanced online automotive transaction services to car buyers across China. The transactions closed on February 16, 2015, after which JD.com and Tencent hold 15,689,443 and 2,046,106 ordinary shares, representing 25% and 3.3% of the Company’s outstanding shares on a fully diluted basis, respectively, and JD.com has one seat on Bitauto’s board of directors. JD.com and Tencent hold 17.7% and 26.6% of Yixin Capital, respectively, upon closing.

28. Approval of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 17, 2015.

29. Parent company only condensed financial information

The Company’s ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its PRC subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by its PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

In accordance with the PRC Regulations on Enterprises with Foreign Investment and the articles of association of the Company’s PRC subsidiaries, foreign-invested enterprises established in the PRC are required to provide certain statutory reserves, which are appropriated from net profit as reported in the enterprise’s PRC statutory accounts. A foreign-invested enterprise is required to allocate at least 10% of its annual after-tax profit to the statutory reserve until such reserve has reached 50% of its respective registered capital based on the enterprise’s PRC statutory accounts. Foreign-invested enterprises are also required to set aside funds for the employee bonus and welfare fund from their after-tax profits each year at percentages determined at their sole discretion. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company’s PRC subsidiaries were established as foreign-invested enterprises and, therefore, are subject to the above mandated restrictions on distributable profits.

BITAUTO HOLDINGS LIMITED
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29. Parent company only condensed financial information (continued)

As a result of these PRC laws and regulations, subject to the limit discussed above that require annual appropriations of 10% of after-tax income to be reserved prior to payment of dividends as a statutory reserve, the Company’s PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company. As of December 31, 2014, the PRC subsidiaries had accumulated profits amounting to RMB182,594,742 (2013: RMB113,214,963) pursuant to PRC accounting standards, and therefore, statutory reserves amounting to RMB18,259,474 was recorded as of December 31, 2014 (2013: RMB11,321,497).

Condensed statements of comprehensive income

	For the year ended December 31,		
	2012 RMB	2013 RMB	2014 RMB
Other operating expense	(4,882)	(810,809)	(7,408)
Selling and administrative expenses	<u>(19,252,151)</u>	<u>(28,725,083)</u>	<u>(58,846,116)</u>
Operating loss	(19,257,033)	(29,535,892)	(58,853,524)
Changes in fair value of financial assets	(267,297)	—	—
Interest income	<u>1,045</u>	<u>1,702</u>	<u>5,063</u>
Loss before taxes	(19,523,285)	(29,534,190)	(58,848,461)
Income tax expense	—	—	—
Loss for the year	<u>(19,523,285)</u>	<u>(29,534,190)</u>	<u>(58,848,461)</u>
Other comprehensive loss			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency exchange differences, net of tax of nil	(2,060,305)	(19,709,295)	2,596,301
Net gain on available-for-sale financial instruments, net of tax of nil	<u>1,093,734</u>	<u>9,068,634</u>	<u>5,394,021</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(966,571)</u>	<u>(10,640,661)</u>	<u>7,990,322</u>
Total comprehensive loss for the year	<u>(20,489,856)</u>	<u>(40,174,851)</u>	<u>(50,858,139)</u>

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29. Parent company only condensed financial information (continued)

Condensed statements of financial position

	As of December 31,	
	2013	2014
	RMB	RMB
ASSETS		
Non-current asset		
Investments in subsidiaries	1	6,119,001
Investment in a joint venture	—	15,297,500
Available-for-sale investments	<u>32,887,895</u>	<u>38,364,291</u>
Total non-current asset	<u>32,887,896</u>	<u>59,780,792</u>
Current assets		
Prepayments and other receivables	2,664,934	3,116,707
Due from subsidiaries	786,197,749	768,703,242
Due from related parties	23,792	23,878
Cash and cash equivalents	<u>28,551,567</u>	<u>63,189,635</u>
Total current assets	<u>817,438,042</u>	<u>835,033,462</u>
TOTAL ASSETS	<u>850,325,938</u>	<u>894,814,254</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	12,128	12,662
Share premium	2,650,342,547	2,696,753,983
Treasury shares	(62,727,907)	(62,579,400)
Employee equity benefit reserve	52,721,654	91,534,747
Other reserve		
- Foreign currency translation reserve	(13,295,116)	(10,698,815)
- Available-for-sale financial instruments reserve	10,162,368	15,556,389
Accumulated losses	<u>(1,796,531,270)</u>	<u>(1,855,379,731)</u>
Total equity	<u>840,684,404</u>	<u>875,199,835</u>
Current liabilities		
Other payables and accruals	<u>9,641,534</u>	<u>19,614,419</u>
Total current liabilities	<u>9,641,534</u>	<u>19,614,419</u>
Total liabilities	<u>9,641,534</u>	<u>19,614,419</u>
TOTAL EQUITY AND LIABILITIES	<u>850,325,938</u>	<u>894,814,254</u>

BITAUTO HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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29. Parent company only condensed financial information (continued)

Condensed statements of cash flows

	For the year ended December 31,		
	2012 RMB	2013 RMB	2014 RMB
Net cash generated from/(used in) operating activities	65,662,606	(190,200,908)	9,584,348
Net cash used in investing activities	(18,973,656)	(5,487,207)	(6,119,000)
Net cash (used in)/from financing activities	(46,210,492)	233,124,775	28,659,066
Net increase in cash and cash equivalents	478,458	37,436,660	32,124,414
Exchange rate effect on cash	(1,943,255)	(19,174,788)	2,513,654
Cash and cash equivalents at beginning of the year	11,754,492	10,289,695	28,551,567
Cash and cash equivalents at end of the year	<u>10,289,695</u>	<u>28,551,567</u>	<u>63,189,635</u>

(a) Basis of presentation

The separate condensed financial statements above have been presented on a “parent company only” basis. Under a “parent company only” presentation, the Company’s investments in its subsidiaries are presented at cost. Such investments are presented on the separate condensed statements of financial position of the Company as “Investments in subsidiaries”.

The subsidiaries did not pay any dividends to the Company for the periods presented.

There were no indicators of impairment associated with the investments in subsidiaries as of December 31, 2013 and 2014.

Certain information and note disclosures normally included in financial statements prepared in accordance with IFRS have been condensed or omitted in this parent company only condensed financial information by reference to the Group’s consolidated financial statements.

(b) Commitments

The Company does not have any significant commitments or long-term obligations as of December 31, 2013 and 2014.

SUBSCRIPTION AGREEMENT

dated as of January 9, 2015

among

BITAUTO HOLDINGS LIMITED

JD.COM GLOBAL INVESTMENT LIMITED

JD.COM, INC.

and

DONGTING LAKE INVESTMENT LIMITED

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SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "Agreement") is made as of January 9, 2015, by and among:

1. Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands (the "Company");
2. JD.com, Inc., a company incorporated under the laws of the Cayman Islands ("JD");
3. JD.com Global Investment Limited, a company incorporated in the British Virgin Islands ("JD Global") and a wholly owned Subsidiary of JD; and
4. Dongting Lake Investment Limited, a company incorporated in the British Virgin Islands ("Tencent," and together with JD Global, the "Purchasers").

WITNESSETH :

WHEREAS, the Purchasers, desire to purchase, severally and not jointly, and the Company desires to sell certain ordinary shares ("Ordinary Shares") of the Company to the Purchasers pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, JD desires to convey to the Company, and the Company desires to acquire from JD and its Subsidiaries, the Company's exclusive use of JD's channels and resources, including but not limited to relevant rights and contracts for the operation of finished automobile e-commerce business, pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, contemporaneously herewith, the Company and JD are entering into a Business Cooperation Agreement (the "BCA"), a copy of which is attached hereto as Exhibit A, to memorialize their mutual agreements and understandings relating to the Company's operation of the Business (as defined below);

WHEREAS, in relation to this Agreement, the Company and the Purchasers will enter into an Investor Rights Agreement (the "Investor Rights Agreement"), in substantially the same form attached hereto as Exhibit B, to memorialize their mutual agreements and understandings relating to the Purchasers' ownership of the Ordinary Shares and certain rights granted to the Purchasers by the Company in relation thereto; and

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties hereto, intending to be legally bound, agrees as follows:

**ARTICLE I
DEFINITION AND INTERPRETATION**

Section 1.1 Definition, Interpretation and Rules of Construction.

(a) As used in this Agreement, the following terms have the following meanings:

“BCA Ancillary Documents” means the platform sharing agreement and any other agreements or contracts to be entered into by the Company and the JD Group on terms and conditions mutually agreed by the Company and JD after the date hereof for the purposes of implementing the arrangements and agreements set forth in the BCA.

“Business” means the JD Finished Automobile Business (京东整车业务) as defined in the BCA.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in the People’s Republic of China (the “PRC” or “China”), Hong Kong SAR or New York are required or authorized by law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

“Commencement Date” means the Commencement Date (合作期限开始日) as defined in the BCA.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“IFRS” means International Financial Reporting Standards, as developed and issued by the International Accounting Standards Board.

“JD Disclosure Schedule” shall mean the disclosure schedule dated the date hereof regarding this Agreement and provided by JD and JD Global to the Company simultaneously with the signing of this Agreement.

“JD Group” includes JD and its Subsidiaries listed in Section 4.3(a) of the JD Disclosure Schedule.

“Listed Intellectual Property” means the Intellectual Property listed in Section 4.3(k) of the JD Disclosure Schedule.

“Material Adverse Effect” with respect to a party shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on (i) the financial condition, assets, liabilities, results of operations, business, operations or prospects of such party or its Subsidiaries taken as a whole, or (ii) the ability of such party to consummate the transactions contemplated by the Transaction Agreements and to timely perform its material obligations hereunder and thereunder, except to the extent that any such material adverse effect results from (x) changes in generally accepted accounting principles that are generally applicable to comparable companies (to the extent not materially disproportionately affecting such party or its Subsidiaries), (y) changes in general economic and market conditions (to the extent not materially disproportionately affecting such party or its Subsidiaries), or (z) the announcement or disclosure of this Agreement or any other Transaction Agreement or the consummation of the transactions hereunder or thereunder.

“NYSE” means The New York Stock Exchange.

“Purchaser MAE” shall mean, with respect to either of JD Global, JD or Tencent, as applicable, any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrence, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on the ability of JD Global or JD or Tencent to consummate the transactions contemplated by this Agreement or any other Transaction Agreement and to timely perform its material obligations under this Agreement or any other Transaction Agreement.

“Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002, as amended.

“SEC” means the Securities and Exchange Commission of the United States of America or any other federal agency at the time administering the Securities Act.

“Significant Subsidiaries” mean the Subsidiaries of the Company as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act, including those listed in Schedule I.

“Subsidiary” of a party means any organization or entity, whether incorporated or unincorporated, which is controlled by such party and, for the avoidance of doubt, the Subsidiaries of a party shall include any variable interest entity over which such party or any of its Subsidiaries effects control pursuant to contractual arrangements and which is consolidated with such party in accordance with generally accepted accounting principles applicable to such party and any Subsidiaries of such variable interest entity.

“Transaction Agreements” include this Agreement, the Investor Rights Agreement, the BCA and the BCA Ancillary Agreements.

“Transition Related Circumstances” means any circumstance, event, change, effect or development (by itself or when aggregated or taken together with any and all other) directly or indirectly arising out of, relating to or resulting from any of the following: (i) the termination of any Business Contracts that are not Assumed Contracts; (ii) any dispute with respect to Business Contracts resulting from the announcement of the Transaction Agreements; and (iii) subject to Section 5.3, the termination of any Assumed Contracts.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
<u>“ADSs”</u>	4.1(f)
<u>“Agreement”</u>	Preamble
<u>“Assumed Contracts”</u>	4.3(j)
<u>“BCA”</u>	Preamble
<u>“Business”</u>	Preamble
<u>“Business Contracts”</u>	4.3(j)(i)
<u>“Business Resources”</u>	2.1(a)
<u>“Claim Notice”</u>	6.2(a)
<u>“Closings”</u>	2.2(b)
<u>“Closing Date”</u>	2.2(a)
<u>“Company”</u>	Preamble
<u>“Company Financial Statements”</u>	4.1(h)(ii)
<u>“Confidential Information”</u>	7.11(a)
<u>“Dispute”</u>	7.2
<u>“Encumbrances”</u>	4.1(c)
<u>“FINRA”</u>	4.2(f)(vii)
<u>“FPI Exemption”</u>	5.10
<u>“Indemnifying Party”</u>	6.1
<u>“Indemnified Party”</u>	6.1
<u>“Indemnity Notice”</u>	6.3
<u>“Intellectual Property”</u>	4.1(p)
<u>“Investor Rights Agreement”</u>	Preamble
<u>“JD”</u>	Preamble
<u>“JD Cash Consideration”</u>	2.1(a)
<u>“JD Closing”</u>	2.2(a)
<u>“JD Global”</u>	Preamble
<u>“JD Group Company”</u>	4.3(a)
<u>“JD Subscription Shares”</u>	2.1(a)
<u>“Lock-Up Period”</u>	5.11
<u>“Losses”</u>	6.1
<u>“Material Assumed Contract”</u>	4.3(j)(ii)
<u>“Material Contracts”</u>	4.1(n)
<u>“Ordinary Course of Business”</u>	5.2
<u>“Ordinary Shares”</u>	Preamble
<u>“Permits”</u>	4.1(f)
<u>“Purchasers”</u>	Preamble
<u>“Returns”</u>	4.1(q)
<u>“SEC Documents”</u>	4.1(h)(i)
<u>“Securities Act”</u>	2.2(e)
<u>“Subscription Shares”</u>	2.1(b)
<u>“Tax”</u>	4.1(q)
<u>“Tencent”</u>	Preamble
<u>“Tencent Closing”</u>	2.2(b)
<u>“Tencent Purchase Price”</u>	2.1(b)
<u>“Tencent Subscription Shares”</u>	2.1(b)
<u>“Third Party Claim”</u>	6.2(a)

(c) In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(i) The words “Party” and “Parties” shall be construed to mean a party or the parties to this Agreement, and any reference to a party to this Agreement or any other agreement or document contemplated hereby shall include such party’s successors and permitted assigns.

(ii) When a reference is made in this Agreement to an Article, Section, Exhibit or clause, such reference is to an Article, Section, Exhibit or clause of this Agreement.

(iii) The headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement.

(iv) Whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation.”

(v) The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

(vi) All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein.

(vii) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(viii) The use of “or” is not intended to be exclusive unless expressly indicated otherwise.

(ix) The term “\$” means United States Dollars.

(x) The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(xi) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefor and all rules, regulations and statutory instruments issued or related to such legislation.

(xii) References herein to any gender include the other gender.

(xiii) The Parties hereto have each participated in the negotiation and drafting of this Agreement and if any ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts thereof.

ARTICLE II
PURCHASE AND SALE; CLOSING

Section 2.1 Issuance, Sale and Purchase of the Subscription Shares.

(a) Upon the terms and subject to the conditions of this Agreement, at the JD Closing, JD Global hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to JD Global, the number of Ordinary Shares set forth opposite JD Global's name as set out in Exhibit C (the "JD Subscription Shares"), free and clear of all liens or encumbrances (except for restrictions created by virtue of transactions under this Agreement) for (i) an aggregate purchase price of \$400,000,000 (the "JD Cash Consideration") and (ii) JD's contribution of the Business Resources (as defined below) pursuant to this Agreement. The "Business Resources" shall include (i) the grant by JD to the Company of an exclusive right to operate the Business pursuant to the terms and conditions set forth in the BCA, and (ii) assignment to the Company or its designated Affiliates of the applicable Business Contracts pursuant to the Section 5.3. Each of the parties acknowledges and agrees that the consideration provided for in this Section 2.1(a) represents fair consideration and reasonable equivalent value for the issue of the JD Subscription Shares and the Business Resources and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the parties and their respective representatives. The purchase and sale of the JD Subscription Shares at the JD Closing shall be made pursuant to and in reliance upon Regulation S.

(b) Upon the terms and subject to the conditions of this Agreement, at the Tencent Closing (as defined below), Tencent hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to Tencent, subject to and concurrent with the JD Closing, the number of Ordinary Shares set forth opposite Tencent's name as set out in Exhibit C (the "Tencent Subscription Shares," together with the JD Subscription Shares, the "Subscription Shares"), for an aggregate purchase price of \$150,000,000 (the "Tencent Purchase Price"), free and clear of all liens or encumbrances (except for restrictions created by virtue of this Agreement). The purchase and sale of the Tencent Subscription Shares at the Tencent Closing shall be made pursuant to and in reliance upon Regulation S.

Section 2.2 Closings.

(a) JD Closing. Subject to satisfaction or, to the extent of permissible, waiver by the Party or Parties entitled to the benefit of the conditions set forth in ARTICLE III (other than conditions that by their nature are to be satisfied at the Closings, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at Closings), the closing of the sale and purchase of the JD Subscription Shares pursuant to Section 2.2(a) (the "JD Closing") shall take place at such time, date and place as the Parties may mutually agree, but no later than April 8, 2015. The date and time of the JD Closing are referred to herein as the "Closing Date."

(b) Tencent Closing. Subject to satisfaction or, to the extent of permissible, waiver by the Party or Parties entitled to the benefit of the conditions set forth in ARTICLE III (other than conditions that by their nature are to be satisfied at the Closings, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at Closings), the closing of the sale and purchase of the Tencent Subscription Shares pursuant to Section 2.2(b) the "Tencent Closing," and together with the JD Closing, the "Closings") shall take place concurrently with the JD Closing.

(c) At the Closings, each Purchaser shall purchase the JD Subscription Shares or Tencent Subscription Shares, as applicable.

(d) Payment and Delivery.

(i) At the JD Closing, JD shall pay and deliver, or cause to be paid and delivered, the JD Cash Consideration to the Company in U.S. dollars by wire transfer, or by such other method as JD and the Company may mutually agree, of immediately available funds to such bank account designated in writing by the Company to JD at least three Business Days prior to the JD Closing. The Company shall deliver a photocopy of a duly executed share certificate registered in the name of JD Global, a certified true copy of the register of members of the Company showing JD Global as the legal and beneficial holder of the JD Subscription Shares and a photocopy of certified true copy of the register of directors of the Company showing the director nominated by the JD Global at the Closing Date as a director of the board of directors of the Company, and the Company shall deliver to JD the originals of each of such documents promptly after the JD Closing.

(ii) At the Tencent Closing, Tencent shall pay and deliver the Tencent Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method as Tencent and the Company may mutually agree, of immediately available funds to such bank account designated in writing by the Company to Tencent at least three Business Days prior to the Tencent Closing, and the Company shall deliver a photocopy of one duly executed share certificate registered in the name of Tencent, together with a certified true copy of the register of members of the Company, showing Tencent as the legal and beneficial holder of the Tencent Subscription Shares, and the Company shall deliver to Tencent the originals of each of such documents promptly after the Tencent Closing.

(e) Restrictive Legend. Each certificate representing any of the Subscription Shares shall be endorsed with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS, AND (3) OTHERWISE IN COMPLIANCE WITH THE SUBSCRIPTION AGREEMENT AMONG THE COMPANY, JD.COM GLOBAL INVESTMENT LIMITED, JD.COM, INC., AND DONGTING LAKE INVESTMENT LIMITED, DATED JANUARY 9, 2015 (THE "SUBSCRIPTION AGREEMENT"). ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS OR ANY OTHER RESTRICTIONS SET FORTH IN THE SUBSCRIPTION AGREEMENT SHALL BE VOID.

ARTICLE III
CONDITIONS TO CLOSING

Section 3.1 Conditions to Obligations of All Parties.

(a) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by the Transaction Agreements.

(b) No action, suit, proceeding or investigation shall have been instituted or threatened by a governmental authority of competent jurisdiction or any third party that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by the Transaction Agreements.

Section 3.2 Conditions to Obligations of Purchasers. The respective obligations of each Purchaser to purchase and pay for the Subscription Shares as contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by such Purchaser in its sole discretion:

(a) The representations and warranties of the Company contained in Section 4.1 of this Agreement shall have been true and correct on the date of this Agreement and true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of the Closing Date (except for representations and warranties that expressly speak as of an earlier date, in which case on and as of such specified date);

(b) The Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(c) There shall have been no Material Adverse Effect with respect to the Company.

(d) All corporate and other actions required to be taken by the Company in connection with the issuance and sale of the Subscription Shares shall have been completed.

(e) The Company shall have approved the appointment of a director nominated by JD Global to the board of directors of the Company, which shall be effective upon the Closing.

(f) The Company shall have duly executed and delivered the Investor Rights Agreement on or prior to the Closings.

Section 3.3 Conditions to Obligations of the Company. The obligation of the Company to issue and sell the JD Subscription Shares or Tencent Subscription Shares, as applicable, to the relevant Purchaser as contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Company in its sole discretion:

(a) The representations and warranties of each Purchaser contained in Section 4.2 and Section 4.3 of this Agreement shall have been true and correct on the date of this Agreement and true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of the Closing Date.

(b) Each Purchaser shall have performed and complied in all material respects with all, and not be in breach or default in any material respect under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(c) There shall have been no Purchaser MAE.

(d) There shall have been no Material Adverse Effect with respect to the Business.

(e) All corporate and other actions required to be taken by each Purchaser in connection with the purchase of the Subscription Shares and all corporate and other actions required to be taken by the JD Group in connection with the contribution of the Business Resources shall have been completed.

(f) Each Purchaser shall have duly executed and delivered the Investor Rights Agreement on or prior to the Closings.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Company. The Company hereby represents and warrants to each Purchaser that, as of the date hereof and as of the Closings, the following representations and warranties are true and correct:

(a) Due Formation. The Company is an exempted company, duly incorporated, validly existing and in good standing under the laws of the Cayman Islands. Each of the Company and the Company's Subsidiaries is duly formed, validly existing and in good standing in the jurisdiction of its organization. Each of the Company and its Subsidiaries has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority; Valid Agreement. The Company has all requisite legal power and authority to execute, deliver and perform its obligations under the Transaction Agreements. The execution, delivery and performance of each of the Transaction Agreements by the Company have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been, and each other Transaction Agreements will be duly executed and delivered by the Company and, assuming due authorization, execution and delivery by each of the Purchasers, constitutes (or, when executed and delivered in accordance herewith will constitute) a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by general principles of equity, whether applied in a court of law or a court of equity, and by applicable bankruptcy, insolvency and similar law affecting creditors' rights and remedies generally. Without limiting the generality of the foregoing, as of the Closings, no approval by the shareholders of the Company is required in connection with this Agreement or other Transaction Agreements, the performance by the Company of its obligations hereunder or thereunder, or the consummation by the Company of the transactions contemplated hereby or thereby, except for those that have been obtained, waived or exempted on or prior to such Closings.

(c) Due Issuance of the Subscription Shares. The Subscription Shares will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature (collectively "Encumbrances"), except for restrictions arising under the Securities Act or created by virtue of this Agreement or other Transaction Agreements. Upon entry of the relevant Purchaser into the register of members of the Company as the legal owner of the relevant Subscription Shares, the Company will transfer to the relevant Purchaser good and valid title to the relevant Subscription Shares, free and clear of any encumbrance.

(d) Non-contravention. None of the execution and the delivery of this Agreement and other Transaction Agreements nor the consummation of the transactions contemplated hereby or thereby, will (i) violate any provision of the organizational documents of the Company or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Company is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Company or any of its Significant Subsidiaries is a party or by which the Company or any of its Significant Subsidiaries is bound or to which any of the Company's or any of its Significant Subsidiaries' assets are subject. There is no action, suit or proceeding, pending or threatened against the Company that questions the validity of the Transaction Agreements or the right of the Company to enter into this Agreement or to consummate the transactions contemplated hereby or thereby.

(e) Consents and Approvals. None of the execution and delivery by the Company of this Agreement or any Transaction Agreements, nor the consummation by the Company of any of the transactions contemplated hereby or thereby, nor the performance by the Company of this Agreement or other Transaction Agreements in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior any Closing Date. The Company, including all controlled entities within the meaning of the rules under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, does not hold any assets located in the U.S. and did not make aggregate sales in or into the U.S. of over US\$75.9 million in its most recent fiscal year.

(f) Compliance with Laws. The business of the Company and its Subsidiaries is not being conducted, and has not been conducted at any time during the five years prior to the date hereof, in violation of any law (including, without limitation, the U.S. Foreign Corrupt Practices Act, as amended, and PRC anti-bribery laws) or government order applicable to the Company except for violations which, individually or in the aggregate, do not and would not have a Material Adverse Effect. Except as disclosed in the SEC Documents, the Company and each of its Subsidiaries have all permits, licenses, authorizations, consents, orders and approvals (collectively, “Permits”) that are required in order to carry on their business as presently conducted, except where the failure to have such Permits or the failure to make such filings, applications and registrations, would not have a Material Adverse Effect. Except as disclosed in the SEC Documents, all such Permits are in full force and effect and, to the knowledge of the Company, no suspension or cancellation of any of them is threatened, except where such absence, suspension or cancellation, would not have a Material Adverse Effect. The Company is in compliance with the applicable listing and corporate governance rules and regulations of the NYSE. The Company and its Subsidiaries have taken no action designed to, or reasonably likely to have the effect of, delisting the American Depositary Shares representing Ordinary Shares of the Company (the “ADSs”) from the NYSE. The Company has not received any notification that the SEC or the NYSE is contemplating suspending or terminating such listing (or the applicable registration under the Exchange Act related thereto). The Company is in compliance with the Sarbanes-Oxley Act in all material respects.

(g) Capitalization.

(i) The authorized capital stock of the Company consists of 1,250,000,000 Ordinary Shares, of which 45,022,224 are issued and outstanding as of January 8, 2015. Except as set forth in the SEC Documents, the Company has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter. All issued and outstanding Ordinary Shares and ADSs have been duly authorized and validly issued and are fully paid and non-assessable, are free of preemptive rights, were issued in compliance with applicable U.S. and other applicable securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal, or similar right and will be duly listed and admitted and authorized for trading on the NYSE.

(ii) Except as set forth above in this Section 4.1(g) and in the SEC Documents, there are no outstanding (A) shares of capital stock or voting securities of the Company, (B) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (C) preemptive or other outstanding rights, options, warrants, conversion rights, “phantom” stock rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Company to issue or sell any shares of capital stock or other securities of the Company or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Company, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(iii) Except as disclosed in the SEC Documents, there are no registration rights, rights of first offer, rights of first refusal, tag-along rights, director appointment rights, governance rights or other similar rights with respect to the securities of the Company or any Significant Subsidiary of the Company that have been granted to any Person.

(iv) All outstanding shares of capital stock or other securities or ownership interests of the Significant Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and all such shares or other securities or ownership interests in any Significant Subsidiaries (except for directors' qualifying shares or other ownership interests required to be held by directors under applicable law) are owned, directly or indirectly, by the Company free and clear of any liens.

(h) SEC Matters; Financial Statements.

(i) The Company has filed or furnished, as applicable, on a timely basis, all registration statements, proxy statements and other statements, reports, schedules, forms and other documents required to be filed or furnished by it with the SEC (all of the foregoing documents filed with or furnished to the SEC and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "SEC Documents"). None of the Significant Subsidiaries is required to file periodic reports with the SEC pursuant to the Exchange Act. As of their respective effective dates (in the case of the SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment: (A) each of the SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act and the Sarbanes-Oxley Act and any rules and regulations promulgated thereunder applicable to the SEC Documents (as the case may be) and (B) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) The financial statements (including any related notes) contained in the SEC Documents (collectively, the "Company Financial Statements"): (A) complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (B) were prepared in accordance with IFRS applied on a consistent basis throughout the periods covered thereby and (C) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the periods covered thereby, except as disclosed therein and as permitted under the Exchange Act.

(iii) Except as disclosed in the SEC Documents, the Company has established and maintains a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting, including policies and procedures that (A) mandate the maintenance of records that in reasonable detail accurately and fairly reflect the material transactions and dispositions of the assets of the Company, (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and the board of directors of the Company and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company. There are no material weaknesses or significant deficiencies in the Company's internal controls. The Company's auditors and the audit committee of the board of directors of the Company have not been advised of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. Since December 31, 2013, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(iv) The "disclosure controls and procedures" (as defined in Rules 13a-15(e) or 15d-15(e), as applicable, under the Exchange Act) of the Company are designed to ensure that all material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the management of the Company as appropriate to allow timely decisions regarding required disclosure.

(v) Neither the Company nor any of its Subsidiaries is a party to, nor has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract, agreement, arrangement or undertaking (including any contract, agreement, arrangement or undertaking relating to any transaction or relationship between or among one or more of the Company and/or any of its Significant Subsidiaries, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand), or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the result, purpose or intended effect of such contract, agreement, arrangement or undertaking is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Significant Subsidiaries in the Company's or such Subsidiary's published financial statements or other SEC Documents.

(i) No Undisclosed Liabilities. Except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, neither the Company nor any of its Subsidiaries has incurred or undertaken any liabilities or obligations, whether direct or indirect, liquidated or contingent, matured or unmatured, or entered into any transactions, including any acquisition or disposition of any business or asset, other than (i) liabilities or obligations disclosed and provided for in the Company Financial Statements or in the notes thereto, (ii) liabilities or obligations that have been incurred by the Company or its Subsidiaries since December 31, 2013 in the ordinary course of business or (iii) liabilities or obligations arising under or in connection with the transactions contemplated by this Agreement.

(j) Investment Company. The Company is not and, after giving effect to the offering and sale of the Subscription Shares, the consummation of the Offering and the application of the proceeds hereof thereof, will not be an “investment company,” as such term is defined in the U.S. Investment Company Act of 1940, as amended.

(k) No Registration. Assuming the accuracy of the representations and warranties set forth in Section 4.2 of this Agreement, it is not necessary in connection with the issuance and sale of the Subscription Shares to register the Subscription Shares under the Securities Act or to qualify or register the Subscription Shares under applicable U.S. state securities laws. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Company, any of its affiliates or any person acting on its behalf with respect to any Subscription Shares that are not registered under the Securities Act; and none of such persons has taken any actions that would result in the sale of the Subscription Shares to the Purchaser under this Agreement requiring registration under the Securities Act; and the Company is a “foreign issuer” (as defined in Regulation S).

(l) Brokers. Except for Hammer Capital Management Limited and an obligation to pay certain success fee to Hammer Capital Management Limited as disclosed to the Purchasers prior to the date hereof, the Company has not dealt with any broker, finder, commission agent, placement agent or arranger in connection with the sale of the Subscription Shares, and the Company is not under any obligation to pay any broker’s fee or commission in connection with the sale of the Subscription Shares.

(m) Absence of Changes. Since September 30, 2014, (i) the Company and its Subsidiaries have, in all material respects, conducted their business in the ordinary course of business consistent with past practice, and (ii) there has not been any Material Adverse Effect, or:

(i) any declaration, setting aside or payment of any dividend or other distribution with respect to any securities of the Company or any of its Significant Subsidiaries (except for dividends or other distributions by any Significant Subsidiary to the Company or to any of the Company’s wholly owned Subsidiaries);

(ii) any material related party transactions;

(iii) any issuances or sales of equity securities of the Company or any of its Significant Subsidiaries or any redemption, repurchase, acquisition, share splits, reclassifications, share dividends, share combinations or other recapitalizations of any such equity securities; or

(iv) any entry into any contract, agreement, instrument or other document in respect of any of the foregoing.

(n) Contracts. The Company has filed as exhibits to the SEC Documents all contracts, agreements and instruments (including all amendments thereto) that are required to be filed in the SEC Documents (the “Material Contracts”). Each Material Contract is in full force and effect and, to the knowledge of the Company, enforceable against the counterparties of the Company or its Subsidiaries party thereto, except where such failures to be in effect or enforceable would not reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries and, to the knowledge of the Company, each other party thereto, are not in default under, or in breach or violation of, any Material Contract, except where such default, breach or violation would not reasonably be expected to have a Material Adverse Effect.

(o) Litigation. Except as disclosed in the SEC Documents, there are no pending or threatened actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings before or by any governmental authority or by any other person against the Company or any of its Subsidiaries or any officer, director or employee of the Company or any of its Subsidiaries in their capacities as such, as would have, if decided adversely, individually or in the aggregate, a Material Adverse Effect.

(p) Intellectual Property. Except as disclosed in the SEC Documents, all registered or unregistered, (i) patents, patentable inventions and other patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations and interferences thereof); (ii) trademarks, service marks, trade dress, trade names, taglines, brand names, logos and corporate names and all goodwill related thereto; (iii) copyrights, mask works and designs; (iv) trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary information and rights; (v) computer software programs, including all source code, object code, specifications, designs and documentation related thereto; and (vi) domain names, Internet addresses and other computer identifiers, in each case that is material and is used in the operation of the business of the Company or any of its Subsidiaries (the “Intellectual Property”) is either (a) owned by the Company or one or more of its Subsidiaries or (b) is used by the Company or one or more of its Subsidiaries pursuant to a valid license. To the knowledge of the Company, there are no infringements or other violations of any Intellectual Property owned by the Company or any of its Subsidiaries by any third party, except for such infringements and violations which would not have a Material Adverse Effect. The Company and its Subsidiaries have taken all necessary actions to maintain and protect each item of Intellectual Property, the absence of which will have a Material Adverse Effect. The conduct of the business of the Company and its Subsidiaries does not infringe or otherwise violate any intellectual property or other proprietary rights of any other person, and there is no action pending or threatened alleging any such infringement or violation or challenging the Company’s or any of its Subsidiaries’ rights in or to any Intellectual Property, except for such infringements and violations which would not have a Material Adverse Effect.

(q) Tax Status. Except as disclosed in the SEC Documents, the Company and each of its Subsidiaries (i) has made or filed in the appropriate jurisdictions all material foreign, federal and state income and all other tax returns required to be filed or maintained in connection with the calculation, determination, assessment or collection of any and all federal, state, local, foreign and other taxes, levies, fees, imposts, duties, governmental fees and charges of whatever kind (including any interest, penalties or additions to the tax imposed in connection therewith or with respect thereto) (each a “Tax”), including all amended returns required as a result of examination adjustments made by any governmental authority responsible for the imposition of any Tax (collectively, the “Returns”), and such Returns are true, correct and complete in all material respects, and (ii) has paid all material Taxes and other governmental assessments and charges shown or determined to be due on such Returns, except those being contested or will be contested in good faith. Except as disclosed in the SEC Documents, neither the Company nor any of its Subsidiaries has received notice regarding unpaid material Taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the Company is not aware of any reasonable basis for such claim. No Returns filed by or on behalf of the Company or any of its Subsidiaries with respect to material Taxes are currently being audited, and neither the Company nor any of its Subsidiaries has received notice of any such audit.

(r) Solvency. Both before and after giving effect to the transactions contemplated by this Agreement and other Transaction Agreements, each of the Company and its Significant Subsidiaries (i) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due) and (ii) will have adequate capital and liquidity with which to engage in the their businesses as currently conducted and as described in the SEC Documents.

(s) As of January 8, 2015, the JD Subscription Shares shall account for 25% of the issued and outstanding share capital of the Company, and the Tencent Subscription Shares shall account for 3.3% of the issued and outstanding share capital of the Company, in each case on a fully diluted basis (as defined in the Exhibit C) and giving effect to the Closings.

Section 4.2 Representations and Warranties of Each Purchaser. Each Purchaser, severally and not jointly, hereby represents and warrants to the Company as of the date hereof and as of the relevant Closing, as follows:

(a) Due Formation. The relevant Purchaser is duly formed, validly existing and in good standing in the jurisdiction of its organization. The Purchaser has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The relevant Purchaser has full power and authority to enter into, execute and deliver this Agreement and other Transaction Agreements to which it is to become a party and each other agreement, certificate, document and instrument to be executed and delivered by the relevant Purchaser pursuant to this Agreement and each such Transaction Agreement and to perform its obligations hereunder and thereunder. The execution and delivery by the relevant Purchaser of this Agreement and each other Transaction Agreement to which it is or is to become a party and the performance by the relevant Purchaser of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been, and each other Transaction Agreement to which it is to become a party will be, duly executed and delivered by the relevant Purchaser and constitutes (or, when executed and delivered in accordance herewith will constitute), the legal, valid and binding obligation of the relevant Purchaser, enforceable against the relevant Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies or general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law).

(d) Non-contravention. None of the execution and the delivery of this Agreement or any other Transaction Agreement, nor the consummation of the transactions contemplated hereby or thereby, by the relevant Purchaser will (i) violate any provision of the organizational documents of the relevant Purchaser or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the relevant Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the relevant Purchaser is a party or by which the relevant Purchaser is bound or to which any of the relevant Purchaser's assets are subject. There is no action, suit or proceeding, pending or threatened against the relevant Purchaser that questions the validity of this Agreement or the right of the relevant Purchaser to enter into this Agreement or any other Transaction Agreement to which the relevant Purchaser is to become a party or to consummate the transactions contemplated hereby or thereby.

(e) Consents and Approvals. None of the execution and delivery by the relevant Purchaser of this Agreement and other Transaction Agreements to which the relevant Purchaser is to become a Party, nor the consummation by the relevant Purchaser of any of the transactions contemplated hereby or thereby, nor the performance by the relevant Purchaser of this Agreements or any such Transaction Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the applicable Closing.

(f) Status and Investment Intent.

(i) Experience. The relevant Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the relevant Subscription Shares. The relevant Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. The relevant Purchaser is acquiring the relevant Subscription Shares that it is purchasing pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The relevant Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the relevant Subscription Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. The relevant Purchaser was not identified or contacted through the marketing of the transactions contemplated by this Agreement. The Purchaser did not contact the Company as a result of any general solicitation or directed selling efforts. The purchase of the Securities by the relevant Purchaser was not solicited by or through anyone other than the Company.

(iv) Restricted Securities. The relevant Purchaser acknowledges that the Securities are “restricted securities” that have not been registered under the Securities Act or any applicable state securities law. The relevant Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Securities may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (z) pursuant to an exemption from registration under the Securities Act.

(v) Not a U.S. Person. The Purchaser is not a “U.S. person” as defined in Rule 902 of Regulation S.

(vi) Offshore Transaction. The Purchaser has been advised and acknowledges that in issuing the Securities to the Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S. The relevant Purchaser is acquiring the relevant Subscription Shares in an offshore transaction executed in reliance upon the exemption from registration provided by Regulation S.

(vii) FINRA. The relevant Purchaser does not, directly or indirectly, own more than five percent of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) or a holding company for a FINRA member, and is not otherwise a “restricted person” for the purposes of the Free-Riding and Withholding Interpretation of FINRA.

Section 4.3 Additional Representations and Warranties of JD and JD Global. Except as set forth in the JD Disclosure Schedule, each of JD and JD Global hereby represents and warrants to the Company in relation to the Business Resources and the Business as of the date hereof and as of the JD Closing:

(a) Due Formation. The relevant member under the JD Group (each a “JD Group Company”) is duly formed, validly existing and in good standing in the jurisdiction of its organization. The JD Group Company has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The JD Group Company has all requisite legal power and authority to enter into, execute and deliver any Transaction Agreements to which it is to become a party and each other agreement, certificate, document and instrument to be executed and delivered by such JD Group Company pursuant to the Transaction Agreements and to perform its obligations thereunder. The execution and delivery by the JD Group Company of the Transaction Agreement to which it is to become a party and the performance by such JD Group Company of its obligations thereunder will have been duly authorized by all requisite corporate actions on its part.

(c) Valid Agreement. The Transaction Agreements to which a JD Group Company is to become a party will be duly executed and delivered by such company and, assuming due authorization, execution and delivery by any other parties thereto, will constitute the legal, valid and binding obligation of such JD Group Company, enforceable against such JD Group Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies or general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law).

(d) Non-contravention. None of the execution and the delivery of the Transaction Agreements or any other agreement in relation to the transactions thereunder, nor the consummation of the transactions contemplated thereby, by a JD Group Company will (x) violate any provision of the organizational documents of the relevant company or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which such JD Group Company is subject, or (y) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement (except for any Assumed Contracts) to which such JD Group Company is a party or by which such JD Group Company is bound or to which such JD Group Company is subject; in each case, only if such violation, conflict, breach, default, acceleration, encumbrance, termination, modification or cancellation would have a Material Adverse Effect on JD.

(e) Consents and Approvals. None of the execution and delivery by the relevant JD Group Company of the Transaction Agreements to which such JD Group Company is to become a Party, nor the consummation by such JD Group Company of any of the transactions contemplated thereby, nor the performance by such JD Group Company of any such Transaction Agreements in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such (i) as have been or will have been obtained, made or given on or prior to the JD Closing, (ii) as may be required from any third party to the Business Contracts, or (iii) as would not have a Material Adverse Effect with respect to the Business.

(f) No Material Adverse Change in Business. Since September 30, 2014, except for the Transition Related Circumstances, (x) the Business has been, in all material respects, operated in the ordinary course of business in a manner consistent with past practice, and (y) there has not been any Material Adverse Effect with respect to the Business Resources.

(g) Absence of Proceedings

(i) Except for the Transition Related Circumstances, no material legal proceeding relates to or may affect any of the Business Resources.

(ii) Except for the Transition Related Circumstances, there is no material governmental order outstanding against or applicable to the Business Resources, or that could impose any material liability on the Business Resources, or imposes any material limitation on the ability of the JD Group to operate the Business or the Business Resources as currently conducted or planned to be conducted by the JD Group, and to JD's and JD Global's knowledge, there are no facts which would form a basis for any such governmental order.

(h) Permits. All Permits required to conduct the Business, as conducted on the date hereof, are in the possession of JD Group and are in full force and effect, unless that lack thereof would not have a Material Adverse Effect with respect to the Business.

(i) Compliance with Laws. JD Group holds the Business Resources in conformity with, in all material respects all applicable Law in China. To JD's and JD Global's knowledge, no event has occurred and no circumstances exist that (with or without the giving of notice or lapse of time or both) may result in a violation of, conflict with, or failure on the part of JD Group to comply with, any law applicable the Business Resources in China, which would result in a Material Adverse Effect.

(j) Assumed Contracts. Section 4.3(j)(i)-(1) of the JD Disclosure Schedule sets forth a true and correct list, as of the date of this Agreement, of all material contracts for the Business and the Business Resources (the "Business Contracts"). Section 4.3(j)(i)-(2) of the JD Disclosure Schedule sets forth a true and correct list, as of the date of this Agreement, of all material Business Contracts that the Parties plan to assign to the Company or its Subsidiaries according to the Transaction Agreements (the "Assumed Contracts"). The Business Contracts constitute as of the date of this Agreement all of the contracts for the operation of the Business as currently conducted by JD Group to which any JD Group Company is a party. JD has delivered to the Company a true and correct copy of each Business Contract, together with all amendments, modifications or supplements thereto.

(ii) Each Assumed Contract that (x) requires a payment to or from JD Group in excess of US\$1 million or (y) is not cancelable by the JD Group on ninety (90) calendar days' notice or less without payment or penalty (a "Material Assumed Contract") is, as of the date hereof, a valid and binding agreement of the JD Group Company who is a party thereto and, to the knowledge of JD, the counterparties thereto, and is enforceable against the JD Group Company in accordance with its terms, except (x) as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law) and (y) for any circumstance, event, change, effect or development directly or indirectly arising out of or resulted from any Transition Related Circumstance.

(iii) Except for any Transition Related Circumstance, the JD Group Company has performed in all material respects all of the obligations required to be performed by JD Group under the Material Assumed Contracts, and the JD Group Company is not in material breach or default under any Material Assumed Contract, nor have there occurred events which would constitute a material breach or default with the passage of time or giving notice or both. To the knowledge of JD and JD Global, except for any Transition Related Circumstance, no third party to any of the Material Assumed Contracts is in material breach or default thereunder, except for any Transition Related Circumstance.

(iv) To the knowledge of JD and JD Global, except for any Transition Related Circumstance, no third party intends to terminate any Material Assumed Contract and no third party has made, or threatened to make, a claim that JD Group has breached any Material Assumed Contract.

(v) None of the JD Group Companies is a party to or bound or affected by any contract that restricts such party to compete with respect to the Business.

(k) Intellectual Property. To the knowledge of JD, there are no material infringements or other violations on the part of relevant JD Group Company with respect to any Listed Intellectual Property against any third party. The relevant JD Group Companies have taken all necessary actions to maintain and protect the Listed Intellectual Property.

(ii) The use, possession, reproduction and distribution, involving any of the Listed Intellectual Property do not breach, violate, infringe, misappropriate or interfere with any rights, including Intellectual Property, of any other Person, except for such breaches, violations, infringements, misappropriation, dilution or interferences. There is no proceeding pending or, to the knowledge of JD and JD Global, threatened: (x) alleging any such infringement, misappropriation or other violation of any third-party's Intellectual Property with respect to the Listed Intellectual Property, or (y) challenging JD Group's use of the Listed Intellectual Property, excluding any such proceeding which would not have a Material Adverse Effect with respect to the Business.

(iii) No Listed Intellectual Property is the subject of any legal proceeding (excluding any office action or other form of preliminary or final refusal of registration in the ordinary course of business) before any governmental, registration or other authority in any jurisdiction which would have a Material Adverse Effect with respect to the Business.

(iv) The consummation of the transactions contemplated under the Transaction Agreements will not alter or impair any Listed Intellectual Property.

(v) Each JD Group Company has taken commercially reasonable measures to protect the secrecy and confidentiality of all of their material trade secrets with respect to the Business and, to the knowledge of JD and JD Global, there has been no unauthorized disclosure thereof which would have a Material Adverse Effect with respect to the Business.

**ARTICLE V
COVENANTS**

Section 5.1 Conduct of Business of the Company. From the date hereof until the Closing Date,

(a) the Company shall, and the Company shall cause each of its Significant Subsidiaries to, (i) conduct its business and operations in the ordinary course of business consistent with past practice, and (ii) not take any action, or omit to take any action, that would reasonably be expected to make any of its representations and warranties in this Agreement untrue at, or as of any time before, the Closing Date except for (i) any Transition Related Circumstance, (ii) any action or inaction that would not result in a Material Adverse Effect on JD, or (iii) as the Purchasers shall otherwise consent in writing; and

(b) the Company shall (i) take all actions necessary to continue the listing and trading of its ADSs on the NYSE and shall materially comply with the Company's reporting, filing and other obligations under the rules of the NYSE, in each case, through the Closing, and (ii) file with the NYSE a supplemental listing application in respect of Subscription Shares.

Section 5.2 Conduct of the Business From and after the date hereof and until the Closings, except (i) as otherwise expressly contemplated by this Agreement or other Transaction Agreements, (ii) any Transition Related Circumstance, or (iii) as the Company shall otherwise consent in writing, JD will, and will cause the JD Group Company, to conduct the Business, and cause the Business to be conducted, in the ordinary course and in substantially the same manner as currently conducted, including maintaining platform for the sales of the finished automobiles in accordance with current practices, pay or perform all obligations relating to the Business as they become due and owing, and shall use reasonable efforts to preserve intact the Business and related relationships with material customers, automobile makers and dealers, and regulators (collectively, "Ordinary Course of Business"). From and after the date hereof and to the Closing, except (A) as otherwise expressly contemplated by this Agreement or other Transaction Agreements, (B) for any Transition Related Circumstance, or (C) as the Company shall otherwise consent in writing, JD covenants and agrees that, with respect to the Business, JD Group shall not:

(a) sell, pledge, dispose of, transfer, lease, license, encumber or authorize the sale, pledge, disposition, transfer, lease, license or encumbrance of any assets that are (or would otherwise be) Business Resources and with an amount exceeding US\$1 million, other than in the Ordinary Course of Business consistent with past practice;

(b) acquire any properties or assets that constitute Business Resources and with an amount exceeding US\$1 million, other than in the Ordinary Course of Business;

(c) enter into any new contract that would be an Assumed Contract or renew any contract pertaining to the Business Resources, or the Business (other than Contracts in the Ordinary Course of Business for payment of less than US\$1 million);

(d) terminate, waive any material provision of, or amend or otherwise modify in any material respect any Assumed Contract;

(e) fail to take any material action necessary to protect or maintain the Listed Intellectual Property or to prosecute any pending applications for Listed Intellectual Property or file any documents or other information or pay any maintenance or other fees related thereto;

(f) intentionally disclose or agree to disclose to any Person, other than representatives of the Company or its Affiliates or JD Group, any material trade secret relating to the Business owned by JD Group except pursuant to a written non-disclosure agreement restricting disclosure and use of such trade secrets by such Person entered into in the ordinary course of business;

(g) terminate, cancel, permit to lapse, amend, waive or modify any material Permits for the Business Resources, except as required by any Governmental Authority;

(h) waive or forgive any accounts receivable from the Business in excess of US\$1 million;

(i) fail to pay when due any accounts payable for the Business in excess of US\$1 million;

(j) abandon any material rights relating to any of the Business Resources or the Business;

(k) agree, in writing or otherwise, to take or authorize the taking of any of the foregoing actions.

Section 5.3 Assignment of Contracts. JD shall use reasonable best efforts to assign, or cause its affiliates to assign the rights and obligations under the Assumed Contracts to the Company or its designated affiliates on or prior to the Commencement Date; and if any of these contracts fail to be assigned to the Company or its designated affiliates on or prior to the Commencement Date, JD shall use reasonable best efforts to terminate, or cause its affiliates to terminate such contract as soon as commercially reasonable. The Company shall provide, or cause its relevant affiliates to provide, reasonable assistance with respect to the assignment of the above contracts.

Section 5.4 Non-competition. JD shall comply with the non-competition obligation as provided in the BCA.

Section 5.5 Access to Information. From the date of this Agreement and through the Closings, upon reasonable notice, the Company shall, subject to applicable law, afford JD and its officers, employees, agents, accountants, counsel and representatives reasonable access, during normal business hours, to the offices, personnel, books and records of the Company. From the date of this Agreement and through the Closings, upon reasonable notice, JD and JD Global shall, subject to applicable law, afford the Company and its officers, employees, agents, accountants, counsel and representatives reasonable access, during normal business hours, to the offices, personnel, books and records of JD Group, in each case to the extent relating to the Business. All Confidential Information furnished to a party or its advisor by a party or its advisor in connection with the transactions contemplated hereby shall be subject to, and the recipient of such information shall hold all such information in confidence in accordance with, the confidentiality provisions in Section 7.11.

Section 5.6 Transition Cooperation. As soon as practicable after the date hereof and in any event within ninety (90) days after the date hereof:

(a) the Company and JD shall establish a business integration team (the “Business Integration Team”) comprised of representatives from each of the Company and JD (including its technical and operations experts). The Company and JD shall use their reasonable best efforts to cause the Business Integration Team to diligently work together to (i) discuss and formulate working plans to implement the business cooperation arrangements set forth in the BCA, (ii) coordinate and provide to the representatives dispatched by the Company with reasonable access, during normal business hours, to the offices, personnel, systems, data or other information of the JD Group to facilitate implementation of working plans formulated by the Business Integration Team; (iii) cooperate with and provide assistance to the representatives dispatched by the Company to run any tests (including onsite tests) and carry out any other tasks necessary or desirable for the Company to operate the Business on or prior to the Commencement Date, and (iv) provide technical assistance and support in relation to the Business at the request of the Company so that the Company may start to operate the Business as soon as practicable.

(b) JD shall, and shall procure each JD Group Company will, use its reasonable best efforts to negotiate in good faith with the Company to enter into the BCA Ancillary Agreements. The Company and JD agree that the BCA Ancillary Agreements shall contain representations and warranties customary for transactions of this kind and shall be otherwise mutually agreeable to the Company and JD. JD shall and shall procure each JD Group Company will perform its obligations thereunder to the fullest extent, carry out the terms and the intent of the BCA and the BCA Ancillary Agreements (including any amendments hereto).

Section 5.7 Payments Under Assumed Contracts. If and to the extent that JD Group Company has, prior to the Commencement Date, received any deposit or payment in advance in respect of obligations to be satisfied by the Company or its designated affiliates after the Commencement Date under any Assumed Contract, JD shall cause the JD Group to reimburse to the Company or its designated affiliates, within thirty (30) Business Days from the Commencement Date, an amount corresponding to the amount of such deposit or payment received in advance, on a pro rata basis in the case of pre-paid payment for certain period cross the Commencement Date. No later than two (2) Business Days prior to the Closing Date, JD shall provide to the Company a report listing all Assumed Contracts for which the JD Group Company has received a deposit or payment in advance in respect of obligations reasonably expected to be satisfied by the Company or its designated affiliates after the Commencement Date. The report shall include the names of such Assumed Contracts, the amounts deposited or paid thereunder and the parties thereto.

(b) If and to the extent that the JD Group has, prior to the Commencement Date, received any goods or service prior to the Commencement Date under any Assumed Contract, the payment for which becomes due and payable and is paid by the Company after the Commencement Date upon request and the presentation of reasonable supporting documentation of such payment by the Company, JD shall cause the JD Group to reimburse the Company for the amount of such payment within thirty (30) calendar days from the date of such request. On the date that is two (2) Business Days prior to the JD Closing, JD shall provide to the Company a report listing those Assumed Contracts for which any goods or services were provided prior to the JD Closing and for which payment is reasonably expected to become due and payable after the Commencement Date. The report shall include the names of such Assumed Contracts, the amounts due and payable thereunder after the Closing Date and the parties thereto.

Section 5.8 Trading of Company Securities. Each of Purchasers and JD shall not, directly or indirectly, engage in trading of Ordinary Shares or derivatives of the Company's equity securities during the period up to and including the Closings.

Section 5.9 Securities Law Filings. Each of the Purchasers and JD shall timely file all forms, reports and documents required to be filed by each with the SEC (including filing any required statements of beneficial ownership on Schedule 13D or Schedule 13G and such filings as may be required under Section 16 of the Exchange Act).

Section 5.10 FPI Exemption.

Without limiting the generality of the foregoing, the Company shall promptly after the date hereof and reasonably prior to the Closing take all necessary or desirable actions required to duly and validly rely on the exemption for foreign private issuers ("FPI Exemption") from applicable rules and regulations of the NYSE with respect to corporate governance to rely on "home country practice" in connection with the transactions contemplated hereunder (including an exemption from any NYSE rules that would otherwise require seeking shareholder approval in respect of such transactions), including without limitation making disclosures, notices and filings to or with the SEC and the NYSE and obtaining an adequate opinion of counsel in respect of the home country practice exemption. The Company shall provide to the Purchasers copies of any material written communication relevant to the FPI Exemption, including adequate evidence reflecting that the Company has validly relied on the FPI Exemption.

Section 5.11 Lock-up. The relevant Purchaser shall not, during the applicable Lock-Up Period (as defined below), directly or indirectly, offer, sell, contract to sell, pledge, transfer, assign or otherwise dispose of any of the relevant Subscription Shares, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the relevant Subscription Shares, whether any such aforementioned transaction is to be settled by delivery of the Ordinary Shares, ADSs or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, contract to sell, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the Company. As used herein, the "Lock-Up Period" with respect to any Subscription Shares will commence on the relevant Closing Date and continue until and include the date that is twelve months after such relevant Closing Date. Notwithstanding the foregoing, any Purchaser may transfer its Subscription Shares to an affiliate during the one-year period from the date of this Agreement, subject to applicable law.

Section 5.12 Standstill.

(a) Each Purchaser covenants to and agrees with the Company that, without the Company's prior written consent, neither such Purchaser nor any of its Affiliates will, directly or indirectly until the date that is twelve (12) months after the Closing Date (the "Standstill Period"):

(i) in any way acquire, offer or propose to acquire or agree to acquire legal title to or Beneficial Ownership of any Company Securities;

(ii) make any public announcement with respect to, or submit to the Company or any of its directors, officers, representatives, trustees, employees, attorneys, advisors, agents or Affiliates, any proposal for the acquisition of any Company Securities or with respect to any merger, consolidation, business combination, restructuring, recapitalization or purchase of any substantial portion of the assets of the Company of any of its Subsidiaries, in which such Purchaser and its Affiliates are involved, and whether or not such proposal might require the making of a public announcement by the Company unless the Company shall have made a prior written request to such Purchaser to submit such a proposal;

(iii) seek or propose to influence, advise, change or control the management, the board of directors of the Company, governing instruments or policies or affairs of the Company by way of any public communication or communication with any Person other than the Company, or make, or in any way participate in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) to vote any Company Securities or become a "participant" in any "election contest" as such terms are defined and used in Rule 14a-11 under the Exchange Act) with respect to Company Securities; provided, however, that nothing in this clause (iii) shall prevent such Purchaser or its Affiliates from (x) voting in any manner any Company Securities over which such Purchaser or such Affiliates has Beneficial Ownership or (y) communicating privately with shareholders of the Company to the extent such communication does not constitute a "solicitation" of "proxies," as such terms are defined or used in Regulation 14A under the Exchange Act and the number of persons with whom such Purchaser communicates is fewer than ten (10); or

(iv) make a request to amend or waive any provision of this Section 5.12(a).

Notwithstanding the above provisions under this Section 5.12, with respect to each case under items (i) — (iii) above, if at any time the Company issues any Company Securities (except for any Company Securities issued or granted pursuant to the employee share incentive plan of the Company existing as of the date hereof (but such exception shall not apply to any future amendments which may be made to such plan)) or sells any treasury ADSs, each Purchaser shall have the right to acquire such number of Company Securities in order to maintain the same percentage ownership it owns in the Company prior to such issuance or sale of such Company Securities or treasury ADSs (as applicable) (on a fully diluted and as converted basis as defined in the Exhibit C).

(b) For purposes of this Agreement, a Person shall be deemed to have “Beneficial Ownership” of any securities in respect of which such Person or any such Person’s Affiliates is considered to be a “Beneficial Owner” under Rule 13d-3 under the Exchange Act as in effect on the date hereof.

Section 5.13 Distribution Compliance Period. Each Purchaser agrees not to resell, pledge or transfer any Subscription Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Closings.

Section 5.14 Further Assurances. From the date of this Agreement until the Closings, the Parties shall each use their respective reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby and by the Transaction Agreements.

ARTICLE VI INDEMNIFICATION

Section 6.1 Indemnification. From and after the relevant Closing Date, each Party, as applicable (the “Indemnifying Party”), shall indemnify and hold the other Parties and their respective directors, officers and agents (collectively, the “Indemnified Party”) harmless from and against any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, and any taxes or levies that may be payable by such person by reason of the indemnification of any indemnifiable loss hereunder (collectively, “Losses”) resulting from or arising out of: (i) the breach of any representation or warranty of the Indemnifying Party contained in the Transaction Agreements; (ii) the violation or nonperformance, partial or total, of any covenant or agreement of the Indemnifying Party contained in the Transaction Agreements. In calculating the amount of any Losses of an Indemnified Party hereunder, there shall be subtracted the amount of any insurance proceeds and third-party payments received by the Indemnified Party with respect to such Losses, if any. For the avoidance of doubt, the obligations of the Purchasers hereunder shall be several but not joint and neither Purchaser shall have any liability with respect to the compliance or non-compliance of the other Purchaser under this Agreement or any other Transaction Agreements.

Section 6.2 Third Party Claims.

(a) If any third party shall notify any Indemnified Party in writing with respect to any matter involving a claim by such third party (a “Third Party Claim”) which such Indemnified Party believes would give rise to a claim for indemnification against the Indemnifying Party under this ARTICLE IV, then the Indemnified Party shall promptly following receipt of notice of such claim (i) notify the Indemnifying Party thereof in writing and (ii) transmit to the Indemnifying Party a written notice (“Claim Notice”) describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party’s request for indemnification under this Agreement. Notwithstanding the foregoing, no failure or delay in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party’s right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been prejudiced by such failure or delay.

(b) Upon receipt of a Claim Notice with respect to a Third Party Claim, the Indemnifying Party shall have the right to assume the defense of any Third Party Claim by, within 30 days of receipt of the Claim Notice, notifying the Indemnified Party in writing that the Indemnifying Party elects to assume the defense of such Third Party Claim, and upon delivery of such notice by the Indemnifying Party, the Indemnifying Party shall have the right to fully control and settle the proceeding, provided, that, any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnified Party. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim if (i) the Third Party Claim relates to or arises in connection with any criminal action, (ii) the Third Party Claim seeks an injunction or equitable relief against any Indemnified Party (other than immaterial equitable relief in connection with an award of monetary damages), (iii) the Third Party Claim is or would reasonably be expected to result in Losses in excess of the amounts available for indemnification pursuant to Section 6.4 or (iv) the Indemnifying Party has not acknowledged that such Third Party Claim is subject to indemnification pursuant to this ARTICLE IV. If the Indemnifying Party assumes the defense of a Third Party Claim pursuant to this Section 6.2(b), the Indemnifying Party shall conduct such defense in good faith.

(c) If requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, cooperate reasonably with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including in connection with the making of any related counterclaim against the person asserting the Third Party Claim or any cross complaint against any person. The Indemnified Party shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim, other than any privileged communications between the Indemnifying Party and its counsel, and shall be entitled, at its sole cost and expense, to retain separate co-counsel and participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to Section 6.2(b).

(d) In the event of a Third Party Claim for which the Indemnifying Party elects not to assume the defense or fails to make such an election within the 30 days of the Claim Notice, the Indemnified Party may, at its option, defend, settle, compromise or pay such action or claim at the expense of the Indemnifying Party; provided that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 6.3 Other Claims. In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder which does not involve a Third Party Claim, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the “Indemnity Notice”) describing in reasonable detail the nature of the claim, the Indemnified Party’s best estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party’s request for indemnification under this Agreement; provided, that no failure or delay in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party’s right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been prejudiced by such failure or delay. If the Indemnifying Party does not notify the Indemnified Party within 30 days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

Section 6.4 Limitations on Liability. Notwithstanding the foregoing, and in each case, other than with respect to fraud, (a) the Company shall have no liability to Tencent (for indemnification or otherwise) with respect to any Losses in excess of the Tencent Purchase Price and shall have no liability to JD and JD Global (for indemnification or otherwise) with respect to any Losses in excess of the total consideration paid by JD and JD Global hereunder, (b) Tencent shall have no liability (for indemnification or otherwise) with respect to any Losses in excess of the Tencent Purchase Price (c) JD and JD Global together shall have no liability (for indemnification or otherwise) with respect to any Losses in excess of the total consideration paid by JD and JD Global hereunder.

ARTICLE VII MISCELLANEOUS

Section 7.1 Survival of the Representations and Warranties. All representations and warranties made by any Party shall expire on the date that is two years after the Closings, except as to any claims thereunder which have been asserted in writing pursuant to Section 6.1 against the Party making such representations and warranties on or prior to such applicable expiration date and the relevant Party’s fundamental representations contained in Section 4.1(a) to Section 4.1(g), Section 4.2(a) to Section 4.2(f), and Section 4.3(a) to Section 4.3(e) hereof, each of which shall survive indefinitely.

Section 7.2 Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the New York laws. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination (“Dispute”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. The Company shall have the right to appoint one arbitrator, the Purchasers collectively, shall have the right to appoint one arbitrator, and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The language to be used in the arbitration proceedings shall be English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby.

Section 7.3 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, except as expressly provided in this Agreement.

Section 7.4 Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

Section 7.5 Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective heirs, successors and permitted assigns and legal representatives.

Section 7.6 Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the any Party without the express written consent of the other Parties. Any purported assignment in violation of the foregoing sentence shall be null and void. Notwithstanding the foregoing, either Purchaser may assign its rights hereunder to any affiliate of such Purchaser, provided that no such assignment shall relieve such Purchaser of its obligations hereunder.

Section 7.7 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) in writing and served by personal delivery upon the party for whom it is intended; (b) if delivered by facsimile with receipt confirmed; or (c) if delivered by certified mail, registered mail or courier service, return-receipt received to the party at the address set forth below:

if to Company:	New Century Hotel Office Tower 6/F No. 6 South Capital Stadium Road Beijing, 100044 The People's Republic of China Attention: Bin LI Facsimile: (86 10) 6849-2200
with a copy to:	Skadden, Arps, Slate, Meagher & Flom LLP c/o 42/F, Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong Attention: Z. Julie Gao, Esq. Tel: +852 3740-4700
If to JD or JD Global, at:	JD.com, Inc. 10th Floor, Building A, North Star Century Center 8 Beichen West Street, Chaoyang District Beijing 100101, P.R. China Attention: Legal Department Email: legalnotice@jd.com

with a copy to: JD.com, Inc.
10th Floor, Building A, North Star Century Center
8 Beichen West Street, Chaoyang District
Beijing 100101, P.R. China
Attention: Corporate Development Department

With a copy to: Orrick, Herrington & Sutcliffe LLP
47/F PARK PLACE
1601 NANJING ROAD WEST
SHANGHAI 200040 CHINA
Fax: +8621 61097022
Attn: Jie SUN (Jeffrey)

If to the Tencent, at: Attn.: Compliance and Transactions Department
Address: c/o Tencent Holdings Limited
29/F., Three Pacific Place,
No.1 Queen's Road East, Wanchai,
Hong Kong
E-mail: legalnotice@tencent.com

With a copy to: Address: Tencent Building, Kejizhongyi Avenue,
Hi-tech Park, Nanshan District, Shenzhen,
518057, P.R. China
Attn.: Mergers and Acquisitions Department
E-mail: PD_Support@tencent.com

With a copy to: Paul, Weiss, Rifkind, Wharton & Garrison LLP
12th Floor, The Hong Kong Club Building
3A Chater Road, Central
Hong Kong
Fax: (852) 2840-4300
Attn: Jeanette K. Chan, Esq

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
USA
Fax: (212) 492-0257
Attn: Steven J. Williams, Esq

Any Party may change its address for purposes of this Section 7.7 by giving the other Parties hereto written notice of the new address in the manner set forth above.

Section 7.8 Entire Agreement. This Agreement (together with the schedules and exhibits hereto) constitutes the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by this Agreement.

Section 7.9 Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

Section 7.10 Fees and Expenses. Except as otherwise provided in this Agreement or other Transaction Agreements, the Parties will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and other Transaction Agreements and the transactions contemplated hereby and thereby, including fees and expenses of attorneys, accountants, consultants and financial advisors.

Section 7.11 Confidentiality.

(a) Each Party shall keep confidential any non-public material or information with respect to the business, technology, financial conditions, and other aspects of the other Parties which it is aware of, or have access to, in signing or performing this Agreement (including written or non-written information, hereinafter the "Confidential Information"). Confidential Information shall not include any information that is (a) previously known on a non-confidential basis by the receiving Party, (b) in the public domain through no fault of such receiving Party, its affiliates or its or its affiliates' officers, directors or employees, (c) received from a party other than the Company or the Company's representatives or agents, so long as such party was not, to the knowledge of the receiving party, subject to a duty of confidentiality to the Company or (d) developed independently by the receiving Party without reference to confidential information of the disclosing Party. No Party shall disclose such Confidential Information to any third Party. Either Party may use the Confidential Information only for the purpose of, and to the extent necessary for performing this Agreement; and shall not use such Confidential Information for any other purposes. The Parties hereby agree, for the purpose of this Section 7.11, that the existence and terms and conditions of this Agreement and schedule hereof shall be deemed as Confidential Information.

(b) Notwithstanding any other provisions in this Section 7.11, if any Party believes in good faith that any announcement or notice must be prepared or published pursuant to applicable laws (including any rules or regulations of any securities exchange or valid legal process) or information is otherwise required to be disclosed to any governmental authority, such Party may, in accordance with its understanding of the applicable laws, make the required disclosure in the manner it deems in compliance with the requirements of applicable laws; provided that, the Party who is required to make such disclosure shall, to the extent permitted by law and so far as it is practicable, provide the other Parties with prompt notice of such requirement and cooperate with the other Parties at such other Parties' request and at the requesting Party's cost, to enable such other Parties to seek an appropriate protection order or remedy. In addition, each Party may disclose, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, Confidential Information to the extent required under judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement or any other Transaction Agreement; provided that, the Party who is required to make such disclosure shall, to the extent permitted by law and so far as it is practicable, at the other Parties' request and at the requesting Party's cost, cooperate with the other Parties to enable such other Parties to seek an appropriate protection order or remedy.

(c) Each Party may disclose the Confidential Information only to its affiliates and its and its affiliates' officers, directors, employees, agents and representatives on a need-to-know basis in the performance of the Transaction Agreements; provided that, such Party shall ensure such persons strictly abide by the confidentiality obligations hereunder.

(d) The confidentiality obligations of each Party hereunder shall survive the termination of this Agreement. Each Party shall continue to abide by the confidentiality clause hereof and perform the obligation of confidentiality it undertakes until the other Party approves release of that obligation or until a breach of the confidentiality clause hereof will no longer result in any prejudice to the other Party.

Section 7.12 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 7.13 Termination.

(a) This Agreement shall automatically terminate upon the earliest to occur of

(i) the written consent of each of the Parties; or

(ii) by either the Company or the Purchasers if the Closings shall not have occurred by April 8, 2015; provided, however, that the right to terminate this Agreement under this Section 7.13(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Closings to occur on or prior to such date;

(b) Upon any termination of this Agreement, this Agreement will have no further force or effect, except for the provisions of Section 7.11 hereof, which shall survive any termination under this Section 7.13(b); provided, that no termination of this Agreement shall relieve any Party hereto of liability for any breach of this Agreement prior to such termination.

Section 7.14 Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 7.15 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Signatures in the form of facsimile or electronically imaged "PDF" shall be deemed to be original signatures for all purposes hereunder.

Section 7.16 Public Disclosure. Without limiting any other provision of this Agreement, both Purchasers and the Company shall consult with each other and issue a joint press release with respect to the execution of this Agreement and any other Transaction Agreements and the transactions contemplated hereby and thereby. Thereafter, neither the Company nor any Purchaser, nor any of their respective Subsidiaries, shall issue any press release or other public announcement or communication (to the extent not previously publicly disclosed or made in accordance with this Agreement or any other Transaction Agreements) with respect to the transactions contemplated hereby or thereby without the prior written consent of the other parties (such consent not to be unreasonably withheld, conditioned or delayed), except to the extent a party's counsel deems such disclosure necessary or desirable in order to comply with any law or the regulations or policies of any securities exchange or other similar regulatory body (in which case the disclosing party shall give the other parties notice as promptly as is reasonably practicable of any required disclosure to the extent permitted by applicable law), shall limit such disclosure to the information such counsel advises is required to comply with such law or regulations, and if reasonably practicable, shall consult with the other party regarding such disclosure and give good faith consideration to any suggested changes to such disclosure from the other party. Notwithstanding anything to the contrary in this Section 7.16, each Purchaser and the Company may make public statements in response to specific questions by the press, analysts, investors or those attending industry conferences or financial analyst conference calls, so long as any such statements are not materially inconsistent with previous press releases, public disclosures or public statements made by the Company or either Purchaser and do not reveal material, non-public information regarding the other Parties or the transactions contemplated by this Agreement.

Section 7.17 Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

BITAUTO HOLDINGS LIMITED

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors and Chief
Executive Officer

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

JD.COM GLOBAL INVESTMENT LIMITED

By: /s/ Richard Qiangdong Liu

Name: Richard Qiangdong Liu

Title: Director

JD.COM, INC.

By: /s/ Richard Qiangdong Liu

Name: Richard Qiangdong Liu

Title: Chairman

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

DONGTING LAKE INVESTMENT LIMITED

By: /s/ Ma Huateng

Name: Ma Huateng

Title: Director

The Business Cooperation Agreement

Form of Investor Rights Agreement

Subscription

<u>Purchasers</u>	<u>Investment Amount</u>	<u>Ordinary Shares to be Purchased</u>	<u>Share Percentage on a fully diluted basis (as at January 8, 2015)</u>
JD Global	US\$400 million in cash	15,689,443 Ordinary Shares	25%
	US\$750.2 million of Business Resources		
Tencent	US\$150 million	2,046,106 Ordinary Shares	3.3%

On a “fully diluted basis” shall mean, for the purpose of calculating share numbers and percentages, that the calculation is to be made assuming that all outstanding options, warrants and other securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable) upon the Closings, have been so converted, exercised or exchanged, including the shares to be issued upon the exercise of options or vesting of restricted shares or restricted share units under the Company’s ESOPs.

Schedule I

Significant Subsidiaries of the Company

Bitauto Hong Kong Limited
Beijing C&I Advertising Company Limited
Beijing Bitauto Information Technology Company Limited
Beijing Easy Auto Media Company Limited
Beijing Yihui Interactive Advertising Company Limited,
Beijing New Line Advertising Company Limited
Beijing Bitauto Interactive Advertising Company Limited
Beijing You Jie Information Company Limited
Beijing Taoche Information Technology Company Limited
Beijing BitOne Technology Company Limited
Beijing Bit EP Information Technology Company Limited
Beijing Bitcar Interactive Information Technology Company Limited
Beijing Runlin Automobile and Technology Co., Ltd.

Strategic Cooperation Agreement

Between

JD.com, Inc.

And

Bitauto Holdings Limited

January 9, 2015

This STRATEGIC COOPERATION AGREEMENT (this “**Agreement**”), dated as of January 9, 2015, is made by and between:

Party A: JD.com, Inc. (together with its affiliates, “**JD**”)

Registered address: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

And

Party B: Bitauto Holdings Limited (together with its affiliates, “**Bitauto**”)

Registered address: Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands

Party A and Party B are hereinafter collectively referred to as the “**Parties**”, and individually as a “**Party**”.

WHEREAS:

1. JD is one of the leading providers of online electronic commerce services in China and is principally engaged in providing self-operated and platform electronic commercial services through its website and mobile phone applications;
2. Bitauto is a leading automobile website in China which businesses include yiche.com, EP platform services, taoche.com, automobile financial services, and digital marketing solutions in the automobile sector;
3. The Parties, together with other signatories, have signed a certain Share Subscription Agreement dated January 9, 2015 (the “**Share Subscription Agreement**”) and related agreements, whereby Party A agrees to become one of the shareholders of Party B by subscribing certain number of shares of Party B, and intends to sign an Investor Rights Agreement with other related parties in connection with the SSA (the documents described in this Paragraph 3 collectively as the “**Transaction Documents**”);
4. As required under the Transaction Documents, Party A and Party B hereby initiate cooperation regarding the Finished Automobile Business (as defined below) pursuant to the terms and conditions of this Agreement with the view to integrating related resources and giving full play to the respective advantages of each Party; and
5. The Parties acknowledge and agree this Agreement provides the framework for the business cooperation and support between the Parties, which details are subject to discussion and implementation by the Parties after execution of this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. Definitions

In this Agreement:

- (1) “**Affiliate**” means, in respect of any company (or any other entity), any other entity controlling, controlled by, or under common control with, such company. For purposes of this definition, “control” means the possession of more than 50% equity interests or voting rights, or the power to decide or control the operations of a company (or any other entity) by contract or otherwise. In respect of each of the Parties, its affiliate means any subsidiary directly or indirectly controlled by it (including any subsidiary controlled by VIE structure).

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- (2) **“Finished Automobile Business”** means the finished automobile (including new and used automobiles) marketing services directly and indirectly provided within China, as well as the finished automobile advertising services in the finished automobile channel, through JD.COM (including its mobile website), PaiPai (including its mobile website), and JD mobile applications. For avoidance of any doubt, Finished Automobile Business excludes any business regarding automobile parts, components and decorations.
 - (3) **“JD.COM”** means the website of the same domain name owned by Beijing JD 360 Du E-Commerce Co., Ltd., including its mobile website. On the website, users may publish, display, enquire and communicate information, agree upon transactions, and receive other services provided by other users.
 - (4) **“JD Open Platform”** means the open platform operated on JD.COM, which serves as a specialized network space where the Merchants (as defined below) on JD.COM operate shops and agree upon transactions with consumers. The Merchants may open shop and conduct transaction in this space upon completion of relevant procedures with JD Merchants Management System.
 - (5) **“JD Mall”** means JD Open Platform and the shopping mall platform operated by JD on JD.COM, including their respective mobile websites.
 - (6) **“PaiPai”** means the website with domain name of paipai.com and owned by Shenzhen PaiPai Electronic Commerce Information Technology Co., Ltd., including its mobile website. On the website, users may publish, display, enquire and communicate information, agree upon transactions, and receive other services provided by other users.
 - (7) **“JD App Mobile Terminal”** means the mobile application services platform provided by mobile applications installed on mobile phones, Pad or other mobile terminal devices by JD.
 - (8) **“JD Merchants Management System”** means the software system for which JD provides technical support and system maintenance in order to provide support for the operation of JD Open Platform, including Merchants Online Residence System and Merchants Back-office Management System. **Bitauto Acknowledges and agrees that subject to notice from JD no less than three days in advance (except under special circumstance in which adjustment must be made for purpose of compliance or avoiding material loss), JD shall have the right to make improvement and adjustment to such System; *provided, however*, that the Parties shall negotiate prior to making any adjustment which may have material adverse impact on the Finished Automobile Business.**

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- (9) **Merchants and Residence by Merchants:** A Merchant mean a legal entity which opens shop to transact business on JD Open Platform (including the Finished Automobile Business Channel) as a third-party operator, including Bitauto. Residence by Merchants means the process through which the Merchant intending to be a third-party operator on JD Open Platform follow the procedures and requirements of JD Open Platform to sign residence agreement, provide required information, prove acceptable under JD’s review, and have its shop accessible to Merchants Back-office Management System. The Parties agree that the Merchants and Residence by Merchants at the Finished Automobile Channel means the Merchant intending to be an independent third-party operator on the Finished Automobile Channel follow the procedures and requirements of Bitauto to sign residence agreement with JD and Bitauto (if necessary), provide required information, prove acceptable under Bitauto’s review, and have its shop accessible to Merchants Back-office Management System. Such procedures and requirements of Bitauto shall be consistent with laws and regulations. Should any of such procedures and requirements conflict with any of JD platform rules or other related procedures, such conflict shall be resolved by the Parties through negotiations.
- (10) **“Shop”** means the online virtual shop with sole and independent ID and shop name (subject to adjustment under relevant rules) applied by the Merchant upon completion of the Residence process in accordance with relevant agreement to conduct legal operations and approved by JD. It is agreed by the Parties that the shop on the Finished Automobile Channel means the online virtual shop with sole and independent ID and shop name applied by the Merchant upon completion of the Residence process with Bitauto in accordance with relevant agreement and channel rules to conduct legal operations and approved by Bitauto.
- (11) **“JD Platform Rules”** means any guideline document identified on JD Open Platform which is related to business operation of the Merchants and always requires attention from the Merchants, including without limitation Merchants Manual, Merchants Back-office Announcement, Merchants Back-office Help Center. **Bitauto acknowledges and agrees that subject to notice by JD no less than three days in advance and without impact on Bitauto’s operation of the Finished Automobile Channel, JD shall have the right to update and change JD Platform Rules pursuant to applicable laws, regulations and policies and the operational conditions of JD Open Platform. Should such change conflict with any provision of this Agreement, such conflict shall be resolved by the Parties through negotiations.** It is agreed by the Parties that the platform rules regarding the Finished Automobile Channel shall be prepared by Bitauto with reference to applicable laws and filed with JD. Should such rules conflict with any of JD Platform Rules, such conflict shall be resolved by the Parties through negotiations.
- (12) **“Force Majeure”** means occurrence of any event after the date of this Agreement which interferes performance of all or any part of this Agreement by any of the Parties and is beyond the control, unavoidable, insurmountable, unresolvable by any of the Parties, and unforeseeable upon execution of this Agreement. Such event includes, among others, earthquake, typhoon, floods, wars, international or domestic traffic interruption, breakdown of power, network, computer, communications and other systems, strikes (including lock-outs or industrial disturbances), labor disputes, government actions, orders from international or domestic courts. For avoidance of any doubt, such event will not constitute Force Majeure under this Agreement unless it is beyond the control of, unavoidable, insurmountable and unresolvable by the Parties.

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- (13) “China” means the People’s Republic of China which, for purpose of this Agreement, not includes Taiwan, Hong Kong and Macau Special Administrative Regions.

2. Exclusive Cooperation

2.1. During the Period of Cooperation (as defined below), JD authorizes, irrevocably and without consideration, Bitauto to solely and exclusively operate and manage the Finished Automobile Business, the details of which are as follows:

- JD authorizes, irrevocably and without consideration, Bitauto to solely and exclusively operate and manage the network space on the Finished Automobile Channel of JD Mall (including its mobile website and JD App mobile terminals) (the linkage of which is <http://channel.jd.com/car.html>) and Paipai.com (including its mobile website (together with the Finished Automobile Channel on JD Mall, the “Finished Automobile Channel”), with the view to operating Finished Automobile Business by Bitauto; and
- If JD sets up new business platform during the Period of Cooperation, JD will negotiate with Bitauto in good faith and authorizes irrevocably and without consideration Bitauto to operate and manage Finished Automobile Business on such new business platform.

The Parties confirm that unless otherwise provided under this Agreement, any and all income generated from operation of the Finished Automobile Channel by Bitauto during the Period of Cooperation shall be owned by Bitauto. It is further confirmed that Bitauto shall make best efforts to sell at least 10,000 vehicles on the relevant channels of PaiPai during the first year of the Period of Cooperation, and achieve annual vehicles sales growth by 30% in each subsequent year. Bitauto will make best efforts to achieve the above goals, and the Parties will conduct separate negotiations if Bitauto fails to achieve such goal.

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- 2.2. Subject to compliance with legal requirements, Bitauto shall have the right during the Period of Cooperation to independently operate and manage the Finished Automobile Business on the Finished Automobile Channel, decide the contents and page design, Merchant's residence, and manage the Merchants and Shops at a service fee on the Finished Automobile Channel. Bitauto agrees that:
- The top and bottom parts on the pages of the Finished Automobile Channel will maintain the uniform design of JD channel (including without limitation JD logo, search bar, service menu and channel link, shopping guide, payment methods, and "About Us"), as well as the links to certain products designated by JD other than finished automobiles (including three to five showcase positions, provided that JD agrees that the name and logo of Bitauto will be conspicuously displayed on the page of Finished Automobile Channel); and
 - Without consent from JD, such Channel may not have any link to any other website.

- 2.3. The Parties will make active cooperation after execution of this Agreement to complete Bitauto's residence at the Finished Automobile Channel, for which JD will provide technical support without consideration. Upon execution of this Agreement, the Parties will make active cooperation pursuant to Transaction Documents to subject the existing Merchants on the Finished Automobile Channel to the management of Bitauto (including without limitation transfer the agreement signed by such Merchants and deposited paid by such Merchants to JD to Bitauto, or make reasonable efforts to terminate any agreement which is non-transferable or transfer the economic benefits under such agreement to Bitauto), and JD will cause such transfer and provide technical support thereof without consideration ("**Transfer of Existing Merchants**"). Transfer of Existing Merchants will commence on the same date when the Period of Cooperation begins. Residence of any new Merchant after the date of this Agreement will be subject to decision and management of Bitauto, for which JD will provide technical support without consideration.

Unless otherwise expressly provided under this Agreement, any and all cooperation and/or restrictions provided under this Agreement will be limited to the territory of PRC.

- 2.4. Traffic support: during the Period of Cooperation, JD agrees to provide strategic traffic support to Finished Automobile Business without consideration, including:
- Traffic entrance at JD homepage : provide first-level channel entrance for Finished Automobile Business at the homepage of JD.COM;
 - Traffic entrance at JD App mobile terminal: provide first-level traffic entrance for Finished Automobile Business at JD APP mobile terminals, and during the term of strategic cooperation between JD and Tencent (which means the strategic cooperation with long-stop date on March 31, 2019 pursuant to the strategic cooperation agreement dated March 10, 2014 between Tencent Holdings Limited and JD.com, Inc., the "**Tencent Strategic Cooperation Period**"), activity entrance for Finished Automobile Business will be provided no less than five days each month on WeChat's centralized entrances;
 - Finished Automobile Promotion By JD: major promotions to market finished automobiles will be made no less than six times each year, and exclusive and all-round traffic entrance will be provided for Finished Automobile Business at the homepage of JD.COM; and

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- Other traffic support provided by JD: JD will provide daily traffic support for Finished Automobile Business, including support for membership marketing and certain Tencent resources (subject to Tencent Strategic Cooperation Period), the details of which are subject to further discussions of the Parties. PaiPai will also provide to its finished automobile business traffic support similar to that provided by JD, the details of which are subject to further discussions of the Parties.
- 2.5. Advertising business: During the Period of Cooperation, Bitauto has the exclusive and sole right to operate the Finished Automobile Business at the Finished Automobile Channel, and any and all advertising income from such operation shall be owned by Bitauto. JD agrees to provide technical support for the Finished Automobile Business at the Finished Automobile Channel without consideration. The details regarding the matters beyond the Finished Automobile Channel shall be subject to further discussions of the Parties.
 - 2.6. Financial services: the Parties agree that Bitauto and/or any of its Affiliates will play the leading role in providing financial leasing and other financial services to the businesses in the Finished Automobile Channel, for which JD will provide necessary technical and other support. JD reserves the right to provide automobile financial services and JD financial group has the right to participate in the financial services provided to the businesses in the Finished Automobile Channel by Bitauto and/or any of its Affiliates (including Yixin Capital Limited). The details are subject to further discussions of the Parties.
 - 2.7. Mega data support: Subject to compliance with laws, regulations and user privacy protection rules, the Parties agree to provide mega data support to each other, the details of which are subject to further discussions of the Parties.
 - 2.8. Infrastructure support: During the Period of Cooperation, JD agrees to provide infrastructure support for the Finished Automobile Business to Bitauto without consideration, including without limitation providing Bitauto the access to JD Merchant Management System for its management of the Merchants and shops on JD Merchant Management System, the software license and technical support for the Finished Automobile Business, and making improvement or adjustment at reasonable request of Bitauto to satisfy the needs of the Finished Automobile Business, as well as any other necessary infrastructure support. The details are subject to further discussions of the Parties.
 - 2.9. Unless otherwise expressly provided in this Agreement, during the Period of Cooperation, JD will provide Bitauto the most favored nation status on any other commercial cooperation terms, which means the commercial terms provided to any third party by JD will be no more favorable than those provided by JD to Bitauto, except the special preferences received by any third party as part of a packaged consideration for sufficient payment.

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- 2.10. Non-compete: During the Period of Cooperation, other than Bitauto, JD (including any of its VIEs) may not manage and operate, directly or indirectly, finished automobiles (including new and used automobiles) marketing or advertising services within China, control or invest in any business or entity engaged in such services, and procure and ensure JD.COM and other JD platforms have no finished automobile business other than the business operated by Bitauto. Notwithstanding the foregoing, the Parties acknowledge that JD and any of its Affiliates are able to conduct the business of finished automobiles that are auctioned through judicial process, the details of which are subject to negotiations of the Parties.
- 2.11. Settlements: JD and Bitauto will settle the payments for the orders generated by the Shops formed under this Agreement as follows:
- 2.11.1. Where Bitauto agrees and authorizes JD to collect payment on its behalf, JD will introduce a third party payment agency or bank to provide such services, for which Bitauto will enter into related agreement with such third party payment agency or bank, if any.
- 2.11.2. JD Finished Automobile Business Platform will automatically generate billing statement on each settlement date (which will be postponed to the immediately next business day if the settlement date falls on a weekend day or public holiday) and, upon confirmation by Bitauto, JD will send payment instruction to the payment agency, which will pay the price of the products to Bitauto after deduction of technical services fee and other expenses;
- 1) T+1 settlement (T means the date on which the order is displayed as “completed” on the JD Finished Automobile Business Platform), under which the first business day immediately next to T will be the settlement date;
- Considering this settlement method is subject to continued and consistent operation of the third party payment company cooperative with JD, Bitauto agrees to apply for early opening of this settlement method with JD and the third party payment company, and use such payment method upon approval from JD.
- 2.11.3. Bitauto will provide the information of settlement account acceptable to JD for settlement of product prices by JD. Any change of such information shall be notified to JD no less than three days in advance.

3. Consumer Rights Protection

- 3.1. The Parties will jointly protect the valid rights of the consumers regarding the Finished Automobile Business, and ensure compliance with applicable laws and regulations, respective after-sale service commitments and the Consumer Rights Protection And Services Terms. In order to improve user experience, the Parties will assist to share information if any complaint is raised to JD by any consumer against any operation by Bitauto. JD will provide advice or recommendation with consideration of the facts, for Bitauto will provide active support for resolution.

4. Supervision

- 4.1. The Parties shall cooperate to ensure compliance of the operation of the Finished Automobile Business. Should any operation of the Finished Automobile Business be found of any non-compliance, JD will have the right to notify Bitauto of such non-compliance and, if Bitauto fails to address such non-compliance, take actions to correct such non-compliance.
- 4.2. Upon receipt of any regulatory comments from any regulatory authority, JD will have the right to provide the information at the request of the regulatory authority and notify Bitauto, and Bitauto shall provide active support to implement such regulatory comments.
- 4.3. The Parties shall cooperate to supervise and review the data, information and transaction disclosed by the Finished Automobile Business, and notify the other Party promptly of any non-compliance or any damage to the safety and consistency of the system. Bitauto shall provide explanation or correction promptly upon its receipt of notice from JD (including deletion of any non-compliant information or data).
- 4.4. Each of the Parties shall obtain and maintain all licenses and approvals required to operate the relevant businesses, including all government and third party approvals, consents, authorizations, permits, filings and licenses (in respect of JD, required for JD.COM, JD Open Platform, PaiPai and JD App mobile terminal devices; in respect of Bitauto, required for the Finished Automobile Business, financial leasing and other financial services), including without limitation the license for value-added telecommunication operation.

5. Period of Cooperation

- 5.1. This Agreement shall be effective as of the Closing Date set forth under the Share Subscription Agreement. The period of cooperation under this Agreement shall commence on the earlier of: (i) three months after execution of this Agreement, or (ii) the residence of Bitauto in JD (the "**Commencement Date**"), and end on the 5th anniversary of the Commencement Date (the "**Period of Cooperation**"). The Period of Cooperation (possibly including the sole and exclusive arrangement thereof) may be extended upon its expiry subject to agreement of the Parties. Notwithstanding the foregoing, if the Period of Cooperation is otherwise provided under this Agreement, such provision shall prevail.
- 5.2. Upon expiry of the Period of Cooperation: (1) the Parties may continue cooperation regarding the Finished Automobile Business pursuant to the rules of JD Open Platform or any other rules acceptable to the Parties then effect, (2) If the sales volume of the automobiles sold (i.e., net GMV) by Bitauto through the Finished Automobile Business consistently ranks among the top three in the league table of Internet based and mobile Internet based automobile sales in China during the Period of Cooperation and the relevant period thereafter, Bitauto will continue to have the most favored nation status provided under Section 2.9 of this Agreement during the relevant period after the Period of Cooperation.

6. Intellectual Properties and User Data

- 6.1. After execution of this Agreement and before commencement of the Period of Cooperation, JD will define the name, trade name or intellectual properties regarding JD Automobiles (see Exhibit I for details, which include the intellectual properties under application), and license Bitauto to such name, trade name or intellectual properties in connection with the Finished Automobile Business without consideration.
- 6.2. During the Period of Cooperation, the Parties agree to provide to each other its user membership without consideration, including without limitation providing automobile advertising or marketing or customized services recommendations to individual users of JD Open Platform by Bitauto.
- 6.3. Providing any and all materials, information and intellectual properties thereof by any of the Parties and their respective Affiliates to the other Party for purpose of this Agreement will not change the ownership of such materials, information or any rights thereof, unless otherwise expressly provided under the intellectual properties transfer agreement separately agreed by the Parties.
- 6.4. Unless otherwise expressly provided under this Agreement or any intellectual property authorization or license agreement separately agreed by the Parties, without prior written consent of the other Party, neither Party (or any of its Affiliates) may use or copy any patent, trademark, name, logo, business information, technology, data, information, domain name, copyright or any other intellectual property of the other Party, or apply to register any intellectual property which is similar to such intellectual property. Any data received by Bitauto from the Finished Automobile Business by Bitauto shall be used only for the Finished Automobile Business according to this Agreement.
- 6.5. Any new intellectual property developed by the Parties (including their respective Affiliates) in connection with the business cooperation will be owned subject to separate agreement of the Parties.
- 6.6. Any Party (including any of its Affiliates) shall indemnify any loss incurred by the other Party (including any of its Affiliates) arising from infringement of any intellectual property or other valid right of the indemnified Party (including any of its Affiliates) by the indemnifying Party (including any of its Affiliates) or any product, service or material provided by the indemnifying Party (including any of its Affiliates).

7. Other Covenants

- 7.1. The Parties agree to make best efforts to negotiate in good faith the provisions in Sections 2 and 3 of this Agreement within 45 days after the date hereof. The details to execute and implement such provisions will be provided in supplemental or ancillary agreement to ensure operation of the Finished Automobile Business by Bitauto in accordance with and for purpose of this Agreement.

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- 7.2. The Parties agree to jointly establish a cooperation committee after execution of this Agreement, which will be responsible to coordinate the activities in connection with the cooperation contemplated under this Agreement during the Period of Cooperation. Each of the Parties will be represented by Shen Haohan and Li Bin, respectively, in the committee. The committee will have PaiPai, financial and technical teams and intend to invite Kui Yingchun, Chen Shengqiang and other department head to join the teams. Such teams will meet regularly (on monthly or bi-monthly basis) to discuss how to improve working synergies and present work report to the board.
 - 7.3. The Parties agree that JD will take all actions necessary to ensure any and all rights of Bitauto under this Agreement will not be affected by any merger, acquisition, division, restructuring or material business restructuring, including without limitation any material business restructuring relating to Online To Offline business and, at the request of Bitauto, make appropriate arrangement prior to such merger, acquisition, division, restructuring or material business restructuring so that Bitauto will continue operating the Finished Automobile Business upon completion of such merger, acquisition, division, restructuring or material business restructuring.

8. Force Majeure and Limited Liabilities

Any delay to perform this Agreement arising from any force majeure event will not constitute breach of this Agreement by any of the Parties. Neither Party will be liable for any damages arising thereof, provided such Party will make efforts to eliminate the cause of such delay and make best efforts (including without limitation seeking and using any alternative ways and methods) to eliminate any damage caused by such force majeure event, and notify the other Party of the occurrence and the potential damages of such force majeure within 15 business days (excluding the day of notice) when the elements of such force majeure are eliminated. During delayed performance of this Agreement, the Party encountering the force majeure event will implement reasonable alternative or take any other commercially reasonable action to facilitate performance of its obligations under this Agreement until such delay is eliminated.

9. Non-disclosure and Use of Information

The Parties acknowledge and agree that any oral or written information exchanged between each other in connection with this Agreement and the existence and any content of this Agreement are confidential and shall be kept in confidence by each Party, and may not be disclosed to any third party without prior written consent of the other Party, except for: (1) any information which has been available to the general public not disclosed by the receiving Party or any of its affiliates; (2) any information required for disclosure by any applicable law, competent government agency, security exchange, exchange rules or guidelines, under which circumstance and to the extent permitted by law, the disclosing Party will notify the other Party in advance so that the Parties will reach agreement regarding the scope and content of such disclosure; or (3) any information provided by any Party to its legal or financial advisor on as-need basis, provided that such legal or financial advisor will also comply with non-disclosure provisions similar to this Section 9. The Parties agree to use the confidential information provided by the other Party only in connection with this Agreement and, at the request of the providing Party, destroy or return such confidential information upon the end of this Agreement. Any Party will be liable for breach of this Section 9 by any Party's affiliate, any employee of such affiliate or any of its advisors which breach will be deemed breach by such Party. This Section 9 will survive any ineffectiveness, termination or expiration of this Agreement for any reason.

Notwithstanding the foregoing, Bitauto acknowledges and agree that JD will have the right to maintain after the end of this Agreement any information or data provided by Bitauto necessary to open shop, operate business or perform obligations under this Agreement by Bitauto, and any data, shop and product comments information generated during operation of the Finished Automobile Business by Bitauto; before and after the end of this Agreement, JD will have the right to reasonably use such data and information, including without limitation in connection with market analysis and research, provided it will comply with the provisions under Section 9.

10. Taxes

Each of the Parties will bear any and all of its own taxes arising from execution and performance of this Agreement.

11. Representations and Warranties

11.1. Each of the Parties represents and warrants to the other Party that:

- (1) It is a company duly incorporated and validly existing;
- (2) It has the powers to enter this Agreement, and its authorized representative has the full authority to execute this Agreement on its behalf;
- (3) No filing with or notice with any government agency, and no license, consent, permit or any other approval from any government agency or any third party is required in connection with its execution, delivery and performance of this Agreement; and
- (4) It is capable to perform its obligations under this Agreement, and such performance will violate any provision of its articles of association or any other organizational document.

11.2. If any legal document signed by it prior to the date of this Agreement has any conflict with any term of this Agreement, it will notify the other Party in writing in the principles of good faith, integrity and amicableness so that the Parties may resolve such conflict through negotiations. It will also be liable for any loss incurred by the other Party arising from such conflict.

11.3. If any consent, agreement or approval from any third party is found necessary during its performance of this Agreement, it will notify the other Party in writing within 30 days and make best efforts to obtain such consent, agreement or approval; if such consent, agreement or approval fails to be obtained within a reasonable period, it will provide a resolution for such issue acceptable to the other Party.

12. Notice and Delivery

12.1. Any notice and other communication required or provided under this Agreement will be sent by person, registered mail, mail with prepaid postage or commercial courier service or facsimile to the address of the receiving Party. Each notice shall be additionally delivered in electronic mail. Such notice will be deemed duly delivered:

- (1) If by person, courier service or registered mail with prepaid postage, upon receipt or rejection of such notice at the address provided under this Agreement.
- (2) If by facsimile, upon its successful transmission (subject to automatically generated confirmation of such delivery).

12.2. For purpose of notice, the address of each of the Parties is as follows:

Party A:

Address: Floor 10, Block A, Beichen Century Center, 8 Beichen West Road, Chaoyang District, Beijing, China
Attention: General Counsel
Telephone: +8610 58955500

Party B:

12.3. Each Party may change its address of notice under this Agreement by sending a change notice to the other Party pursuant to this Section 12.

13. Breach Liability

13.1. Any of the Parties (the "Indemnifying Party") shall indemnify and hold harmless the other Party and any of its directors, affiliates, officers and agents (the "Indemnified Party") from and against any and all losses, claims, damages, liabilities, judgments, fines, duties or costs (the "Losses") incurred as a result of (i) breach of any of its representations or warranties under this Agreement by the Indemnifying Party, or (ii) breach or failure to perform any of its representations, warranties or agreements under this Agreement by the Indemnifying Party, including without limitation any investigation or settlement costs and expenses in connection with any pending or potential lawsuits or proceedings, and any taxes or charges payable in connection with indemnity for any loss under this Agreement.

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- 13.2. Third Party Claim: if any third party notifies the Indemnified Party in writing of any claim involving such third party (the “Third Party Claim”), and the Indemnified Party believes that such Third Party Claim will result in right of indemnity against the Indemnifying Party under Section 13 of this Agreement, the Indemnified Party will immediately notify the Indemnifying Party in writing of such Third Party Claim (the “Claim Notice”), describing in reasonable details such Third Party Claim and providing copies of all related documents (if any) and the basis of such indemnity. Notwithstanding the foregoing, any failure or delay to provide such notice will not constitute waiver or change of the claim for indemnity by the Indemnified Party under this Agreement, unless and only to the extent that the Indemnifying Party incurs any damages from such failure or delay; *provided, however*, that the Indemnifying Party will be deemed to have accepted and agreed to such claim if the Indemnifying Party raises no objection to such claim within 30 days upon its receipt of the Claim Notice in writing.
 - 13.3. Other Claim: if the Indemnified Party makes any claim against the Indemnifying Party under this Agreement and such claim involves no Third Party Claim, the Indemnified Party will immediately notify the Indemnifying Party in writing (the “Indemnity Notice”), describing in reasonable details such claim, the best estimate of the loss to be covered under the indemnity and the basis of such indemnity; *provided, however*, that any failure or delay to provide such notice will not constitute waiver or change of the claim for indemnity by the Indemnified Party under this Agreement, unless and only to the extent that the Indemnifying Party incurs any damages from such failure or delay. The Indemnifying Party will be deemed to have accepted and agreed to such claim if the Indemnifying Party raises no objection to such claim within 30 days upon its receipt of the Indemnity Notice in writing.
 - 13.4. This Section 13 will be included in any agreement made between any Party and any of its Affiliates in connection with this Agreement.

14. Governing Law and Dispute Resolution

- 14.1. Execution, validity, interpretation, performance, amendment and termination of this Agreement and resolution of any dispute arising thereof shall be governed by the laws of Hong Kong.
- 14.2. Any dispute arising from interpretation or performance of this Agreement shall be first resolved by negotiations of the Parties and, if the negotiations fail, submitted to Hong Kong International Arbitration Center for arbitration in accordance with its arbitration rules by any Party after 30 days when the notice for negotiation is provided to the other Party in writing. The arbitration will be in Hong Kong. The arbitrary award will be final and binding upon each of the Parties.
- 14.3. During arbitration of any dispute arising from interpretation or performance of this Agreement, other than the matter under dispute, each of the Parties will continue to have all of its rights and obligations under this Agreement.

15. Miscellaneous

- 15.1. Any amendment or supplement to this Agreement shall be made in writing. Any amendment or supplement hereto duly executed by the Parties will be an integral part of and have the same effect with this Agreement.

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- 15.2. Without prior written consent of the other Party, neither Party may transfer any of its rights and obligations under this Agreement to any third party, except that it may delegate its appropriate affiliate to perform certain matter in connection with the operation under this Agreement.
 - 15.3. Unless otherwise provided, during the term of this Agreement, neither Party may make any negative comment on the other Party, including without limitation any comment regarding corporate image, branding, product design, development, application, business strategy and all other corporate or product information of the other Party.
 - 15.4. Once effective, this Agreement will constitute the entire agreements and understanding between the Parties in respect of the subject matter under this Agreement, and supersede any and all agreements and understanding, oral or written, made by the Parties prior to the date of this Agreement.
 - 15.5. If any provision herein is held invalid, illegal or unenforceable, it will not affect the validity, legality or enforceability of the remainder of this Agreement. The Parties shall negotiate in good faith to address such invalid, illegal or unenforceable provision with the view to realizing the original business intent as much as possible.
 - 15.6. Each of the Parties will cause any of its Affiliates to perform its obligations under this Agreement.
 - 15.7. This Agreement is in four (4) originals with each Party holding two thereof. Each original shall have the same effect.

(no text below)

IN WITNESS WHEREOF, the Parties have caused this Agreement signed by their respective authorized representatives on the date first above written.

JD.com, Inc.

By: /s/ Richard Qiangdong Liu

Name: Richard Qiangdong Liu

Title: Chairman

IN WITNESS WHEREOF, the Parties have caused this Agreement signed by their respective authorized representatives on the date first above written.

Bitauto Holdings Limited

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors
and Chief Executive Officer

Schedule I

List of Intellectual Properties

Trademark under application: "JD Automobile" (for which JD or any of its Affiliates has no exclusivity)

INVESTOR RIGHTS AGREEMENT

dated as of 16, 2015

among

BITAUTO HOLDINGS LIMITED

JD.COM GLOBAL INVESTMENT LIMITED

and

DONGTING LAKE INVESTMENT LIMITED

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INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this “**Agreement**”), dated as of February 16, 2015 (the “**Effective Date**”), by and among Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands (the “**Company**”), JD.com Global Investment Limited, a company incorporated under the laws of the British Virgin Islands (“**JD**”), and Dongting Lake Investment Limited, a company incorporated under the laws of British Virgin Islands (“**Tencent**,” together with JD, the “**Investors**”).

WITNESSETH

WHEREAS, pursuant to a subscription agreement, dated as of January 9, 2015 (the “**Subscription Agreement**”), among the Company and the Investors, the Investors have agreed to acquire certain Company Securities (as defined below); and

WHEREAS, in connection with the consummation of the transactions contemplated by the Subscription Agreement, the parties hereto desire to enter into this Agreement to govern certain of their rights, duties and obligations after consummation of the transactions contemplated by the Subscription Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01. *Definitions.*

(a) As used in this Agreement, the following terms have the following meanings:

“**ADSs**” means the American depositary shares of the Company, each one of which represents one (1) Ordinary Share of the Company.

“**Adverse Person**” means such Persons to be mutually agreed and designated in writing by JD and the Company from time to time, and including such Persons’ Affiliates.

“**Affiliate**” means, with respect to any Person, means (i) in the case of a Person other than a natural person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first Person, and (ii) in the case of a natural person, any other Person that is directly or indirectly Controlled by such first Person or is a Relative of such first Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of any Investor.

“**Applicable Law**” means, with respect to any Person, any transnational, domestic or foreign federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

“**Board**” means the board of directors of the Company.

“**Business Day**” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, Hong Kong or the PRC are authorized or required by Applicable Law to close.

“**Change of Control**” means the occurrence of (i) the consummation of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other business combination), the result of which is that any Person or group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company’s Company Securities or voting rights; (ii) the consummation of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other business combination), the result of which is that any Person or group acquires the power to appoint and/or remove all or the majority of the members the Board, in each case whether obtained directly or indirectly, and whether obtained by ownership of capital, the possession of voting rights, contract or otherwise; (iii) any sale or disposition by the Company or its Subsidiaries, directly or indirectly, of all or substantially all of its assets; or (iv) an exclusive licensing of all or substantially all of the intellectual property of the Company or its Subsidiaries to any third party.

“**Company Securities**” means (i) Ordinary Shares, (ii) securities convertible into or exchangeable for Ordinary Shares, (iii) any options, warrants or other rights to acquire Ordinary Shares and (iv) any depository receipts or similar instruments issued in respect of Ordinary Shares.

“**Control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The terms “**Controlling**” and “**Controlled**” have correlative meanings.

“**Encumbrance**” shall mean any mortgage, charge, pledge, lien (other than arising by statute or operation of law), hypothecation, equities, adverse claims, or other encumbrance, priority or security interest, over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder.

“**Governmental Authority**” means any international, domestic or foreign federal, state or local governmental, regulatory or administrative authority, department, court, agency or official, including any political subdivision thereof.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Memorandum and Articles**” means the Memorandum and Articles of Association of the Company in effect from time to time.

“**Ordinary Shares**” means ordinary shares of the Company, with par value being US\$0.00004 per share, and any other security into which such Ordinary Shares may hereafter be converted or changed.

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Government Entity.

“**PRC**” means the People’s Republic of China, but, for the purposes of this Agreement, shall not include Hong Kong, the Macau Special Administrative Region or Taiwan.

“**Relative**” of a natural person means any spouse, parent, child, or sibling of such person.

“**Securities**” means any shares, stocks, debentures, funds, bonds, notes or any rights, warrants, options or interests in respect of any of the foregoing or any other derivatives or instruments having similar economic effect.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Shareholder**” means at any time, any Person who is a record holder of Company Securities.

“**Subsidiary**” of any Person means any corporation, partnership, limited liability company, or other organization, whether incorporated or unincorporated, which is Controlled by such Person. For the avoidance of the doubt, the Subsidiaries of a Person shall include any variable interest entity over which such Person or any of its Subsidiaries effects control pursuant to contractual arrangement and which is consolidated with such Person in accordance with the generally acceptable accounting principles applicable to such Person.

“**U.S.**” means the United States of America.

(b) Each of the following terms is defined in the Section set forth opposite such term:

<u>Term</u>	<u>Section</u>
“ <u>Agreement</u> ”	Preamble
“ <u>Cause</u> ”	2.01(c)
“ <u>Company</u> ”	Preamble
“ <u>Effective Date</u> ”	Preamble
“ <u>e-mail</u> ”	5.02
“ <u>HKIAC</u> ”	5.09
“ <u>Investors</u> ”	Preamble
“ <u>JD</u> ”	Preamble
“ <u>JD Director</u> ”	2.01(a)
“ <u>JD Observer</u> ”	2.03
“ <u>PDF</u> ”	5.05
“ <u>Rules</u> ”	5.09
“ <u>Subscription Agreement</u> ”	Preamble
“ <u>Tencent</u> ”	Preamble

Section 1.02. *Other Definitional and Interpretative Provisions.*

The words “**hereof**,” “**herein**” and “**hereunder**” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Clauses, Annexes, Exhibits and Schedules are to Articles, Sections, Clauses, Exhibits and Schedules of this Agreement unless otherwise specified. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “**include**,” “**includes**” or “**including**” are used in this Agreement, they shall be deemed to be followed by the words “**without limitation**,” whether or not they are in fact followed by those words or words of like import. “**Writing**,” “**written**” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to “**law**,” “**laws**” or to a particular statute or law shall be deemed also to include any and all Applicable Law. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder. References to “**dollars**” or “**\$**” shall refer to U.S. dollars. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE 2
CORPORATE GOVERNANCE

Section 2.01. *Board Representation.*

- (a) For as long as JD holds no less than twelve and half percent (12.5 %) of the then issued and outstanding share capital of the Company, on a fully diluted basis, JD shall be entitled to designate one (1) director to the Board (such director, or such other individual who may be designated by JD from time to time, the “**JD Director**”), and the Company shall promptly cause the appointment or election of such JD Director to the Board, including, convening a meeting of the Board pursuant to the Memorandum and Articles and appointing such JD Director to the Board, and in the case of an election, (i) nominating such individual to be elected as a director as provided herein, (ii) recommending to the Shareholders the election of such JD Director to the Board in any meeting of Shareholders to elect directors, including soliciting proxies in favor of the election of the JD Director, (iii) including such nomination and recommendation regarding such individual in the Company’s notice for any meeting of Shareholders to elect directors, and (iv) if necessary, expanding the size of the Board in order to appoint the JD Director.
- (b) In the event of the death, disability, retirement or resignation of the JD Director (or any other vacancy created by removal thereof), JD shall have the exclusive right to designate a replacement to fill such vacancy and serve on the Board, and the Company shall promptly cause the appointment or election of such individual to the Board (who shall, following such appointment or election, be the JD Director for purposes of this Agreement).

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- (c) At any meeting of the Board or any annual general or other meeting of the Shareholders that may be held from time to time at which the JD Director is up for re-appointment to the Board, the Company shall cause the Board to re-appoint the JD Director to serve on the Board and shall use best efforts to ensure that the JD Director is re-appointed by the Shareholders to the Board pursuant to the terms of the Memorandum and Articles and any Applicable Law. The Company agrees that it shall not take any action, in favor of the removal of the JD Director unless such removal shall be for Cause. Removal for “Cause” shall mean removal of a director because of such director’s (i) willful misconduct that is materially injurious, monetarily or otherwise, to the Company or any of its Subsidiaries, (ii) conviction for, or guilty plea to, a felony or a crime involving moral turpitude, or (iii) abuse of illegal drugs or other controlled substances or habitual intoxication.

Section 2.02. Expenses and Indemnification.

The JD Director shall be entitled to the same rights, capacities, entitlements, compensation, if any, indemnification and insurance in connection with his or her role as a director as other members of the Board, and shall be entitled to reimbursement for all documented, out-of-pocket expenses properly incurred in connection with the performance of his or her services as a director of the Company, including without limitation out-of-pocket expenses incurred in attending meetings of the Board or any committees thereof, to the same extent as other members of the Board. The Company shall, upon the appointment of the JD Director, enter into indemnification agreement in the same form as applicable to other members of the Board with the JD Director. In addition, the JD Director shall be entitled to coverage under the Company’s directors’ and officers’ liability insurance effective upon his or her appointment to the Board, with the same coverage as, and containing terms and conditions no less favorable than, those available to the other members of the Board.

Section 2.03. Serve on Board Committees.

The JD Director shall be entitled to be nominated and appointed by the Board to serve on the compensation committee and the nominating and corporate governance committee of the Board; provided, however, that notwithstanding the foregoing, the JD Director shall not be entitled to be so nominated to serve on any committee of the Board if, as determined in good faith by a majority of the Board (based upon the advice of outside legal counsel), such service on the committee would violate any Applicable Law or result in the Company not to be in full compliance with the applicable stock exchange requirements without seeking exemptions. If at any time any representative of any other Shareholder has the right to attend the meetings of any committee of the Board in a non-voting observer capacity and JD Director is not a member of such committee of the Board, JD Director shall have the rights, as a non-voting observer to any such committee of the Board (acting in such capacity, the “**JD Observer**”), to attend all meetings of and observe all deliberations of any such committees, provided that such JD Observer shall have no voting rights with respect to actions taken or elected not to be taken by any such committees; provided, further, the chairman of such committee of the Board may, at his or her discretion, exclude JD Observer from certain meetings of such committee if such chairman believes in good faith that excluding JD Observer from such meetings is appropriate or necessary.

Section 2.04. *No Inconsistent Amendments.*

For so long as JD has the right to designate a JD Director and except as otherwise required by Applicable Law, the Company shall not amend its Memorandum and Articles in any manner (or take any similar action) that would adversely affect in any material respect JD's rights under this Article 2 or the Company's ability to comply with its obligations under this Article 2.

Section 2.05. *Actions Requiring Consent.*

For as long as JD holds no less than twelve and half percent (12.5 %) of the then issued and outstanding share capital of the Company, on a fully diluted basis, without the prior written approval of JD, to the extent permitted by Applicable Law, the Company shall not take, and shall cause each of its Subsidiaries not to take, any action (including any action by its board of directors or any committee thereof or any action at a meeting of their shareholders or otherwise) with respect to any of the following matters:

- (a) any Change of Control with, involving or to any Adverse Person;
- (b) any issuance of Company Securities or any equity securities (including any securities convertible into or exchangeable for equity securities, any options, warrants or other rights to acquire equity securities, and any depository receipts or similar instruments issued in respect of equity securities) by an Subsidiary of the Company to any Adverse Person, except for any issuances of Company Securities to the public in the open market; or
- (c) approve, authorize or enter into any agreement with respect to any of the foregoing.

**ARTICLE 3
REGISTRATION RIGHTS**

Section 3.01. *Registration Rights.*

The Investors shall have the rights, and the Company shall have the obligations, set forth in Schedule 1 hereto.

**ARTICLE 4
CERTAIN COVENANTS AND AGREEMENTS**

Section 4.01. *Conflicting Agreements.*

The Company agrees that it shall not enter into any agreement or arrangement of any kind with any Person with respect to any Company Securities for the purpose or with the effect of denying or reducing the rights of the Investors under this Agreement.

Section 4.02. *Depository Arrangement*

The Company shall use its commercially reasonable efforts to facilitate and consent to the deposit of any or all of the Ordinary Shares acquired by the Investors pursuant to the Subscription Agreement (as may be requested by any Investor) with the depository for the issuance of ADSs in accordance with the Deposit Agreement between the Company, CITIBANK, N.A. as depository, and all holders and beneficial owners of American depository shares issued thereunder (as may be amended or replaced from time to time).

ARTICLE 5
MISCELLANEOUS

Section 5.01. *Binding Effect; Assignability; Benefit.*

- (a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, legal representatives and permitted assigns.
- (b) Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party without the prior written consent of the other parties hereto; *provided* that except as otherwise specified herein, each of the Investors may assign any right, remedy, obligation or liability arising under this Agreement or by reason hereof to any of its Affiliates that executes and delivers to each party hereto a joinder agreement pursuant to which such Affiliate shall become a party to this Agreement.
- (c) Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 5.02. *Notices.*

All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail (“**e-mail**”) transmission, so long as a receipt of such e-mail is requested and received) and shall be given,

if to the Company, to:

Bitauto Holdings Limited
New Century Hotel Office Tower 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People’s Republic of China
Attention: Bin LI
Facsimile: (86 10) 6849-2200

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
c/o 42/F, Edinburgh Tower, The Landmark
15 Queen’s Road Central
Hong Kong
Attention: Z. Julie Gao, Esq.
Tel: +852 3740-4700

if to JD, to

JD.com, Inc.
10th Floor, Building A, North Star Century Center
8 Beichen West Street, Chaoyang District
Beijing 100101, P.R. China
Attention: Legal Department
Email: legalnotice@jd.com

with a copy (which shall not constitute notice) to:

JD.com, Inc.
10th Floor, Building A, North Star Century Center
8 Beichen West Street, Chaoyang District
Beijing 100101, P.R. China
Attention: Corporate Development Department

with a copy (which shall not constitute notice) to:

Orrick, Herrington & Sutcliffe LLP
47 th Floor Park Place, 1601 Nanjing Road West
Shanghai 200040, the PRC
Attention: Jie Jeffrey Sun, Esq.
Facsimile: (8621) 6109-7022
Email: jeffrey.sun@orrick.com

if to Tencent, to

c/o Tencent Holdings Limited
29/F., Three Pacific Place
No. 1 Queen's Road East
Wanchai, Hong Kong
Attention: Compliance and Transactions Department
Email: legalnotice@tencent.com

with a copy (which shall not constitute notice) to:

Tencent Building, Kejizhongyi Avenue
Hi-tech Park, Nanshan District
Shenzhen, 518057, P.R. China
Attention: Mergers and Acquisitions Department
Email: PD Support@tencent.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
12th Floor, The Hong Kong Club Building
3A Chater Road, Central, Hong Kong
Attention : Jeanette K. Chan, Esq.
Facsimile: (852) 2840-4300
Email: jchan@paulweiss.com

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064, USA
Attention: Steven J. Williams, Esq.
Facsimile: (212) 492-0257
Email:

or such other address or facsimile number as the parties may hereafter specify by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 5.03. Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 5.04. Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 5.05. Counterparts.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures in the form of facsimile or electronically imaged “PDF” shall be deemed to be original signatures for all purposes hereunder.

Section 5.06. Descriptive Headings.

The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 5.07. Amendment; Termination.

- (a) The provisions of this Agreement may be amended or modified only upon the prior written consent of all parties hereto. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

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- (b) This Agreement shall terminate and be of no further force and effect upon the Investors and their Affiliates ceasing to own any Company Securities; *provided* that the provisions of this Article shall survive any termination of this Agreement.

Section 5.08. *Governing Law.*

This Agreement, the rights and obligations of the parties hereto, and all claims or disputes relating hereto, shall be governed by and construed in accordance with the New York laws, without regard to the conflicts of law rules thereunder.

Section 5.09. *Arbitration.*

Any dispute, controversy or claim arising out of or relating to this Agreement, including, but not limited to, any question regarding the breach, termination or invalidity thereof shall be finally resolved by arbitration in Hong Kong in accordance with the administered rules (the "**Rules**") of the Hong Kong International Arbitration Centre (the "**HKIAC**") in force at the time of commencement of the arbitration, which Rules are deemed to be incorporated by reference into this Section. The number of arbitrators shall be three and shall be selected in accordance with the Rules. All selections shall be made within thirty (30) days after the selecting party gives or receives, as the case may be, the demand for arbitration. The seat of the arbitration shall be in Hong Kong and the language to be used shall be English. Any arbitration award shall be (i) in writing and shall contain the reasons for the decision, (ii) final and binding on the parties hereto, and (iii) enforceable in any court of competent jurisdiction, and the parties hereto agree to be bound thereby and to act accordingly.

Section 5.10. *Further Assurances.*

From time to time following the date hereof, the parties hereto shall execute and deliver such other instruments of assignment, transfer and delivery and shall take such other actions as any other party hereto reasonably may request in order to consummate, complete and carry out the transactions contemplated by this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

BITAUTO HOLDINGS LIMITED

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors and Chief
Executive Officer

[Signature Page to Investor Rights Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

JD.COM GLOBAL INVESTMENT LIMITED

By: /s/ Richard Qiangdong Liu

Name: Richard Qiangdong Liu

Title: Director

[Signature Page to Investor Rights Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

DONGTING LAKE INVESTMENT LIMITED

By: /s/ Ma Huateng
Name: Ma Huateng
Title: Director

[Signature Page to Investor Rights Agreement]

Registration Rights

1. **Definitions.** For the purpose of this Schedule 1:

1.1 **Registration.** The terms “**register**,” “**registered**,” and “**registration**” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement.

1.2 **Registrable Securities.** The term “**Registrable Securities**” means all of the Ordinary Shares acquired by the Investors pursuant to the Subscription Agreement.

1.3 **Registrable Securities then outstanding.** The number of shares of “**Registrable Securities then outstanding**” shall mean the number of Ordinary Shares that are Registrable Securities and are then issued and outstanding.

1.4 **Holder.** The term “**Holder**” means any Person who holds Registrable Securities or any assignee of record of such Registrable Securities to whom rights under this Schedule 1 have been duly assigned in accordance with this Agreement.

1.5 **Form S-3 and Form F-3.** The terms “**Form S-3**” and “**Form F-3**” mean such respective form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.6 **SEC.** The term “**SEC**” or “**Commission**” means the U.S. Securities and Exchange Commission.

1.7 **2009 Shareholders Agreement.** The term “2009 Shareholders’ Agreement” means that certain shareholders’ agreement, dated July 8, 2009, entered into by and between the Company and certain shareholders.

1.8 **2009 Registrable Securities.** The term “2009 Registrable Securities” means the “Registrable Securities” defined under the 2009 Shareholders’ Agreement.

1.9 **2012 Shareholders Agreement.** The term “2012 Shareholders Agreement” means that certain shareholders agreement, dated November 1, 2012, entered into by and between the Company and certain shareholders.

1.10 **2012 Registrable Securities.** The term “2012 Registrable Securities” means the “Registrable Securities” defined under the 2012 Shareholders Agreement.

1.11 Terms not otherwise defined under this Schedule 1 shall have the meanings given under the main text of the Investor Rights Agreement.

2. Demand Registration.

2.1 Request by Holders. If the Company shall at any time after the Effective Date hereof receive a written request from the Holders of at least fifty percent (50%) of the Registrable Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Schedule 1, then the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use all reasonable efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) Business Days after receipt of the Request Notice, subject only to the limitations of this Section 2; provided that the Registrable Securities requested by all Holders to be registered pursuant to such request must have a market value in excess of \$ 10 0,000,000; and provided further that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2 or Section 4, or in which the Holders had an opportunity to participate pursuant to the provisions of Section 3 of this Schedule 1, other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 3.3 of this Schedule 1.

2.2 Underwriting. If the Holders initiating the registration request under this Section 2 ("**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2 and the Company shall include such information in the Request Notice referred to in the Section 2.1. In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditional upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2, if the underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the initiating Holders); provided, however, that (i) the number of Registrable Securities included in any such registration shall not be reduced below thirty percent (30%) of the aggregate number of Registrable Securities for which inclusion has been requested and (ii) the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded and withdrawn from such underwriting shall be withdrawn from the registration. If the underwriter has not limited the number of Registrable Securities to be underwritten, the Company may include its securities for its own account in such registration if the underwriter so agrees and if the number of Registrable Securities which would otherwise have been included in such registration and underwriting will not thereby be limited.

2.3 Maximum Number of Demand Registrations. The Company shall be obligated to effect only three (3) such registrations pursuant to this Section 2 for each Investor and its assignee(s) of record of relevant Registrable Securities to whom rights under this Schedule 1 have been duly assigned in accordance with this Agreement.

2.4 Deferral. Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 2:

- (a) during the period starting with the date sixty (60) Business Days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) Business Days following the effective date of, a Company-initiated registration subject to Section 3 below, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;
- (b) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 or Form F-3 pursuant to Section 4 hereof; or
- (c) if the Company shall furnish to Holders requesting the filing of a registration statement pursuant to this Section 2, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period.

2.5 Expenses. All expenses incurred in connection with any registration pursuant to this Section 2, including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printer's and accounting fees, and fees and disbursements of counsel for the Company including reasonable expenses of one legal counsel for the Holders (but excluding underwriters' discounts and commissions and ADS issuance fees charged by the depository bank of the Company relating to shares sold by the Holders), shall be borne by the Company. Each Holder participating in a registration pursuant to this Section 2 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all discounts, commissions or other similar amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders.

3. Piggyback Registrations.

3.1 The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2 or Section 4 of this Schedule 1 or to any employee benefit plan or a corporate reorganization) and will afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by such Holder shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

3.2 Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 3.4 hereof.

3.3 Underwriting. If a registration statement under which the Company gives notice under this Section 3 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 3 shall be conditional upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including up to seventy percent (70%) of the Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first to the Company, and second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement, the holders of the 2009 Registrable Securities who have exercised piggy-back registration rights pursuant to Section 4 of Schedule 3 of the 2009 Shareholders Agreement, and the holders of the 2012 Registrable Securities who have exercised piggy-back registration rights pursuant to Section 3 of Exhibit A of the 2012 Shareholders Agreement, on a pro rata basis based on the total number of Registrable Securities, 2009 Registrable Securities and 2012 Registrable Securities then held by (i) each such Holder, (ii) the holders of the 2009 Registrable Securities who have exercised piggy-back rights pursuant to Section 4 of Schedule 3 of the 2009 Shareholders Agreement, and (iii) the holders of the 2012 Registrable Securities who have exercised piggy-back rights pursuant to Section 3 of Exhibit A of the 2012 Shareholders Agreement; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below thirty percent (30%) of the aggregate number of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer, consultant or director of the Company (or any subsidiary of the Company), other than 2009 Registrable Securities and 2012 Registrable Securities, shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder that is a partnership, the Holder and the partners and retired partners of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing Persons, and for any Holder that is a corporation, the Holder and all corporations that are Affiliates of such Holder, shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

3.4 Expenses. All expenses incurred in connection with a registration pursuant to this Section 3 (excluding underwriters' and brokers' discounts and commissions relating to shares sold by the Holders), including, without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and reasonable expenses of one legal counsel for the Holders, shall be borne by the Company.

3.5 Not Demand Registration. Registration pursuant to this Section 3 shall not be deemed to be a demand registration as described in Section 2 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 3.

4. Form S-3 or Form F-3 Registration

4.1 In case the Company shall receive from any Holder or Holders of a majority of all Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 or Form F-3 (or an equivalent registration in a jurisdiction outside of the United States) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

- (a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and
- (b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fourteen (14) Business Days after the Company provides the notice contemplated by Section 4.1(a) above; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 4:

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- (A) if Form S-3 or Form F-3 is not available for such offering by the Holders;
 - (B) if the Holders propose to sell Registrable Securities at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than US\$1,000,000;
 - (C) if the Company shall furnish to the Holders a certificate signed by the chief executive officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form S-3 or Form F-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 or Form F-3 registration statement no more than once during any twelve month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 4; or
 - (D) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 3.2 of this Schedule 1.

4.2 Expenses. The Company shall pay all expenses incurred in connection with each registration requested pursuant to this Section 4 (excluding underwriters' or brokers' discounts and commissions relating to shares sold by the Holders), including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel and reasonable expenses of one legal counsel for the Holders.

4.3 Not Demand Registration. Form S-3 or Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 4.

4.4 Resale Shelf; Alternative Transactions. At any time when the Company is eligible to file a registration statement on Form F-3 for a secondary offering of equity securities pursuant to Rule 415 under the Securities Act (a "**Resale Shelf**"), any registration statement requested pursuant to this Agreement shall be made as a Resale Shelf. During the period of effectiveness of a Resale Shelf, any resale of shares of Registrable Securities pursuant to this Schedule 1 shall be in the form of a "takedown" from such Resale Shelf rather than a separate registration statement. The Company shall use its commercially reasonable efforts to cooperate in a timely manner with any request of the Holders in respect of any block trade, hedging transaction or other transaction that is registered pursuant to a Resale Shelf that is not a firm commitment underwritten offering (each, an "**Alternative Transaction**"), including entering into customary agreements with respect to such Alternative Transactions (and providing customary representations, warranties, covenants and indemnities in such agreements) as well as providing other reasonable assistance in respect of such Alternative Transactions of the type applicable to a public offering, to the extent customary for such transactions.

5. Obligations of the Company.

Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

5.1 Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective for the lesser of (x) one hundred twenty (120) days (or, in the case of a Resale Shelf, three years from the effective date of the registration statement) and (y) such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold, provided, however, that (x) before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall provide counsel for Holders of registration rights relating to securities of the Company with an adequate and appropriate opportunity to review and comment on such registration statement and each prospectus included therein (and each amendment or supplement thereto) to be filled with the SEC, subject to such documents being under the Company's control, and (y) the Company shall notify the counsel and each selling Holder of Registrable Securities of any stop order issued or threatened by the SEC and take all action required to prevent the entry of such stop order or to remove it if entered.

5.2 Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

5.3 Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

5.4 Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service of process in such jurisdiction and except as may be required by the Securities Act.

5.5 Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement, provided that (i) no Holder will be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements specifically regarding such Holder, its rights, title and interest in the Registrable Securities and its intended method of distribution and (ii) no Holder will be required to provide an indemnity in such underwriting agreement that is broader than the provisions in Section 7.2 of this Schedule 1.

5.6 Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and the Company shall promptly prepare a supplement or amendment to such prospectus (and, if necessary, a post-effective amendment to the registration statement) and furnish to the selling Holder of Registrable Securities a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.7 Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a "comfort" letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

5.8 Exchange Listing. Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

5.9 SEC Compliance: Earnings Statements. Comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the Registration Statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the registration statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

5.10 Notwithstanding any of the foregoing provisions, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2 or Section 4 of this Schedule 1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case the participating Holders requesting for the withdrawal shall bear such expenses), unless, in the case of a registration requested under Section 2 of this Schedule 1, all of the Holders of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2 of this Schedule 1.

6. Furnish Information.

It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Schedule 1 with respect to the Registrable Securities of the selling Holders that such selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

7. Indemnification.

Notwithstanding any other provision under this Agreement, in the event any Registrable Securities are included in a registration statement under this Agreement:

7.1 Indemnification by the Company. To the extent permitted by law, the Company shall indemnify and hold harmless each Holder, and each of their respective partners, officers, directors, employees, advisors, agents, any underwriter (as defined in the Securities Act) for such Holder, and each Person, if any, who Controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against all losses, claims, damages and liabilities (joint or several; or actions, proceedings or settlements in respect thereof) to which such Holder, partner, officer, director, employee, advisor, agent, underwriter or Controlling Person may become subject under laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any registration, qualification or compliance, insofar as such losses, claims, damages or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"):

- (a) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;
- (b) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; or
- (c) any violation or alleged violation by the Company of any applicable securities laws, or any rule or regulation promulgated thereunder;

and the Company shall reimburse such Holder, partner, officer, director, employee, advisor, agent, underwriter and Controlling Person for any legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the indemnity agreement contained in this Section 7.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, action or proceeding to the extent that it arises out of or is based upon (A) a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by a Holder or any of their respective partners, officers, directors, employees, advisors, agents, underwriters or Controlling Persons or (B) delivery of a prospectus by a Holder who has received notice from the Company that the registration statement relating thereto contains an untrue statement of a material fact or an omission of a material fact.

7.2 Indemnification by the Holder. To the extent permitted by law, each Holder shall, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualifications or compliance is being effected pursuant to Section 2, Section 3 or Section 4, indemnify and hold harmless the Company, each of its employees, advisors, agents and directors, each of its officers who has signed the registration statement, each Person, if any, who Controls the Company within the meaning of the Securities Act and any underwriter, against any losses, claims, damages or liabilities (joint or several; or actions, proceedings or settlements in respect thereof) to which the Company or any such director, officer, legal counsel, Controlling Person underwriter may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or Violation, in each case to the extent (and only to the extent) that such statement, omission or Violation occurs in sole reliance upon and in conformity with written information furnished by such Holder, or their respective partners, officers, directors, employees, advisors, agents, underwriters or Controlling Persons expressly for use in connection with such registration:

- (a) untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; or
- (b) omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading, and such Holder shall reimburse any legal or other expenses reasonably incurred by the Company or any such employee, advisor, agent, director, officer, Controlling Person or underwriter in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the indemnity agreement contained in this Section 7.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of such Holder, which consent shall not be unreasonably withheld; and provided, further, that except for liability for willful fraud or misrepresentation, in no event shall any indemnity under this Section 7.2 exceed the net proceeds received by such Holder in such registration. For the avoidance of doubt, the obligations of the Holders under this Section 7.2 are several but not joint.

7.3 Conduct of Indemnification Proceedings. Any Person entitled to indemnification or contribution hereunder (the “**Indemnified Party**”) agrees to give prompt written notice to the indemnifying party (the “**Indemnifying Party**”) after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to the Indemnified Party hereunder (except to the extent that the Indemnifying Party is materially prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure). If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the reasonable and documented out-of-pocket fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying Party fails to assume the defense of such action with counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and such parties have been advised by such counsel that either (x) representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (y) there may be one or more legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party. In any of such cases, the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not be liable for the reasonable and documented out-of-pocket fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties and all such reasonable and documented out-of-pocket fees and expenses shall be reimbursed as incurred. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the consent of such Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a party and indemnity has been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability for claims that are the subject matter of such proceeding.

7.4 Contribution. If the indemnification provided for in this Section 7 from the Indemnifying Party is unavailable to an Indemnified Party hereunder or insufficient to hold harmless an Indemnified Party in respect of any losses, claims, damages and liabilities (or actions, proceedings or settlements in respect thereof) referred to herein, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages and liabilities (or actions, proceedings or settlements in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such losses, claims, damages and liabilities (or actions, proceedings or settlements in respect thereof), as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages and liabilities (or actions, proceedings or settlements in respect thereof) referred to above shall be deemed to include, subject to the limitations set forth herein, any reasonable and documented out-of-pocket legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided, that the total amount to be contributed by any Holder shall be limited to the net proceeds received by such Holder in the offering. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7.5 Survival. The obligations of the Company and Holders under this Section 7 shall survive the completion of any offering of Registrable Securities in a registration statement under this Agreement.

8. No Registration Rights to Third Parties.

Without the prior consent of the Holders of seventy-five percent (75%) of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any Person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form S-3 or Form F-3 registration rights described in this Schedule 1, or otherwise) relating to any Securities of the Company, other than rights that are subordinate in right to the Holders or the registration rights already granted under the 2009 Shareholders Agreement or the 2012 Shareholders Agreement.

9. Assignment.

The registration rights under this Schedule 1 may be transferred or assigned to any transferee of the Registrable Securities.

SHARE SUBSCRIPTION AGREEMENT

by and among

BITAUTO HOLDINGS LIMITED,

YIXIN CAPITAL LIMITED,

DONGTING LAKE INVESTMENT LIMITED,

JD FINANCIAL INVESTMENT LIMITED,

and

HAMMER CAPITAL MANAGEMENT LIMITED

Dated as of January 9, 2015

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SHARE SUBSCRIPTION AGREEMENT

This Share Subscription Agreement (this "Agreement") is made as of January 9, 2015, by and between Bitauto Holdings Limited, a company incorporated in the Cayman Islands (the "Key Holder"), Yixin Capital Limited, a company incorporated in the Cayman Islands (the "Company"), Dongting Lake Investment Limited, a company incorporated in the British Virgin Islands (the "Tencent Purchaser"), JD Financial Investment Limited, a company incorporated in the British Virgin Islands (the "JD Purchaser"), together with the Tencent Purchaser, the "Lead Purchasers"), and Hammer Capital Management Limited, a company incorporated in the British Virgin Islands (the "Hammer Purchaser" and, together with the Lead Purchasers, the "Purchasers"). The Purchasers, the Key Holder and the Company are each referred to herein as a "Party," and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Key Holder desires to contribute (a) its online financial service platform which links financiers, insurers, dealers and users to provide automobile related financial services including its business currently operated through the "chedai" channel on the website www.bitauto.com (the "Online Financial Services Business") to the Company in exchange for 13,499,906 Ordinary Shares representing 27.0% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis) to be issued to its wholly owned subsidiary Bitauto Hong Kong Limited and (b) 100% of the equity interest in Shanghai Yixin Financial Leasing Co., Ltd. (上海易鑫融资租赁有限公司), a wholly foreign-owned enterprise (the "Leasing WFOE") with a registered capital of \$30,000,000 that has been approved to engage in the automobile financial leasing business (the "Financial Leasing Business" and, together with the Online Financial Services Business, the "PRC Business") and US\$100,000,000 in cash to the Company in exchange for 11,534,156 Subject Shares representing 23.1% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis) to be issued to its wholly owned subsidiary Bitauto Hong Kong Limited, in each case as described on and in accordance with Annex A ((a) and (b), collectively, the "Restructuring");

WHEREAS, the Company desires to establish the ESOP and reserve 1,900,094 Ordinary Shares representing 3.8% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis);

WHEREAS, subject to the conditions herein, the Hammer Purchaser desires to purchase, and the Company desires to issue, 887,243 Subject Shares representing 1.8% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis) (such Subject Shares, the "Hammer Subscription Shares") to the Hammer Purchaser;

WHEREAS, subject to the terms and conditions herein, the Tencent Purchaser desires to purchase, and the Company desires to issue, 13,308,642 Subject Shares representing 26.6% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis) (such Subject Shares, the "Tencent Subscription Shares") to the Tencent Purchaser; and

WHEREAS, subject to the terms and conditions herein, the JD Purchaser desires to purchase, and the Company desires to issue, 8,872,428 Subject Shares representing 17.7% of the issued and outstanding Equity Securities of the Company (on a fully diluted basis) (such Subject Shares, the “JD Subscription Shares” and, together with the Hammer Subscription Shares and the Tencent Subscription Shares, the “Subscription Shares”) to the JD Purchaser.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the Parties agree as follows:

**ARTICLE I
DEFINITIONS AND TERMS**

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

“ACT” shall have the meaning set forth in Section 2.3(b).

“Actions” shall mean actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings.

“Affiliate” shall of a Person (the “Subject Person”) means (a) in the case of a Person other than a natural person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with the Subject Person and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by the Subject Person or is a Relative of the Subject Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of any Purchaser.

“Agreement” shall have the meaning set forth in the Preamble.

“Articles” shall mean the Amended and Restated Memorandum and Articles of Association of the Company in the form as attached hereto as Exhibit A.

“Asset List” shall means the Asset List attached hereto as Annex B.

“Authorization” shall have the meaning set forth in Section 3.1(e).

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks located in the Cayman Islands, New York, the PRC or Hong Kong are authorized or required by law or executive order to be closed and on which no tropical cyclone warning No. 8 or above and no “black” rainstorm warning signal is hoisted in Hong Kong at any time between 8:00 a.m. and 6:00 p.m. Hong Kong time.

“Claim Notice” shall have the meaning set forth in Section 5.3(a).

“Closing” shall mean the Lead Purchasers Closing or the Hammer Closing, as applicable; and “Closings” shall mean both the Lead Purchasers Closing and the Hammer Closing.

“Closing Date” shall mean the Lead Purchasers Closing Date or the Hammer Closing Date, as applicable.

“Company” shall have the meaning set forth in the Preamble.

“Competitor” shall mean any Person or Affiliates of such Person whose primary business is in direct competition with the PRC Business.

“Confidential Information” shall have the meaning set forth in Section 6.10(a).

“Contemplated Transactions” shall mean the transactions contemplated by the Transaction Documents.

“Contract” means, as to any Person, a contract, agreement, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, and other legally binding arrangement, whether written or oral.

“Contributed Assets” shall mean all assets, intellectual property rights, employees and Contracts set out in the Asset List (prior to the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)) or the Updated Asset List (on and after the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)).

“Contribution Agreement” shall mean the Contribution Agreement to be entered into by and among the Key Holder, the Company and certain other parties thereto prior to the Closing, having the terms and conditions set forth on Exhibit B, and otherwise in form and substance reasonably acceptable to both Lead Purchasers.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of a Person, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise. For the purpose of this definition, a Person shall be deemed to Control another Person if such first Person, directly or indirectly, owns or holds more than 50% of the voting Equity Securities in such other Person. The term “Controlled” has the meaning correlative to the foregoing.

“Control Documents” shall mean, collectively, the agreements made from time to time, which enable the Company to exclusively Control, and consolidate in its financial statements the results of the VIE Entity, entered into between the WFOE on the one hand and the VIE Entity or the shareholders of the VIE Entity on the other hand, in each case, in form and substance to the satisfaction of both Lead Purchasers.

“Director’s Indemnification Agreement” shall mean the indemnification agreement by and between each director appointed to the board of directors of the Company by the Lead Purchasers and the Company in form and substance reasonably satisfactory to both Lead Purchasers.

“Disclosure Schedule” shall mean the disclosure schedule dated the date hereof regarding this Agreement that has been provided by the Company and the Key Holder to the Purchasers.

“Dispute” shall have the meaning set forth in Section 6.2.

“Employment Agreement” shall mean an employment, confidentiality, non-competition, non-solicitation and assignment of inventions agreement by and between a Key Employee and the Company or one of its Subsidiaries in form and substance reasonably satisfactory to the Purchasers.

“Encumbrance” shall mean any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, adverse claims, or other encumbrance, priority or security interest, over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same.

“Equity Interest Transfer Agreement” shall mean an equity interest transfer agreement to be entered into between Bitauto Hong Kong Limited with a Group Company in respect of transfer of all equity interest owned by Bitauto Hong Kong Limited in the Leasing WFOE, in form and substance to the reasonable satisfaction of both Lead Purchasers.

“Equity Securities” means, with respect to any Person, such Person’s capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests (including, without limitation, in the case of the Company, Ordinary Shares and Subject Shares) or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests (whether or not such derivative securities are issued by such Person).

“ESOP” shall mean the employee equity incentive plan in form and substance reasonably satisfactory to the Purchasers.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“Financial Leasing Business” shall have the meaning set forth in the Recitals.

“FINRA” shall have the meaning set forth in Section 3.3(f)(vii).

On a “fully diluted basis” shall mean, for the purpose of calculating share numbers, that the calculation is to be made assuming that all outstanding options, warrants and other securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, and, in case of calculating the numbers of the Shares, giving effect to both Closings, the Ordinary Shares reserved for issuance under the ESOP and all issuances of Equity Securities in connection with the Restructuring.

“Fundamental Representations” shall mean the representations and warranties made by the Key Holder or the Company, as the case may be, to the Purchasers pursuant to Section 3.1(a), Section 3.1(b), Section 3.1(c), Section 3.1(f), Section 3.1(h), Section 3.2(a), Section 3.2(b), Section 3.2(c), Section 3.2(d), Section 3.2(e), Section 3.2(f), Section 3.2(g) and Section 3.2(j).

“Governmental Authority” shall mean any government or political subdivision thereof, whether on a federal, central, state, provincial, municipal or local level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof and any governing body of any securities exchange.

“Group” or “Group Companies” means collectively the Company and its Subsidiaries, and a “Group Company” means any of them.

“Hammer Closing” shall have the meaning set forth in Section 2.2(b).

“Hammer Closing Date” shall have the meaning set forth in Section 2.2(b).

“Hammer Purchase Price” shall have the meaning set forth in Section 2.1(b).

“Hammer Purchaser” shall have the meaning set forth in the Preamble.

“Hammer Share Subscription” shall have the meaning set forth in Section 2.1(b).

“Hammer Subscription Shares” shall have the meaning set forth in the Recitals.

“ICP Permit” shall have the meaning set forth in Section 4.8(d).

“IFRS” shall mean International Financial Reporting Standards, as developed and issued by the International Accounting Standards Board (IASB).

“Indebtedness” shall mean as of any time with respect to any Person, without duplication, (a) all Liabilities for borrowed money, whether current or funded, secured or unsecured, all obligations evidenced by bonds, debentures, notes or similar instruments, (b) all Liabilities for the deferred purchase price of property (other than trade payables in the ordinary course outstanding for ninety (90) days or less); (c) all Liabilities in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which liabilities are required to be classified and accounted for under IFRS as capital leases; (d) all Liabilities for the reimbursement of any obligor on any letter of credit, banker’s acceptance or similar credit transaction securing obligations of a type described in clauses (a), (b) or (c) above to the extent of the obligation secured, and all Liabilities as obligor, guarantor, or otherwise, to the extent of the obligation secured; (e) all guarantees of obligations of any other Person with respect to any of the foregoing, and (f) any accrued and unpaid interest on any of the foregoing.

“Indemnified Party” shall have the meaning set forth in Section 5.2.

“Indemnifying Party” shall have the meaning set forth in Section 5.2.

“Indemnity Notice” shall have the meaning set forth in Section 5.4.

“JD Nominee” shall mean 北京甲盛投资管理有限公司, or such other Person designated by the JD Purchaser from time to time.

“JD Purchase Price” shall have the meaning set forth in Section 2.1(b).

“JD Purchaser” shall have the meaning set forth in the Preamble.

“JD Share Subscription” shall have the meaning set forth in Section 2.1(b).

“JD Subscription Shares” shall have the meaning set forth in the Recitals.

“Key Employees” shall mean the Persons specified as such in the Asset List.

“Key Holder” shall have the meaning set forth in the Preamble.

“Key Holder Party” shall mean the Key Holder and its Subsidiaries (including any variable interest entities Controlled by such Subsidiaries and the Leasing WFOE).

“Labor Problems” shall have the meaning set forth in Section 3.1(g)(v)(1).

“Law” or “Laws” shall mean all applicable laws, regulations, rules and Orders of any Governmental Authority, securities exchange or other self-regulating body, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

“Lead Purchasers” shall have the meaning set forth in the Preamble.

“Lead Purchasers Closing” shall have the meaning set forth in Section 2.2(a).

“Lead Purchasers Closing Date” shall have the meaning set forth in Section 2.2(a).

“Leasing WFOE” shall have the meaning set forth in the Recitals.

“Leasing WFOE Equity” shall have the meaning set forth in Section 4.9(c)(ii).

“Leasing WFOE Purchaser” shall have the meaning set forth in Section 4.9(c)(ii).

“Leasing WFOE Purchase Cash” shall have the meaning set forth in Section 2.4(a)(xix).

“Liabilities” shall mean any and all debts, liabilities, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or not asserted, known or unknown, determined, determinable or otherwise, whenever or however arising (including, whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by IFRS or PRC GAAP to be reflected in financial statements or disclosed in the notes thereto.

“Long-Stop Date” shall have the meaning set forth in Section 6.12(a).

“Losses” shall have the meaning set forth in Section 5.2.

“Material Adverse Effect” shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on any of (i) the condition, assets, liabilities, results of operations, or business of the PRC Business, the Leasing WFOE, the Group Companies taken as a whole, except to the extent that any such Material Adverse Effect results from (A) the identity of either Purchaser or its affiliates, (B) changes in IFRS or generally accepted accounting principles that are generally applicable to comparable companies (to the extent not materially disproportionately affecting the Company or its Subsidiaries), (C) changes in general economic and market conditions (to the extent not materially disproportionately affecting the PRC Business, the Company or its Subsidiaries), (D) acts of war, sabotage or terrorism or natural disaster involving any jurisdiction in which the Company and its Subsidiaries operate, (E) any action taken by the Key Holder, the Company, or the Group Companies that is required or expressly contemplated to be taken pursuant to the Transaction Documents, or (F) any action taken (or omitted to be taken) at the request of a Purchaser or its Affiliates; or (ii) the ability of the Company, the Key Holder or their respective Affiliates to consummate the Contemplated Transactions.

“Net Working Capital” shall mean current assets minus current liabilities minus US\$30,000,000, as determined in accordance with the IFRS.

“Non-assignable Asset” shall have the meaning set forth in Section 4.19(a).

“Non-assignable Contract” means any Contract identified as such in the Asset List.

“Online Financial Services Business” shall have the meaning set forth in the Recitals.

“Order” shall mean any order, ruling, decision, verdict, decree, writ, subpoena, mandate, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“Ordinary Shares” shall mean the ordinary shares of par value of US\$0.001 each in the capital of the Company.

“Party” shall have the meaning set forth in the Preamble.

“Person” shall mean any natural person, firm, partnership, association, corporation, company, trust, public body or government or other entity of any kind or nature.

“PRC” shall mean the People’s Republic of China, but for the purposes of this Agreement, excluding Hong Kong, Macau and Taiwan.

“PRC Business” shall have the meaning set forth in the Recitals.

“PRC GAAP” means the Generally Accepted Accounting Principles of the PRC.

“Pro Forma Balance Sheet” shall have the meaning set forth in Section 2.4(a)(vi).

“Purchase Price” shall have the meaning set forth in Section 2.1(c).

“Purchasers” shall have the meaning set forth in the Preamble.

“Registered Trademark Applications” shall have the meaning set forth in Section 3.1(g)(vi)(1).

“Relative” of a natural person means any spouse, parent, child, or sibling of such person.

“Restructuring” shall have the meaning set forth in the Recitals.

“Restructuring Completion Balance Sheet” shall have the meaning set forth in Section 4.6(c).

“Restructuring Completion Date” shall have the meaning set forth in Section 4.9(c).

“Restructuring Documents” shall have the meaning set forth in Section 4.8(a).

“SAFE” means the State Administration of Foreign Exchange of the PRC and its local branches.

“SAFE Rules and Regulations” means the SAFE Circular of State Administration of Foreign Exchange on Foreign Exchange Administration of Offshore Investment, Financing and Return Investment by Domestic Residents Utilizing Special Purpose Vehicles (《国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》(汇发[2014]37号)), issued by SAFE on July 4, 2014 with effect from the same date, and any other related guidelines, implementing rules, reporting and registration requirements issued by SAFE.

“Sarbanes-Oxley Act” shall mean the Sarbanes-Oxley Act of 2002.

“SEC” shall mean the Securities and Exchange Commission of the United States of America or any other federal agency at the time administering the Securities Act.

“Securities Act” shall mean the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time.

“Securities Laws” shall mean the Securities Act, the Exchange Act, the listing rules of, or any listing agreement with, the applicable stock exchange and any other applicable law regulating securities or takeover matters.

“Share Pledge” shall mean the share pledge agreement between the WFOE, the VIE Entity and its shareholders as one of the Control Documents, as amended from time to time.

“Share Subscription” shall have the meaning set forth in Section 2.1(c).

“Shareholders Agreement” shall mean the Shareholders Agreement to be entered into by and among the Key Holder, the Purchasers and the Company, in the form attached hereto as Exhibit C, which may be updated upon agreement by the Parties to reflect the status of the Contemplated Transactions at Closing.

“Subject Shares” shall mean the Series A Preferred Shares of the Company, par value US\$0.001 per share.

“Subscription Shares” shall have the meaning set forth in the Recitals.

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership, limited liability company, or other organization, whether incorporated or unincorporated, which is Controlled by such Person. For the avoidance of the doubt, a “variable interest entity” Controlled by a Person shall be deemed a Subsidiary of such Person.

“Tencent Nominee” shall mean 深圳市騰訊產業投資基金有限公司, a company incorporated in the PRC, or such other Person designated by Tencent from time to time.

“Tencent Purchase Price” shall have the meaning set forth in Section 2.1(a).

“Tencent Purchaser” shall have the meaning set forth in the Preamble.

“Tencent Share Subscription” shall have the meaning set forth in Section 2.1(a).

“Tencent Subscription Shares” shall have the meaning set forth in the Recitals.

“Third Party Claim” shall have the meaning set forth in Section 5.3(a).

“Total Consideration” shall mean, collectively, all consideration that the Group is required to pay to the Key Holder or its Subsidiaries to acquire the PRC Business, if any.

“Transaction Documents” shall mean, collectively, this Agreement, the Articles, the Contribution Agreement, the Restructuring Documents, the Director’s Indemnification Agreement, the Shareholders Agreement, the Control Documents and any other agreements, documents or certificates delivered pursuant hereto or thereto.

“Transferred Contracts” shall mean the business Contracts set out in the Asset List (prior to the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)) or the Updated Asset List (on and after the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)).

“Transferred Employees” shall mean the employees set out in the Asset List (prior to the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)) or the Updated Asset List (on and after the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)).

“Transferred IP” shall mean the intellectual property rights set out in the Asset List (prior to the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)) or the Updated Asset List (on and after the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)).

“Transferred Leases” shall mean the leases set out in the Asset List (prior to the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)) or the Updated Asset List (on and after the date on which the Updated Asset List is provided, and to the extent applicable, approved by the Lead Purchasers pursuant to Section 4.5(b)).

“Updated Asset List” shall have the meaning set forth in Section 4.5(b).

“VIE Entity” shall mean the PRC domestic limited liability company owned by Bin Li and certain other shareholders to operate the Online Financial Services Business.

“WFOE” shall mean a wholly foreign-owned entity (or two wholly foreign-owned entities if agreed by the Company and both Lead Purchasers) to be established in Shanghai (or such other place as agreed by the Company and both Lead Purchasers) directly or indirectly by the Company, with a business scope enabling the WFOE (subject to any other incenses or permits required by law) to operate automobile online financial service platform and related commercial and/or technical services or such other business as agreed by the Company and both Lead Purchasers.

Section 1.2 Other Definitional Provisions. Unless the express context otherwise requires:

(a) the words “hereof,” “hereby,” “hereto,” “herein,” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(b) the terms defined in the singular have a comparable meaning when used in the plural, and vice versa;

(c) any references herein to “Dollars” and “\$” and “US\$” are to United States Dollars and any references herein to RMB are to PRC Renminbi;

(d) any references herein to a specific Section, Schedule or Exhibit or to the Recitals or Preamble shall refer, respectively, to Sections, Schedules, Exhibits, Recitals or Preamble of this Agreement, unless otherwise specified;

(e) wherever the word “include,” “includes” or “including” is used in this Agreement, it shall be deemed to be followed by the words “without limitation;”

(f) references herein to any gender shall include each other gender as the context requires;

(g) the word “or” shall not be exclusive;

(h) references to “written” or “in writing” include in electronic form;

(i) the Parties have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption of burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any provision in this Agreement;

(j) reference to any Person includes such Person’s successors and permitted assigns;

(k) any reference to “days” shall mean calendar days unless Business Days are expressly specified;

(l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day;

(m) any reference to any Law shall be deemed (i) to refer to the applicable Law in effect as of the date hereof without giving effect to the Contemplated Transactions (unless the applicable Law addressed matters as of an earlier date, in which case, applicable Law shall be deemed to mean the applicable Law in effect as of the date thereof) and (ii) also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise; and

(n) any reference in this Agreement to any agreement or instrument (other than the Disclosure Schedule) is a reference to that agreement or instrument as amended or novated or supplemented.

ARTICLE II PURCHASE AND SALE

Section 2.1 Issuance of the Subscription Shares.

(a) Upon the terms and subject to the conditions of this Agreement, at the Lead Purchasers Closing (as defined below), the Tencent Purchaser hereby agrees to purchase, and the Company hereby agrees to issue and deliver to the Tencent Purchaser, the Tencent Subscription Shares for an aggregate purchase price (the "Tencent Purchase Price") equal to \$150,000,000 minus the US\$ equivalent of RMB13,300,000 (being the newly increased registered capital to be contributed by Tencent Nominee to the VIE Entity pursuant to Section 4.7(b)), free and clear of all Encumbrances (except for restrictions on transfer pursuant to applicable Securities Laws, the Shareholders Agreement or the Articles) (the "Tencent Share Subscription").

(b) Upon the terms and subject to the conditions of this Agreement, at the Lead Purchasers Closing, the JD Purchaser hereby agrees to purchase, and the Company hereby agrees to issue and deliver to the JD Purchaser, the JD Subscription Shares for an aggregate purchase price (the "JD Purchase Price") equal to \$100,000,000 minus the US\$ equivalent of RMB8,850,000 (being the newly increased registered capital to be contributed by JD Nominee to the VIE Entity pursuant to Section 4.7(b)), free and clear of all Encumbrances (except for restrictions on transfer pursuant to applicable Securities Laws, the Shareholders Agreement or the Articles) (the "JD Share Subscription"). The exchange rate to be used in determining the US Dollar equivalent of the Renminbi amounts described in Section 2.1(a), this Section 2.1(b) and Section 2.4(a)(xviii) shall be the middle rate published by the People's Bank of China for the exchange of Renminbi into US Dollars at the close of business in the PRC on the date that is ten (10) days prior to the Closing Date or any other date agreed by the Parties.

(c) Upon the terms and subject to the conditions of this Agreement, at the Hammer Closing (as defined below), the Hammer Purchaser hereby agrees to purchase, and the Company hereby agrees to issue and deliver to the Hammer Purchaser, the Hammer Subscription Shares for an aggregate purchase price of \$10,000,000 (the "Hammer Purchase Price" and the Hammer Purchase Price or Tencent Purchase Price or JD Purchase Price, as applicable, the "Purchase Price"), free and clear of all Encumbrances (except for restrictions on transfer pursuant to applicable Securities Laws, the Shareholders Agreement or the Articles) (the "Hammer Share Subscription" and, together with the Tencent Share Subscription and the JD Share Subscription, the "Share Subscription").

(d) The obligations of the Purchasers hereunder shall in all matters be several and not joint. None of the Purchasers shall have any liability whatsoever for the obligations of the other Purchasers hereunder.

Section 2.2 Closing.

(a) The closing of the Tencent Share Subscription and the JD Share Subscription (the "Lead Purchasers Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom, 42/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong or at such other location as may be agreed upon by the Lead Purchasers and the Key Holder on the third Business Day following the satisfaction or waiver of the conditions set forth in Section 2.4(a) (other than those conditions that by their terms are to be satisfied at the Lead Purchasers Closing, but subject to the satisfaction or waiver of such conditions), or at such other time and place specified herein or as the Lead Purchasers and the Key Holder may agree in writing. The "Lead Purchasers Closing Date" shall be the date upon which the Lead Purchasers Closing occurs.

(b) The closing of the Hammer Share Subscription (the "Hammer Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom, 42/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong or at such other location as may be agreed upon by the Hammer Purchaser and the Key Holder on the first Business Day following the satisfaction or waiver of the conditions set forth in Section 2.4(b) (other than those conditions that by their terms are to be satisfied at the Hammer Closing, but subject to the satisfaction or waiver of such conditions), or at such other time and place as the Parties may agree in writing. The "Hammer Closing Date" shall be the date upon which the Hammer Closing occurs.

Section 2.3 Payment and Delivery.

(a) Payment. At the Closing, the applicable Purchaser shall pay and deliver, or cause to be paid and delivered, the applicable Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method as the Parties may mutually agree, of immediately available funds to such bank account designated in writing by the Company to the applicable Purchaser at least seven (7) Business Days prior to the applicable Closing, and the Company shall deliver a duly executed share certificate for the applicable Subscription Shares in original form, a certified true copy of the register of members of the Company showing the applicable Purchaser as the legal and beneficial holder of the relevant Subscription Shares and, in the case of the Lead Purchasers Closing, a certified true copy of the register of directors of the Company showing each director nominated by the Lead Purchasers at the Lead Purchasers Closing Date as a director of the board of directors of the Company.

(b) Restrictive Legend. The certificate representing the Subscription Shares shall be endorsed with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE APPLICABLE SHAREHOLDERS' AGREEMENT, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON REQUEST TO THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE.

Section 2.4 Conditions.

(a) Conditions to the Lead Purchasers' Obligations to Effect the Closing. The obligation of each Lead Purchaser to purchase and pay for its respective Subscription Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by both Lead Purchasers in their sole discretion:

(i) The Fundamental Representations shall have been true and correct on the date of this Agreement (and if any Fundamental Representation expressly speaks of another date, then also for such other specified date) and true and correct in all respects on and as of the Closing Date and all other representations and warranties of the Key Holder contained in Section 3.1 and all other representations and warranties of the Company contained in Section 3.2 shall have been true and correct on the date of this Agreement and true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of the Closing Date (except for representations and warranties that expressly speak as of an earlier date, in which case as of such specified date); and the Key Holder and the Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any, agreements, covenants, conditions and obligations contained in this Agreement and the other Transaction Documents that are required to be performed or complied with on or before the Closing Date.

(ii) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions; and no action, suit, proceeding or investigation shall have been instituted or threatened by a Governmental Authority of competent jurisdiction or any third party that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions.

(iii) The Key Holder and the Company shall have obtained any and all Authorizations necessary for the consummation by the Key Holder and the Company of the issuance of the Subscription Shares, and the entry by the Key Holder and the Company into any Transaction Document to which it is a party, such Authorizations to include the consent of AutoTrader Group, Inc. pursuant to that certain Shareholder Agreement, dated November 1, 2012, by and among the Key Holder, AutoTrader Group, Inc. and the management vehicles party thereto, if necessary, on or prior to the Closing Date, all of which shall be in full force and effect.

(iv) The Key Holder and the Company shall have delivered to each Lead Purchaser a certificate, dated the Closing Date and signed by an authorized signatory of the Key Holder, certifying that the conditions set forth in Section 2.4(a)(i) to Section 2.4(a)(iii) have been satisfied.

(v) Each of the parties to the Contribution Agreement and each other Restructuring Document shall have entered into the Contribution Agreement and each other Restructuring Document (on terms consistent with Exhibit B) and otherwise in form and substance reasonably acceptable to both Lead Purchasers, and the Contribution Agreement and each other Restructuring Document (subject to any Authorizations to be obtained under the Contribution Agreement and each other Restructuring Agreement) shall remain in full force and effect.

(vi) A pro forma consolidated balance sheet of the Group Companies (the "Pro Forma Balance Sheet") as of the Closing Date, giving effect to the completion of the Restructuring, shall have been delivered to each Lead Purchaser in accordance with Section 4.6, and the Net Working Capital, as reflected in the Pro Forma Balance Sheet, shall be a positive number and the non-current liabilities of the Group Company, as reflected in the Pro Forma Balance Sheet, shall be zero.

(vii) The Updated Asset List shall have been provided to each Lead Purchaser and, to the extent applicable, shall have been agreed by both Lead Purchasers pursuant to Section 4.5(b).

(viii) The VIE Entity and the WFOE shall have been duly established with their respective Business License having been issued and the initial shareholder of the VIE Entity and his ownership interest in the VIE Entity being: Bin Li (100%).

(ix) The VIE Entity, Bin Li, and the WFOE shall have entered into the Control Documents.

(x) The Company shall have provided each Lead Purchaser with true and correct copies of the constitutional documents of each Group Company (other than the Company and the Leasing WFOE).

(xi) The ESOP shall have been adopted by the Company.

(xii) The Company, the Hammer Purchaser, the Key Holder and all other parties to the Shareholder Agreement other than such Lead Purchaser shall have entered into the Shareholders Agreement and the Shareholders Agreement shall, subject to occurrence of the Closing, remain in full force and effect.

(xiii) The Key Holder and the Company shall have delivered the Director's Indemnification Agreement for each of the directors nominated by the Lead Purchasers, duly executed and in full force and effect.

(xiv) The Key Holder and the Company shall have delivered to each Lead Purchaser opinions of the Company's outside legal counsel for Cayman Islands and the PRC, dated as of the Closing Date, relating to the Contemplated Transactions, and including those items set forth on Exhibit D.

(xv) The Articles shall have been duly adopted by the Company and shall remain in full force and effect.

(xvi) (x) A director nominated by the Tencent Purchaser shall have been appointed to the board of directors of the Company, and (y) a director nominated by the JD Purchaser shall have been appointed to the board of directors of the Company.

(xvii) The Key Holder and the Company shall have delivered to each Lead Purchaser duly executed board resolutions of the Company approving immediately upon payment of the applicable Purchase Price (a) the issue of the applicable Subscription Shares to each Purchaser, free and clear of all Encumbrances (except for restrictions on transfer pursuant to applicable Securities Laws, the Shareholders Agreement or the Articles) and (b) the register of members of the Company to be written up to record each Purchaser as the legal owner of the applicable Subscription Shares fully paid and non-assessable and (c) the issue of a certificate in the name of the applicable Purchaser in respect of the applicable Subscription Shares and (d) the appointment of directors nominated by the Tencent Purchaser and the JD Purchaser respectively.

(xviii) The Key Holder shall have contributed US\$100,000,000 minus the US\$ equivalent of RMB27,850,000 (being the registered capital to be contributed by Li Bin to the VIE Entity) in cash to the Company, and the Company shall have issued 8,872,428 Subject Shares to Bitauto Hong Kong Limited.

(xix) (A) the Key Holder shall have contributed an amount in cash equal to US\$30,000,000 into the Company (the "Leasing WFOE Purchase Cash") and (B) the Company shall have issued 2,661,728 Subject Shares to the Bitauto Hong Kong Limited.

(xx) The Tencent Share Subscription and the JD Share Subscription shall be completed simultaneously at the Lead Purchasers Closing.

(b) Conditions to the Hammer Purchaser's Obligations to Effect the Closing. The obligation of the Hammer Purchaser to purchase and pay for the Hammer Subscription Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Hammer Closing Date, of the following conditions, any of which may be waived in writing by the Hammer Purchaser in its sole discretion:

(i) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions; and no action, suit, proceeding or investigation shall have been instituted or threatened by a Governmental Authority of competent jurisdiction or any third party that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions.

(ii) The Lead Purchasers Closing shall have been completed.

(c) Conditions to the Key Holder's and the Company's Obligations to Effect the Closing. The obligation of the Company to issue the Subscription Shares to each Purchaser as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Key Holder or the Company, as applicable, in its sole discretion:

(i) The representations and warranties of such Purchaser contained in Section 3.3 shall have been true and correct on the date of this Agreement and true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, true and correct in all respects) on and as of the Closing Date; and such Purchaser shall have performed and complied in all material respects with all, and not be in breach or default in any material respect under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the applicable Closing Date.

(ii) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions; and no action, suit, proceeding or investigation shall have been instituted or threatened by a Governmental Authority of competent jurisdiction or any third party that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of Contemplated Transactions, or imposes any damages or penalties in connection with the Contemplated Transactions.

(iii) Such Purchaser shall have obtained any and all Authorizations necessary for the consummation by such Purchaser of the purchase of the Subscription Shares on or prior to the Closing Date, all of which shall be in full force and effect.

(iv) Such Purchaser shall have entered into the Shareholders Agreement and the Shareholders Agreement shall, subject to occurrence of the Closing, remain in full force and effect.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Key Holder. Subject to Section 6.1, except as set forth in the Disclosure Schedule, the Key Holder hereby represents, warrants and undertakes to each Purchaser that, as of the date hereof and as of the Closing Date, in each case, the following representations and warranties are true and correct:

(a) Due Formation. The Key Holder is duly formed, validly existing and in good standing in the jurisdiction of its organization and has all requisite power and authority to carry on its business as it is currently being conducted. The Leasing WFOE is duly formed, validly existing and in good standing in the jurisdiction of its organization.

(b) Authority. Each of the Key Holder and the Leasing WFOE has full power and authority to enter into, execute and deliver this Agreement, each Transaction Document to which it is or shall be made a party and each other agreement, certificate, document and instrument to be executed and delivered by the Key Holder or the Leasing WFOE (as the case may be) pursuant to this Agreement or any Transaction Document and to perform its obligations hereunder and thereunder. The execution and delivery by the Key Holder or the Leasing WFOE of this Agreement and each Transaction Document to which it is or shall be made a party and the performance by the Key Holder or the Leasing WFOE of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part. Except as set forth in the Transaction Documents, no vote or other approval of the stockholders of the Key Holder shall be required for the consummation by the Key Holder of the Contemplated Transactions.

(c) Valid Agreement. This Agreement has been, and each Transaction Document to which the Key Holder or the Leasing WFOE is a party has been or will be, duly executed and delivered by the Key Holder or the Leasing WFOE (as the case may be) and constitutes (or, when executed and delivered in accordance herewith will constitute), the legal, valid and binding obligations of the Key Holder or the relevant Group Company or the Leasing WFOE, enforceable against it in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) any Authorizations to be obtained under the Contribution Agreement or each other Restructuring Documents to which the Key Holder or the Leasing WFOE is a party or shall be a party.

(d) Non-contravention; Litigation. None of the execution and the delivery of this Agreement and the Transaction Documents to which the Key Holder or the Leasing WFOE is a party or shall be made a party, nor the consummation of the Contemplated Transactions, will (i) violate any provision of the organizational documents of the Key Holder or the Leasing WFOE or violate any Law or Order of any Governmental Authority to which the Key Holder or the Leasing WFOE is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an Encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Key Holder or the Leasing WFOE is a party or by which the Key Holder or the Leasing WFOE is bound or to which any of the Key Holder's or the Leasing WFOE's assets are subject, except for such violations, conflicts, breaches, or defaults which would not have a Material Adverse Effect. There is no action, suit or proceeding, pending or, to the best knowledge of the Key Holder, threatened in writing against the Key Holder or the Leasing WFOE that questions the validity of this Agreement or the right of the Key Holder or the Leasing WFOE to enter into this Agreement or to consummate the Contemplated Transactions, except for such actions, suits or proceedings which would not have a Material Adverse Effect.

(e) Consents and Approvals. Assuming the accuracy of the representations made by the Purchasers in Section 3.3 of this Agreement, none of the execution and delivery by the Key Holder or the Leasing WFOE of this Agreement or any Transaction Document, nor the consummation of any of the Contemplated Transactions, nor the performance by the Key Holder or the Leasing WFOE of this Agreement or any Transaction Document in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any Governmental Authority or any third party (each, an "Authorization"), except such (i) as have been or will have been obtained, made or given on or prior to the Closing Date, (ii) as set forth in the Transaction Documents, or (iii) solely with respect to the Contribution Agreement and the Restructuring Documents, as would not have a Material Adverse Effect.

(f) Brokers. The Key Holder has not dealt with any broker, finder, commission agent, placement agent or arranger in connection with the issuance of the Subscription Shares, and none of the Group Companies nor the Leasing WFOE is under any obligation to pay any broker's fee or commission in connection with the issuance of the Subscription Shares or the Contemplated Transactions, except for Hammer Capital Management Limited and an obligation to pay a success fee to Hammer Capital Management Limited.

(g) PRC Business.

(i) Ordinary Course. The PRC Business has been carried on in the ordinary course and so as to maintain the same as a going concern. There is no existing fact or circumstance that may have a Material Adverse Effect on the PRC Business for it to be conducted as currently conducted.

(ii) Leasing WFOE. The registered capital of the Leasing WFOE in the amount of US\$30,000,000 has been fully paid up and is free and clear of any Encumbrance. As of the Closing Date, the Leasing WFOE will not have any liabilities except as reflected in the Pro Forma Balance Sheet and will have US\$30,000,000 in cash in its foreign exchange capital account. The Leasing WFOE has all of the licenses and permits necessary to permit the Leasing WFOE to lawfully conduct and operate the Financial Leasing Business and to permit the Leasing WFOE to own and use its assets in the manner it currently owns and uses its assets.

(iii) Transferred Contracts. Each Transferred Contract has been duly executed and is valid and binding on the parties thereto with full force and effect. No Transferred Contract will be terminated or adversely affected as a result of or relating to the Contemplated Transaction. None of the Key Holder Parties is in breach of or has best knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any Transferred Contract, nor has any such party received notice of any intention to terminate any such agreement or repudiate or disclaim any other transaction.

(iv) Real Property. Each Transferred Lease is in full force and effect, unimpaired by any acts or omissions of the relevant Key Holder Party, and constitutes the legal, valid and binding obligation of such Key Holder Party, enforceable against such Key Holder Party in accordance with its terms and, to the best knowledge of the relevant Key Holder, against any other party thereto. All rent and other sums and charges payable by the relevant Key Holder Party as tenant thereunder are current, no notice of default or termination under any Transferred Lease is outstanding, no termination event or condition or uncured default on the part of the relevant Key Holder Party or, to the best knowledge of the Key Holder, the landlord, exists under any Transferred Lease, and no event has occurred and no condition exists which, with the giving of notice, the lapse of time, or both, would constitute such a default or termination event or condition. The relevant Key Holder Parties own such leasehold interests free and clear of all Encumbrances, subject to the terms and conditions of the Transferred Leases and applicable Laws.

(v) Transferred Employees

(1) As of the date hereof and as of the Closing, no Key Holder Party is a party to any collective bargaining agreement. There are no existing or, to the best knowledge of the Key Holder, threatened, labor strikes, disputes, grievances, arbitrations, union organizing efforts, picketing, handbilling, organized work stoppages, organized work slowdowns or other labor trouble or disputes involving any Transferred Employees (collectively, "Labor Problems").

(2) As of the date hereof and as of the Closing, except as expressly contemplated under the Transaction Documents or existing employment contracts with the Transferred Employees, no Key Holder Party has any obligation or liability whatsoever in respect of the employment of any Transferred Employee for any period prior to the Closing, including under any employee incentive plan, as a result of its execution of this Agreement or as a result of the completion of any of the Contemplated Transactions.

(vi) Intellectual Property Rights. As of the Closing Date:

(1) Each relevant Key Holder Party owns all rights (including but not limited to the rights of development, maintenance, licensing and sale), title and interest in and to, free and clear of all Encumbrances, or otherwise has all necessary and valid rights to use, all the Transferred IP other than the registered trademark applications listed in the Asset List (the "Registered Trademark Applications"), and no item of such Transferred IP is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Transferred IP other than the Registered Trademark Applications is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. Each relevant Key Holder Party has applied for the Registered Trademark Applications. None of the Key Holder Parties is aware of any notice, claim or assertion that any item of Transferred IP is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto.

(2) All Transferred IP are owned by and registered or applied for solely in the name of the relevant Key Holder Parties, is valid and subsisting and have not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Key Holder Party or, to the best knowledge of the Key Holder Parties, any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any Transferred IP to be invalid, unenforceable or not subsisting. No Transferred IP is the subject of any Encumbrance, license or other contracts granting rights therein to any other Person. Except for the Registered Trademark Applications pending registration, no Transferred IP is subject to any proceeding or outstanding orders from any Governmental Authorities or settlement agreement or stipulation that restricts in any manner the use, transfer or licensing thereof, by any Key Holder Party or affect the validity, use or enforceability of such Transferred IP. No Key Holder Party has (a) transferred or assigned any Transferred IP; (b) authorized the joint ownership of, any Transferred IP; or (c) permitted the rights of any Key Holder Party in any Transferred IP to lapse or enter the public domain.

(vii) Legal Actions and Orders. There are no legal actions in progress, pending or, to the best knowledge of the Key Holder, threatened, against the Leasing WFOE, the PRC Business or the Contributed Assets. None of the Leasing WFOE, the PRC Business and the Contributed Assets are subject to any Orders.

(viii) Compliance with Legal Requirements. Each Key Holder Party has, in connection with the execution and delivery of any Transaction Document to which it is a party and the consummation of the Contemplated Transactions, complied with, and the PRC Business and the Contributed Assets are in material compliance with, all legal requirements, other than as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(ix) Contributed Assets. The Asset List, or, as of the Closing Date, if to the extent applicable both Lead Purchasers agree to the Updated Asset List, the Updated Asset List, includes all of the assets, intellectual property rights, employees and Contracts that are currently used for, and are material to, the operation of the PRC Business as currently operated. The Key Holder Parties have good and valid title to the Contributed Assets, free and clear of any and all Encumbrances, other than as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(x) Pro Forma Balance Sheet. The Pro Forma Balance Sheet has been prepared in accordance with IFRS, and presents fairly, in all material respects, the financial condition of the Leasing WFOE and the PRC Business as of the Closing Date, after giving effect to the completion of the Restructuring.

(h) Contribution Agreement and other Restructuring Documents. The Contribution Agreement and any Restructuring Documents to which any Key Holder Party is a party, upon execution, constitutes the legal, valid and binding obligation of each party thereto, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) any Authorizations to be obtained under the Contribution Agreement and the Restructuring Documents.

(i) Tax Filings: Interested Party Transaction.

(i) The Leasing WFOE and any other Key Holder Party contributing Online Financial Services Business to the Group has timely filed or caused to be filed all tax returns required to be filed by it, all such tax returns are true, correct and complete in all material respects, and the Leasing WFOE and any other Key Holder Party contributing Online Financial Services Business to the Group has paid, or provided adequate reserves, for all deficiencies or other assessments of tax owed by it in respect of the PRC Business. No unassessed tax deficiency has been proposed or threatened against the Leasing WFOE or any other Key Holder Party contributing Online Financial Services Business to the Group.

(ii) Except set forth in the Transaction Documents, none of the direct or indirect shareholders or officers, employees or directors of the Leasing WFOE, or officer, employee or director of the Leasing WFOE's direct or indirect shareholder, or any affiliate of any foregoing party, has any contract, understanding, proposed transaction with, or is indebted to, the Leasing WFOE, nor is the Leasing WFOE indebted (or committed to make loans or extend or guarantee credit) to any of such Persons (other than for accrued salaries, reimbursable expenses or other standard employee benefits).

(j) FCPA Compliance. None of the Leasing WFOE, Key Holder and, to the best knowledge of the Key Holder, any of the Leasing WFOE's or Key Holder's respective directors, administrators, officers, board of directors (supervisory and management) members or employees have made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to (i) any foreign official (as such term is defined in The Foreign Corrupt Practices Act of 1977, as amended) for the purpose of influencing any official act or decision of such official or inducing him or her to use his or her influence to affect any act or decision of a governmental authority, or (ii) any foreign political party or official thereof or candidate for foreign political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority, in the case of both (i) and (ii) above in order to assist the Leasing WFOE to obtain or retain business for, or direct business to the Leasing WFOE, subject to applicable exceptions and affirmative defenses. None of the Leasing WFOE, the Key Holder and, to the best knowledge of the Key Holder, any of the Leasing WFOE's or the Key Holder's respective directors, administrators, officers, board of directors (supervisory and management) members and employees has made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any law, rule or regulation subject to applicable exceptions and affirmative defenses.

(k) Full Disclosure. To the best knowledge of the Key Holder, the Key Holder has disclosed all material documents and information relating to the Contemplated Transactions that is in the possession or control of the Key Holder as at the date hereof.

(l) Compliance with Laws. Neither the Key Holder nor the Leasing WFOE has been in violation of any Law or Order applicable to the Key Holder or the Leasing WFOE (as the case may be) since its establishment, other than as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.2 Representations and Warranties of the Company. Subject to Section 6.1, except as set forth in the Disclosure Schedule, the Company hereby represents, warrants and undertakes to each Purchaser that, as of the date hereof and as of the Closing Date, in each case, the following representations and warranties are true and correct:

(a) Due Formation. Each Group Company is duly formed, validly existing and in good standing in the jurisdiction of its organization. Each Group Company has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. Each Group Company has full power and authority to enter into, execute and deliver each Transaction Document to which it is or shall be made a party and each other agreement, certificate, document and instrument to be executed and delivered by such Group Company pursuant to this Agreement or any Transaction Document and to perform its obligations hereunder and thereunder. The execution and delivery by each Group Company of each Transaction Document to which it is or shall be made a party and the performance by such Group Company of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been, and each Transaction Document to which any Group Company is a party has been or will be, duly executed and delivered by such Group Company and constitutes (or, when executed and delivered in accordance herewith will constitute), the legal, valid and binding obligations of such Group Company, enforceable against it in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) any Authorizations to be obtained under the Contribution Agreement or each other Restructuring Documents or each Control Documents to which the Group Company is a party or shall be a party.

(d) Articles. As of the Closing Date, the Articles shall be in full force and effect and shall not have been superseded or amended.

(e) Capitalization.

(i) Except as set forth in Schedule 3.2(e) to the Disclosure Schedule, there are no authorized or outstanding Equity Securities in the Company. All issued and outstanding Equity Securities are validly issued, fully paid and non-assessable. The capitalization table attached hereto as Schedule 3.2(e) to the Disclosure Schedule truly and accurately describes the shareholding of the Company (1) immediately prior to the Closing and (2) immediately after the Closing.

(ii) All outstanding Equity Securities of the Company and all outstanding Equity Securities of each of the other Group Companies have been issued and granted in compliance with (x) all applicable Securities Laws and other applicable Laws and (y) all requirements set forth in applicable contracts, without violation of the preemptive rights, rights of first refusal or other similar rights.

(iii) The rights of the Subscription Shares are as stated in the Articles.

(f) Due Issuance of the Subscription Shares. The Subscription Shares have been duly authorized and, when issued and delivered to and paid for by the applicable Purchaser pursuant to this Agreement, will be validly issued, fully paid and non-assessable and free and clear of any Encumbrance, except for restrictions arising under the Securities Act or created by virtue of this Agreement or other Transaction Documents and upon delivery and entry into the register of members of the Company, the Subscription Shares will transfer to the applicable Purchaser with good and valid title, free and clear of any Encumbrance, except for restrictions arising under the Securities Act or created by virtue of this Agreement or other Transaction Documents.

(g) Title. Immediately following the Closing, each Purchaser shall acquire good and valid title to the applicable Subscription Shares that are being purchased hereunder, free and clear of any and all Encumbrances (except for restrictions arising under the Securities Act or created by virtue of this Agreement or other Transaction Documents). There are no outstanding options, warrants, rights (preemptive or otherwise), calls, contracts or other binding commitments to which the Company or any of its Affiliates is a party or by which the Company is bound to issue or adjust Equity Securities as a result of the issuance of the Subscription Shares. Except for the Contemplated Transactions, the Company has not assigned, transferred, sold, distributed, pledged or otherwise disposed of or agreed to dispose of all or any portion, or any interest in, any other Equity Securities of the Company. Except for the Transaction Documents, no voting or similar agreements exist in relation to the Equity Securities of any Group Company that are presently outstanding or that may hereafter be issued.

(h) Non-contravention; Litigation. None of the execution and the delivery of this Agreement and the Transaction Documents to which any Group Company is a party or shall be made a party, nor the consummation of the Contemplated Transactions, will (i) violate any provision of the organizational documents of any Group Company or violate any Law or Order of any Governmental Authority to which any Group Company is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an Encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which any Group Company is a party or by which any Group Company is bound or to which any of the Group Companies' assets are subject, except for such violations, conflicts, breaches, or defaults which would not have a Material Adverse Effect. There is no action, suit or proceeding, pending or, to the best knowledge of the Company, threatened in writing against any Group Company that questions the validity of this Agreement or the right of any Group Company to enter into this Agreement or to consummate the Contemplated Transactions, except for such actions, suits or proceedings which would not have a Material Adverse Effect.

(i) Consents and Approvals. None of the execution and delivery by any Group Company of this Agreement or any other Transaction Document, nor the consummation of any of the Contemplated Transactions, nor the performance by any Group Company of this Agreement or any other Transaction Documents in accordance with their respective terms requires any Authorization which is required to be obtained by such Group Company, except such (i) as have been or will have been obtained, made or given on or prior to the Closing Date, (ii) as set forth in the Transaction Documents, or (iii) solely with respect to the Contribution Agreement and the Restructuring Documents, as would not have a Material Adverse Effect.

(j) Brokers. The Company has not dealt with any broker, finder, commission agent, placement agent or arranger in connection with the issuance of the Subscription Shares, and none of the Group Companies is under any obligation to pay any broker's fee or commission in connection with the issuance of the Subscription Shares or the Contemplated Transactions.

(k) Control Documents. As of the Closing Date:

(i) Each party to any Control Document (other than the Tencent Nominee and the JD Nominee) has full power and authority to enter into, execute and deliver such Control Document to which it is a party and each other agreement, certificate, document and instrument to be executed and delivered by the Company pursuant to the Control Documents and to perform its obligations hereunder and thereunder. The execution and delivery by such party of the Control Documents to which it is a party and the performance by such party of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part. The Control Documents to which such party is a party have been or will be, duly executed and delivered by such party and constitutes (or, when executed and delivered in accordance herewith will constitute), its legal, valid and binding obligations, enforceable against it in accordance with their respective terms, except (x) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (y) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (z) any Authorizations to be obtained under the Control Documents.

(ii) No approvals are required to be obtained for the execution and delivery of the Control Documents, the performance by the relevant parties of their obligations, and the transactions contemplated under the Control Documents, other than those approvals that: (v) have already been obtained, (w) remain in full force, (x) are required to register any Share Pledge to secure the VIE Entity's obligations under the Control Documents, (y) are required for transfer of equity interests of the VIE Entity upon exercise by the WFOE of its rights under the relevant exclusive option agreement among the WFOE, the VIE Entity and the shareholders of the VIE Entity, and (z) do not impose any obligation, condition or restriction that would create a material burden on the parties to the Control Documents.

(iii) The execution, delivery and performance by each and all of the relevant parties (other than the Tencent Nominee and the JD Nominee) of their respective obligations under each and all of the Control Documents, and the consummation of the transactions contemplated thereunder, did not and do not (i) result in any violation of their respective articles of association, their respective business licenses or constitutive documents, (ii) result in any violation of any applicable PRC Laws, or (iii) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any agreement, instrument, arbitration award or judgment, order or decree of any court of the PRC having jurisdiction over the relevant parties to the Control Documents, as the case may be, or any agreement with, or instrument to which any of them is expressed to be a party or which is binding on any of them.

(iv) Each Control Document is, and all of the Control Documents taken as a whole are, legal, valid, enforceable and admissible as evidence under PRC Laws, and constitute the legal and binding obligations of the relevant parties.

(v) To the Company's best knowledge, all shareholders of such VIE Entity (other than the Tencent Nominee and the JD Nominee) are acting in good faith and in the best interests of the Company. There have been no disputes, disagreements, claims or any legal proceedings of any nature, raised by any Governmental Authority or any other party, pending or, to the Company's best knowledge, threatened against or affecting any of the Company, the WFOE or any VIE Entity that: (i) challenge the validity or enforceability of any part or all of the Control Documents taken as whole; (ii) challenge the VIE structure or the ownership structure as set forth in the Control Documents; (iii) claim any ownership, share, equity or interest in the WFOE or VIE Entity, or claim any compensation for not being granted any ownership, share, equity or interest in the WFOE or VIE Entity; or (iv) claim any of the Control Documents or the ownership structure thereof or any arrangements or performance of or in accordance with the Control Documents was, is or will violate any PRC Laws.

(l) Tax Filings: Interested Party Transaction.

(i) Each of the Group Companies has timely filed or caused to be filed all tax returns required to be filed by it, all such tax returns are true, correct and complete in all material respects, and each of the Group Companies has paid, or provided adequate reserves, for all deficiencies or other assessments of tax owed by it. No unassessed tax deficiency has been proposed or threatened against any Group Company.

(ii) Except set forth in the Transaction Documents, none of the direct or indirect shareholders or officers, employees or directors of a Group Company, or officer, employee or director of any Group Company's direct or indirect shareholder, or any affiliate of any foregoing party, has any contract, understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of such Persons (other than for accrued salaries, reimbursable expenses or other standard employee benefits).

(m) FCPA Compliance. None of the Group Companies and, to the best knowledge of the Company, any of the Group Companies' respective directors, administrators, officers, board of directors (supervisory and management) members or employees have made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to (i) any foreign official (as such term is defined in The Foreign Corrupt Practices Act of 1977, as amended) for the purpose of influencing any official act or decision of such official or inducing him or her to use his or her influence to affect any act or decision of a governmental authority, or (ii) any foreign political party or official thereof or candidate for foreign political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority, in the case of both (i) and (ii) above in order to assist any Group Company to obtain or retain business for, or direct business to any Group Company, subject to applicable exceptions and affirmative defenses. None of the Group Companies, and to the best knowledge of the Company, any of the Group Companies' respective directors, administrators, officers, board of directors (supervisory and management) members and employees has made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any law, rule or regulation subject to applicable exceptions and affirmative defenses.

(n) Compliance with Laws. The Group Companies have not been in violation of any Law or Order applicable to them since their establishment, other than as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.3 Representations and Warranties of Each Purchaser. Each Purchaser hereby severally and not jointly represents and warrants to the Key Holder and the Company as of the date hereof and as of each Closing Date, as follows:

(a) Due Formation. Such Purchaser is duly formed, validly existing and in good standing in the jurisdiction of its organization and has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. Such Purchaser has full power and authority to enter into, execute and deliver this Agreement, each Transaction Document to which it is or shall be made a party and each other agreement, certificate, document and instrument to be executed and delivered by such Purchaser pursuant to this Agreement or any Transaction Document and to perform its obligations hereunder and thereunder. The execution and delivery by such Purchaser of this Agreement and each Transaction Document to which it is or shall be made a party and the performance by such Purchaser of its obligations hereunder and thereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been, and each Transaction Document to which such Purchaser is a party has been or will be, duly executed and delivered by such Purchaser and constitutes (or, when executed and delivered in accordance herewith will constitute), the legal, valid and binding obligations of such Purchaser, enforceable against it in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Non-contravention; Litigation. None of the execution and the delivery of this Agreement and the Transaction Documents to which such Purchaser is a party or shall be made a party, nor the consummation of the Contemplated Transactions, will (i) violate any provision of the organizational documents of such Purchaser or violate any Law or Order of any Governmental Authority to which such Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an Encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which such Purchaser is a party or by which such Purchaser is bound or to which any of such Purchaser's assets are subject. There is no action, suit or proceeding, pending or threatened against such Purchaser that questions the validity of this Agreement or the right of such Purchaser to enter into this Agreement or to consummate the Contemplated Transactions.

(e) Consents and Approvals. None of the execution and delivery by such Purchaser of this Agreement or any Transaction Document, nor the consummation by such Purchaser of any of the Contemplated Transactions, nor the performance by such Purchaser of this Agreements or any Transaction Document in accordance with its terms requires any Authorization, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(f) Status and Investment Intent.

(i) Experience. Such Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Subscription Shares. Such Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. Such Purchaser is acquiring the Subscription Shares pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. Such Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Subscription Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. Such Purchaser was not identified or contacted through the marketing of the Subscription Shares. Such Purchaser did not contact the Company as a result of any general solicitation or directed selling efforts. The issuance of the Subscription Shares to such Purchaser was not solicited by or through anyone other than the Company.

(iv) Restricted Securities. Such Purchaser acknowledges that the Subscription Shares are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. Such Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Subscription Shares may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (z) pursuant to an exemption from registration under the Securities Act.

(v) Not U.S. Person. Such Purchaser is not a “U.S. person” as defined in Rule 902 of Regulation S.

(vi) Offshore Transaction. Such Purchaser has been advised and acknowledges that in issuing the Subscription Shares to such Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S. Such Purchaser is acquiring the Subscription Shares in offshore transactions in reliance upon the exemption from registration provided by Regulation S.

(vii) FINRA. Such Purchaser does not, directly or indirectly, own more than five percent of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) or a holding company for a FINRA member, and is not otherwise a “restricted person” for the purposes of the Free-Riding and Withholding Interpretation of FINRA.

Section 3.4 Bring-Down to Closing. The Key Holder and the Company shall be permitted to supplement the Disclosure Schedule prior to the Closing Date subject to agreement to the form and substance of such supplemental disclosure by both Lead Purchasers.

ARTICLE IV COVENANTS

Section 4.1 Conduct of Business of the Company. From the date hereof until the Closing Date, except as expressly contemplated by this Agreement or any other Transaction Documents or with the prior written consent of both Lead Purchasers (which consent shall not be unreasonably withheld or delayed), the Company shall cause the Group Companies not to:

- (a) amend its organizational documents (whether by merger, consolidation or otherwise);
- (b) split, combine or reclassify any Equity Security of any Group Company (whether by merger, consolidation or otherwise);
- (c) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of the Equity Securities of any Group Company (whether by merger, consolidation or otherwise);
- (d) redeem, repurchase or otherwise acquire any Equity Securities of the any Group Company (whether by merger, consolidation or otherwise);
- (e) issue, deliver or sell any Equity Securities of any Group Company (whether by merger, consolidation or otherwise), other than the issuance of any Equity Securities of any wholly owned Subsidiary of the Company to the Company or any other wholly owned Subsidiary of the Company;

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- (f) amend any term of any Equity Securities of any Group Company (whether by merger, consolidation or otherwise);
 - (g) acquire (by merger, consolidation or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than in the ordinary course of business consistent with past practice;
 - (h) sell, lease or otherwise transfer, or create or incur any Encumbrance on, any assets, securities, properties or interests of any Group Company, other than in the ordinary course of business consistent with past practice;
 - (i) make any loans, advances or capital contributions to, or investments in, any other Person;
 - (j) create, incur, assume, suffer to exist or otherwise be liable with respect to any Indebtedness, other than in the ordinary course of business consistent with past practice;
 - (k) hire any employee or consultant or adopt, establish, enter into, amend or terminate or increase the benefits under any employee benefit, plan, practice, program, policy or Contract;
 - (l) initiate or settle any Action involving or against the any Group Company; or
 - (m) agree, commit or offer to do any of the foregoing.

Section 4.2 Operation of the PRC Business. From the date hereof until the Restructuring Completion Date, the Key Holder shall ensure that the PRC Business is carried out in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its relationships with customers, suppliers and others having business dealings relating to the PRC Business. The Key Holder shall, and shall cause its relevant Subsidiary to, use commercially reasonable best efforts to negotiate and renew business contracts in the PRC Business which have expired on or prior to the date hereof.

Section 4.3 Negative Covenants. Except as expressly contemplated by this Agreement or any other Transaction Documents or with the prior written consent of both Lead Purchasers (which consent shall not be unreasonably withheld or delayed), the Key Holder shall ensure no Key Holder Party shall do any of the following:

- (a) Compensation, other than in the ordinary course of business consistent with past practice, (i) increase annual recurring compensation or fringe benefits payable to any Person employed in connection with the PRC Business; (ii) pay or grant any severance, termination or change-of-control benefit; or (iii) adopt or amend any employee incentive plan;
- (b) Contracts. (i) terminate any Transferred Contract; (ii) modify or amend any Transferred Contract or otherwise assume any additional liability or obligations pursuant to such Transferred Contract save on terms that would not be materially adverse to the interests of the Key Holder Parties and for modifications, amendments or liabilities that are made or incurred in the ordinary course of business, provided that if such amendment, modification or incurrence of liability will increase the net Liabilities for the Asset List (except for any net Liability increase in connection with existing assets on the Asset List), the consent from both Lead Purchasers shall be required in advance;

(c) Disposition of Contributed Assets. sell, convey, assign, lease or otherwise transfer or dispose of any of the Contributed Assets, other than in the ordinary course of business consistent with past practice;

(d) Encumbrances. create, assume or permit to exist any Encumbrance upon any of the Contributed Assets, the Equity Securities of the Leasing WFOE or any assets owned by the Leasing WFOE, other than in the ordinary course of business consistent with past practice;

(e) Licenses. do any act or fail to do any act which could result in the termination, expiration, revocation, suspension, nonrenewal or adverse modification of any licenses or permits held by the Leasing WFOE;

(f) Waivers. waive any material right relating to the Leasing WFOE, the PRC Business or the Contributed Assets;

(g) Leasing WFOE. take any of the following actions in connection with the Leasing WFOE:

(i) amend the Articles of Association of the Leasing WFOE (whether by merger, consolidation or otherwise);

(ii) reduce, increase or otherwise change the registered capital of the Leasing WFOE (whether by merger, consolidation or otherwise);

(iii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of the registered capital of the Leasing WFOE (whether by merger, consolidation or otherwise);

(iv) transfer any Equity Securities of the Leasing WFOE (whether by merger, consolidation or otherwise), other than pursuant to the Leasing WFOE Transfer;

(v) incur any capital expenditures or any liabilities in respect of the Leasing WFOE;

(vi) acquire, sell, lease, license, transfer, pledge, encumber, grant or dispose of (by merger, consolidation or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than in the ordinary course of business consistent with past practice;

(vii) acquire, sell, lease, license, transfer, pledge, encumber, grant or dispose of (whether by merger, consolidation, purchase, sale or otherwise) any intellectual property of the Leasing WFOE, or enter into any contract, or take any action, with respect to any intellectual property of the PRC Business outside the ordinary course of business consistent with past practice, or do any act or knowingly omit to do any act whereby any intellectual property of the PRC Business may become invalidated, abandoned, unmaintained, unenforceable or dedicated to the public domain;

(viii) make any loans, advances or capital contributions to, or investments in, any other Person;

(ix) create, incur, assume, suffer to exist or otherwise be liable with respect to any Indebtedness, other than in the ordinary course of business consistent with past practice;

(x) adopt, establish, enter into, amend or terminate or increase the benefits under any employee incentive plan;

(xi) other than in the ordinary course of business consistent with past practice, increase the compensation or benefits of any current or former director, officer, employee or consultant of the Leasing WFOE;

(xii) other than in the ordinary course of business consistent with past practice, grant or increase any severance, retention, change-of-control or similar payments to any current or former director, officer, employee or consultant of the Leasing WFOE;

(xiii) enter into, amending or terminating any contract other than in connection with the Restructuring, other than in the ordinary course of business consistent with past practice and not in a manner adverse to the Key Holder Parties;

(xiv) change any methods of accounting;

(xv) initiate or settle any Action involving or against the Leasing WFOE; or

(h) No Agreement. agree to do any of the foregoing.

Section 4.4 Affirmative Covenants. The Key Holder shall, and shall ensure that the Key Holder Parties shall, do the following:

(a) Access to Information. allow the Company, each Lead Purchaser and their respective representatives reasonable access to the PRC Business and Contributed Assets for the purpose of audit and inspection, and make available or cause to be made available to the Company, each Lead Purchaser and their respective authorized representatives all information with respect to the PRC Business and Contributed Assets as the Company, such Lead Purchaser or such authorized representative may reasonably request. The Key Holder shall also provide the Lead Purchasers with a reasonable opportunity to discuss the Pro Forma Balance Sheet;

(b) Maintenance of Assets. maintain all of the Contributed Assets and all buildings or other improvements located on any leased real property in good condition (ordinary wear and tear excepted), and use all of the Contributed Assets and all buildings or other improvements located on any leased real property in a reasonable manner;

(c) Insurance. maintain existing insurance coverage with respect to the PRC Business and the Contributed Assets consistent with past practice;

(d) Books and Records. maintain the books and records of the PRC Business in the ordinary course;

(e) Notification. promptly notify the Company and each Lead Purchaser of (i) any material change in the Key Holder's representations and warranties or of any material failure to perform any covenant or agreement of the Key Holder or the Leasing WFOE contained in this Agreement or any of the other Transaction Documents, or (ii) any material breach of any representation, warranty, covenant or agreement of the Key Holder or the Leasing WFOE contained in this Agreement or any of the other Transaction Documents;

(f) Compliance with Legal Requirements. comply in all material respects with all legal requirements applicable to the Leasing WFOE, the PRC Business and the Contributed Assets;

(g) Goodwill. use its commercially reasonable best efforts to preserve for the Company the goodwill of the Key Holder Parties' suppliers, customers, landlords and others having business relations with the Key Holder Parties in relation to the PRC Business;

(h) Maintenance of Intellectual Property. use its commercially reasonable best efforts (i) to maintain all of the intellectual property owned or used in connection with the PRC Business and (ii) not to do any act or fail to do any act that would allow such intellectual property to lapse, become abandoned, become dedicated to the public or become unenforceable;

(i) Software Migration. use its commercially reasonable best efforts to facilitate the transfer of the software to the Group and otherwise to minimize the extent of disruption or threat of disruption to the PRC Business at and following the Closing;

(j) Leasing WFOE. use its commercially reasonable best efforts to (i) preserve intact its present business organization, (ii) maintain in effect all existing licenses of the Leasing WFOE, (iii) keep available the services of the Leasing WFOE's directors, officers and key employees, (iv) maintain good relationships with the Leasing WFOE's customers, suppliers, lenders and others having material business relationships with the Leasing WFOE, and (v) manage the Leasing WFOE's working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business consistent with past practice.

Section 4.5 Change of Contributed Assets and Asset List.

(a) The Parties agree that the Contributed Assets may change from time to time after the date hereof and after the Closing Date, and neither the Key Holder nor any Key Holder Party shall be held liable for breach of representations, warranties, covenants or agreements if there is any change to the Contributed Assets to the extent that such change is (i) in the ordinary course of business consistent with past practice, (ii) a change of assets in exchange for other assets comparable or superior as to type, value and quality, (iii) a change that has been consented to by both Lead Purchasers, or as a result of any action taken by the Key Holder or the relevant Key Holder Party at the request of both Lead Purchasers, (iv) any decrease or increase of the market value or fair value of the Contributed Assets (provided that the Key Holder or the relevant Key Holder Party has complied with Section 4.4), or (v) as a result of voluntary resignation of any Transferred Employee.

(b) The Key Holder shall, no fewer than ten (10) Business Days prior to the anticipated Lead Purchasers Closing Date, provide or cause to be provided an updated Asset List (the "Updated Asset List") to each Lead Purchaser. The Parties agree that the Updated Asset List shall be agreed in writing by both Lead Purchasers if and only if the Updated Asset List contains any material changes to the Asset List (except for any changes set forth in Section 4.5(a) above).

(c) No Key Holder Party shall contribute any assets, intellectual property rights, employees or Contracts to the Group that are not set forth on the Asset List or the Updated Asset List (as the case may be).

Section 4.6 Pro Forma Balance Sheet.

(a) Not fewer than ten (10) Business Days prior to the anticipated Lead Purchasers Closing Date, the Company shall deliver to each Lead Purchaser the Company's good faith estimates of Net Working Capital and the assumptions used, together with supporting documentation for such estimates and any additional information reasonably requested by any Lead Purchaser. The Parties agree that the Pro Forma Balance Sheet shall be prepared on the basis of the Asset List or the Updated Asset List (as the case may be) and in accordance with the IFRS and the Company shall consider reasonable comments of the Lead Purchasers when preparing the Pro Forma Balance Sheet.

(b) The Key Holder shall ensure that upon the completion of the Restructuring in accordance with the Restructuring Documents (and for any Non-assignable Asset or Non-assignable Contract, appropriate measures have been implemented in accordance with Section 4.19), the amount of net assets of the Group shall not be less than the amount of net assets stated in the Pro Forma Balance Sheet by more than US\$10,000,000.

(c) Promptly after the Restructuring Completion Date, the Key Holder shall deliver to each Lead Purchaser an unaudited consolidated balance sheet of the Group as of the date immediately following the Restructuring Completion Date (the "Reference Date") prepared in accordance with the IFRS and the same assumptions used to prepare the Pro Forma Balance Sheet (the "Restructuring Completion Balance Sheet"). A Lead Purchaser shall have the right to engage an auditor which shall be any one of Deloitte Touche Tohmatsu, Ernst & Young, KPMG, PricewaterhouseCoopers and their PRC Affiliates to conduct a special audit on the Restructuring Completion Balance Sheet. The Company shall bear the cost of such audit unless the audit results reveal that there is a deficiency exceeding \$10 mm in the amount of the net assets of the Group as compared to that status in the Pro Forma Balance Sheet in which case the Key Holder shall bear the cost of such audit.

Section 4.7 Appointment of Tencent Nominee and JD Nominee.

(a) Subject to satisfaction of Section 4.7(b), within 30 days after the Lead Purchasers Closing Date, the Company shall ensure that (i) Tencent Nominee will hold 26.6% of all equity interests of VIE Entity, and (ii) JD Nominee will hold 17.7% of all equity interests of VIE Entity, in each case, by way of subscribing to newly increased registered capital of the VIE Entity, and (iii) the constitutional documents of VIE Entity shall be amended to the reasonable satisfaction of both Lead Purchasers, and (iv) all necessary filings and registrations and Authorizations shall have been completed or obtained in connection with the foregoing equity subscriptions and amendment of constitutional documents of VIE Entity (except for the registration of the Share Pledge in connection with the Tencent Nominee and the JD Nominee shall be completed within 60 days after the Lead Purchasers Closing Date).

(b) As soon as practicable after the Closing Date and in any event within 30 days after the Lead Purchasers Closing Date, (i) the registered capital of the VIE Entity shall be increased to RMB50,000,000, (ii) the Tencent Purchaser shall cause to be contributed RMB13,300,000 (being the newly increased registered capital to be contributed by Tencent Nominee to the VIE Entity) to the VIE Entity, and (iii) the JD Purchaser shall cause to be contributed RMB8,850,000 (being the newly increased registered capital to be contributed by JD Nominee to the VIE Entity) to the VIE Entity. The Tencent Purchaser shall procure Tencent Nominee to enter into the Control Documents with the WFOE, the VIE Entity and the other shareholders of the VIE Entity as soon as practicable after the Closing Date. The JD Purchaser shall procure JD Nominee to enter into the Control Documents with the WFOE, the VIE Entity and the other shareholders of the VIE Entity as soon as practicable after the Closing Date.

(c) The Tencent Purchaser and the JD Purchaser shall share, on a pro rata basis based upon their respective subscription percentage in the newly increased registered capital of the VIE Entity, the costs and expenses, including, but not limited to, filing fees, registration fees and other transaction expenses, incurred in connection with paragraph (a) above (including any change or replacement of the Tencent Nominee or JD Nominee, as applicable). Notwithstanding the foregoing, each Party shall bear its own taxes incurred in connection with paragraph (a) above (including any change or replacement of the Tencent Nominee or JD Nominee, as applicable).

(d) As soon as practicable after the Closing Date and in any event within 30 days after the Lead Purchasers Closing Date, the Key Holder shall cause to be contributed RMB27,850,000 (being the newly increased registered capital to be contributed by Bin Li to the VIE Entity) to the VIE Entity. The Key Holder shall procure Bin Li to make the necessary amendments to the Control Documents to which he is a party to reflect the additional contributions made by Bin Li to the VIE Entity and to promptly take any other actions required to implement the transactions contemplated in the Control Documents to which he is a party (including, without limitation, registering the Share Pledge in connection with Bin Lin).

Section 4.8 Contribution Agreement and Restructuring.

(a) The Parties shall, and the Company shall cause the Group Companies and the Key Holder shall cause the Key Holder Parties to, negotiate in good faith the Contribution Agreement, the Equity Interest Transfer Agreement, the assets transfer agreement, the intellectual property rights transfer or exclusive license agreement (the exclusive license agreement shall have a term of three years and shall only apply to the domain name chedai.bitauto.com (the "Licensed Domain Name"). During the term of such exclusive license agreement, the Key Holder Parties shall not use or otherwise exploit the Licensed Domain Name), the contract assignment agreement and other agreement or instrument necessary to effect the Restructuring in accordance with the Contribution Agreement (each, a "Restructuring Document" and collectively, the "Restructuring Documents") and, upon agreement of the final form of such documents, acknowledged in writing by each Lead Purchaser (which acknowledgement shall not be unreasonably withheld or delayed), the Key Holder and the applicable Group Companies and the applicable Key Holder Parties shall execute and deliver each such document. The Contribution Agreement shall be consistent with the terms and conditions set forth on Exhibit B, except as otherwise agreed in writing by the Parties. The Parties shall cooperate in good faith to permit the completion of such documentation in accordance with the terms hereof as promptly as reasonably practicable following the date hereof. For the avoidance of doubt, each of the Contribution Agreement and the Equity Interest Transfer Agreement shall be a Restructuring Document.

(b) The Key Holder shall not, and the Company shall cause the Group Companies not to, and the Key Holder shall cause the Key Holder Parties not to, consent to any amendment, supplement, termination or waiver of rights or obligations pursuant to, the Contribution Agreement or any Restructuring Document, save on terms that would not be materially adverse to the interests of the Group Companies parties thereto.

(c) In connection with the Restructuring, the Key Holder shall bear, or shall reimburse the Group Companies for, (i) all tax liabilities of the Group Companies incurred in connection with the Restructuring in excess of RMB3,000,000, (ii) all historical tax liabilities resulting from or arising out of the period prior to the earlier of (x) the Restructuring Completion Date and (y) the date on which the Contributed Assets are transferred to the Company pursuant to the Restructuring Documents, and (iii) all obligations for severance or similar payments to employees of the PRC Business to the extent arising from or in connection with the seniority of such employee with the relevant Key Holder Party prior to the earlier of (x) the Restructuring Completion Date and (y) the date on which such employees are transferred to the Company pursuant to the Restructuring Documents.

(d) Within twelve (12) months following the Lead Purchasers Closing, the Company shall use its reasonable best efforts to obtain an Internet content provider value-added telecommunications services permit (互联网信息服务增值电信业务经营许可证) for providing Internet information services (the "ICP Permit") from the Governmental Authority of competent jurisdiction and deliver a copy of the ICP Permit to each Lead Purchaser.

(e) The Company shall cause the Group Companies, and the Key Holder shall cause the Key Holder Parties, to provide each Lead Purchaser with a reasonable opportunity to review and comment upon the Contribution Agreement and each Restructuring Document, and each amendment, supplement or waiver thereof, and the Contribution Agreement and each Restructuring Document, and each amendment, supplement or waiver thereof, shall be in form and substance reasonably acceptable to each Lead Purchaser.

Section 4.9 Key Holder Covenants relating to Restructuring. The Key Holder shall, and shall procure each of the Key Holder Parties will, use its commercially reasonable best efforts to:

(a) satisfy the conditions to the Group Companies' obligations to consummate the Restructuring,

(b) obtain any Authorization required to consummate the Restructuring in accordance with the Contribution Agreement and with the Restructuring Documents, and

(c) subject to Section 4.19, consummate the Restructuring as soon as practicable in accordance with Section 4.8, with the Contribution Agreement and with the Restructuring Documents within twelve (12) months following the Lead Purchasers Closing Date (the date on which the Restructuring is so consummated is the "Restructuring Completion Date"), provided that:

(i) within six (6) months following the Lead Purchasers Closing, the Key Holder shall, and shall procure each of the Key Holder Parties will, use its commercially reasonable best efforts to terminate all existing employment contracts between the Key Holder Parties and the Transferred Employees who are currently employed by the Key Holder Parties, terminate or waive all the confidentiality and non-competition obligations or requirements of the Transferred Employees, and cause the VIE Entity or any other Group Company to enter into new Employment Agreements with the Key Employees and employment arrangements with the other Transferred Employees who are not Key Employees, and complete all required filings in connection with such transfers of employment;

(ii) within six (6) months following the Lead Purchasers Closing, the Key Holder shall, and shall procure each of the Key Holder Parties will, use its commercially reasonable best efforts to complete the transfer of 100% of Equity Securities of the Leasing WFOE (the "Leasing WFOE Equity") to a Group Company established in Hong Kong and wholly owned by the Company (the "Leasing WFOE Purchaser") pursuant to the Equity Interest Transfer Agreement and to obtain all Authorizations required by PRC Laws such that the Leasing WFOE Purchaser is the registered shareholder of the Leasing WFOE as described in the business license of the Leasing WFOE;

(iii) the Share Pledge shall be registered within sixty (60) days following the Lead Purchasers Closing.

Section 4.10 Purchaser Put Right. In the event that, within twelve (12) months following the Lead Purchasers Closing Date, the Restructuring Completion Date has not occurred pursuant to Section 4.9 (except with respect to any Non-assignable Assets), then each Purchaser shall be entitled to cause the Key Holder to purchase from such Purchaser all (but not less than all) of such Purchaser's Subscription Shares, by deliver of written notice by such Purchaser to the Key Holder. The purchase price payable by the Key Holder for such purchase shall equal the Purchase Price paid by the applicable Purchaser for such Subscription Shares, plus interest accrued from the Closing Date to the date of payment at a rate equal to the rate of interest then payable on the funds in the Company's checking account. Each such purchase shall be consummated no later than thirty (30) days following the delivery of the applicable Purchaser's notice. At such purchase, the applicable Purchaser shall deliver a customary instrument of transfer in respect of its Subscription Shares against delivery by the Key Holder of the applicable purchase price, by wire transfer of immediately available funds to an account designated in writing by the applicable Purchaser at least two (2) Business Days prior to the date of such sale. Distribution Compliance Period. Each Purchaser, severally and not jointly, agrees not to resell, pledge or transfer any Subscription Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the forty (40) days following the Closing Date.

Section 4.12 Noncompetition.

(a) Noncompetition. Following the date of this Agreement, the Key Holder shall not, and shall cause its Subsidiaries and consolidated PRC Affiliates not to, directly or indirectly (including through any Subsidiary), invest in, own, manage, operate, or Control any Competitor, other than through the Group Companies, provided, however, that the restrictions contained in this paragraph (a) shall not restrict (x) the acquisition by such individual, directly or indirectly, of less than 5% of the outstanding share capital of any Competitor that is a publicly traded company and (y) the Key Holder or the Key Holder Parties from owning, managing, operating or Controlling the PRC Business after the date hereof until the Restructuring Completion Date.

(b) Specific Performance: Modification of Covenant. The Key Holder acknowledges and agrees that the agreements and covenants contained in this Section 4.12 are reasonable in scope and duration, an integral part of the Contemplated Transactions and necessary to protect and preserve the Company's legitimate business interests and the value of the PRC Business and to prevent any unfair advantage. The Key Holder further acknowledges and agrees that if it breaches any provision of this Section 4.12, any remedy at law may be inadequate and insufficient and may cause the Company irreparable harm and that the Company, in addition to seeking monetary damages in connection with such breach, shall be entitled to specific performance and injunctive and other equitable relief to prevent or restrain a breach of this Section 4.12 or to enforce the provisions hereof without the requirement of posting bond or other security. If a final judgment of a Governmental Authority determines that any term or provision contained in this Section 4.12 is invalid or unenforceable, then the Parties agree that the court or tribunal will have the power to reduce the scope, duration or geographic area of the term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. This Section 4.12 will be enforceable as so modified after the expiration of the time within which the judgment may be appealed. Notwithstanding anything to the contrary, each Purchaser shall have the right to enforce this Section 4.12 against the Key Holder.

Section 4.13 Further Assurances. From the date of this Agreement until the Closing Date, the Parties shall use their commercially reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the Contemplated Transactions.

Section 4.14 Use of Proceeds. The Company shall use the Purchase Price for the general corporate purposes of the Group Companies. Notwithstanding the foregoing, the Purchase Price shall not be used by the Company to pay for the Total Consideration. The Company may only use the Leasing WFOE Purchase Cash to pay for the consideration to acquire 100% of the Equity Interest of the Leasing WFOE.

Section 4.15 Cooperation. The Parties shall use their commercially reasonable efforts to cooperate to facilitate the further development of the PRC Business following the Closing.

Section 4.16 SAFE Registration. The Company shall cause Bin Li and any other person who is PRC resident (as defined in the SAFE Rules and Regulations) to, at the expense of the Company, fully comply with all applicable Laws of the PRC with respect to his direct or indirect holding of Equity Securities in the Group Companies on a continuing basis (including, but not limited to, all reporting and filing obligations imposed by and all approvals and permits required by the SAFE Rules and Regulations and the SAFE in connection therewith). In particular, if required by the SAFE Rules and Regulations or the SAFE, the Key Holder and the Company shall cause Bin Li and any other person who is PRC resident (as defined in the SAFE Rules and Regulations) to update their registration forms with SAFE with respect to the Contemplated Transactions within the applicable required time period.

Section 4.17 Permits. If applicable PRC laws require any Group Company to obtain any other permits for any business proposed to be conducted by such Group Company, the Company shall ensure that such Group Company promptly obtain such permits prior to such Group Company conducting such business.

Section 4.18 Access. From the date of this Agreement until the Closing Date, the Key Holder shall, and shall cause its Affiliates to (a) give each Purchaser, its counsel, financial advisors, auditors and other representatives reasonable access to the offices, properties, books and records of the Group Companies, the Leasing WFOE and the PRC Business and the Contributed Assets; (b) furnish to each Purchaser, its counsel, financial advisors, auditors and other representatives such information relating to the Group Companies, the Leasing WFOE and the PRC Business and the Contributed Assets as may be reasonably requested; and (c) instruct the employees, counsel, accountants and other advisors of the Key Holder and its Affiliates to cooperate with each Purchaser in its investigation of the Group Companies, the Leasing WFOE and the PRC Business and the Contributed Assets.

Section 4.19 Non-Assignable Assets.

(a) None of the Key Holder, the Key Holder Parties, the Company or the Group Companies will be required to transfer any Contributed Assets which by its terms or by Law is not assignable or transferable without the consent or approval of any Governmental Authority or other third party or satisfaction of any other condition or is cancelable by a third party in the event of an assignment or transfer (a "Non-assignable Asset"), unless and until such consent or approval shall have been obtained or condition satisfied.

(b) Each of the Key Holder, the Key Holder Parties, the Company or the Group Companies shall use its commercially reasonable best efforts to obtain as expeditiously as possible any consent or approval that may be required and to satisfy a condition necessary to the assignment or transfer of a Non-assignable Asset to the Group Companies.

(c) Unless and until any such consent or approval that may be required is obtained or condition satisfied, to the extent permitted by applicable Law and by the terms of the applicable Non-assignable Asset, each of the Key Holder, the Key Holder Parties, the Company or the Group Companies shall cooperate and use its commercially reasonable best efforts to establish an arrangement under which the Group Companies would obtain the rights and benefits and assume the corresponding liabilities and obligations under such Non-assignable Asset (including by means of any subcontracting, sublicensing or subleasing arrangement, as applicable) or under which the Key Holder or the Key Holder Parties would, at the reasonable request and at the costs and expenses of the Group Companies, enforce for the benefit of the Group Companies, in respect of such Non-assignable Asset, any and all claims, rights and benefits of the Key Holder and its Subsidiaries against a third party thereto. The foregoing arrangement shall not apply to a Transferred Employee.

(d) If and when the applicable consents or approvals, the absence of which caused the deferral of transfer of any Non-assignable Asset pursuant to this Section 4.19, are obtained, the transfer of the applicable Non-assignable Asset to the Group Companies shall automatically and without further action be effected in accordance with the terms of Restructuring Documents.

(e) For any Non-assignable Contract, the Lead Purchasers, the Company and the Key Holder shall discuss in good faith and agree upon the arrangement to ensure that the arrangements under this Section 4.19 can be applied to such Contract.

**ARTICLE V
INDEMNIFICATION**

Section 5.1 Survival of the Representations and Warranties. All representations and warranties made by the Key Holder or the Company to the Purchasers or by a Purchaser to the Key Holder and the Company shall expire on the date that is eighteen (18) months after the Closing, except the Fundamental Representations, which shall expire on the expiration of the applicable statute of limitations. Notwithstanding the foregoing, any claims which have been asserted in writing pursuant to Section 5.2 against the Party making such representations and warranties on or prior to such applicable expiration date shall continue to survive and be fully effective and enforceable until a final and nonappealable Order of a Governmental Authority of competent jurisdiction has been issued. The covenants and agreements of any Party contained in this Agreement shall survive the Closing until they are terminated, whether by performance thereof, their express terms or as a matter of applicable Law.

Section 5.2 Indemnification. From and after the Closing, each Party, as applicable (the “Indemnifying Party”), shall indemnify and hold the other Parties and their respective directors, officers and agents (collectively, the “Indemnified Party”) harmless from and against any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, and any taxes or levies that may be payable by such person by reason of the indemnification of any indemnifiable loss hereunder (collectively, “Losses”) resulting from or arising out of: (i) the breach of any representation or warranty of the Indemnifying Party contained in this Agreement; or (ii) the violation or nonperformance, partial or total, of any covenant or agreement of the Indemnifying Party contained in this Agreement. For the avoidance of doubt, the Company shall not indemnify the Key Holder, and the Key Holder shall not indemnify the Company, pursuant to this Section 5.2.

Section 5.3 Third Party Claims.

(a) If any third party shall notify any Indemnified Party in writing with respect to any matter involving a claim by such third party (a “Third Party Claim”) which such Indemnified Party believes would give rise to a claim for indemnification against the Indemnifying Party under this Article V, then the Indemnified Party shall promptly following receipt of notice of such claim (i) notify the Indemnifying Party thereof in writing and (ii) transmit to the Indemnifying Party a written notice (“Claim Notice”) describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party’s request for indemnification under this Agreement. Notwithstanding the foregoing, no failure or delay in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party’s right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been prejudiced by such failure or delay. If the Indemnifying Party does not notify the Indemnified Party in writing within thirty (30) days from receipt of such Claim Notice that the Indemnifying Party disputes such claim for indemnification under this Agreement, the Indemnifying Party shall be deemed to have accepted and agreed with such claim for indemnification under this Agreement.

(b) Upon receipt of a Claim Notice with respect to a Third Party Claim, the Indemnifying Party shall have the right to assume the defense of any Third Party Claim by, within thirty (30) days of receipt of the Claim Notice, notifying the Indemnified Party in writing that the Indemnifying Party elects to assume the defense of such Third Party Claim, and upon delivery of such notice by the Indemnifying Party, the Indemnifying Party shall have the right to fully control and settle the proceeding; provided, that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnified Party. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim if (i) the Third Party Claim relates to or arises in connection with any criminal action, (ii) the Third Party Claim seeks an injunction or equitable relief against any Indemnified Party, (iii) the Third Party Claim is or would reasonably be expected to result in Losses in excess of the amounts available for indemnification pursuant to Section 5.5 or (iv) the Indemnifying Party has not acknowledged that such Third Party Claim is subject to indemnification pursuant to this Article V. If the Indemnifying Party assumes the defense of a Third Party Claim pursuant to this Section 5.3(b), the Indemnifying Party shall conduct such defense in good faith.

(c) If requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, cooperate reasonably with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including in connection with the making of any related counterclaim against the person asserting the Third Party Claim or any cross complaint against any person. The Indemnified Party shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim, other than any privileged communications between the Indemnifying Party and its counsel, and shall be entitled, at its sole cost and expense, to retain separate co-counsel and participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to Section 5.3(b).

(d) In the event of a Third Party Claim for which the Indemnifying Party elects not to assume the defense, fails to make such an election within the thirty (30) days of the Claim Notice or otherwise fails to continue the defense of the Indemnified Party reasonably and in good faith, the Indemnified Party may, at its option, defend, settle, compromise or pay such action or claim at the expense of the Indemnifying Party; provided that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 5.4 Other Claims. In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder which does not involve a Third Party Claim, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, the Indemnified Party's best estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement; provided, that no failure or delay in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party's right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been prejudiced by such failure or delay. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

Section 5.5 Limitations on Liability. Notwithstanding the foregoing, other than with respect to fraud, breach of the Fundamental Representations, and indemnification pursuant to Section 5.2(ii), (i) no Party shall have liability (for indemnification or otherwise) with respect to any Losses unless the aggregate amount of such Losses exceeds US\$1,500,000 (in which case, the entire amount of Losses, subject to Section 5.5(ii) and Section 5.5(iii) below, shall be payable by the liable Party), (ii) the maximum liability for the Key Holder or the Company with respect to the Tencent Purchaser and the maximum liability for the Tencent Purchaser, in each case, shall not exceed an amount equal to 50% of the Tencent Purchase Price, (iii) the maximum liability for the Key Holder or the Company with respect to the JD Purchaser and the maximum liability for the JD Purchaser, in each case, shall not exceed an amount equal to 50% of the JD Purchase Price and (iv) the maximum liability for the Key Holder or the Company with respect to the Hammer Purchaser and the maximum liability for the Hammer Purchaser, in each case, shall not exceed an amount equal to 50% of the Hammer Purchase Price. No Indemnifying Party shall be required to compensate any Indemnified Party more than once (whether under this Agreement or any other Transaction Document) in respect of the same Loss.

Section 5.6 Exclusive Remedy. From and after the Closing, this Article V shall provide the exclusive remedy for any misrepresentation, breach of warranty, covenant or other agreement or other claim resulting from or arising out of this Agreement.

ARTICLE VI MISCELLANEOUS

Section 6.1 Disclosure Schedule References. The Parties agree that any reference in a particular Section of the Disclosure Schedule shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties (or covenants, as applicable) of the relevant Party that are contained in the corresponding Section of this Agreement and (ii) any other representations and warranties of such Party that is contained in this Agreement (regardless of the absence of an express reference or cross reference thereto), but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties would be reasonably apparent. The Parties acknowledge and agree that the Disclosure Schedule may include certain items and information solely for informational purposes for the convenience of the Purchasers, and the disclosure by the Company of any matter in the Disclosure Schedule shall not be deemed to constitute an acknowledgment by the Company that the matter is required to be disclosed by the terms of this Agreement or that the matter is material.

Section 6.2 Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the internal laws of Hong Kong. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination (“Dispute”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. The Key Holder and the Company collectively shall have the right to appoint one arbitrator, the Lead Purchasers shall have the right to jointly appoint one arbitrator, and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The language to be used in the arbitration proceedings shall be English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the Contemplated Transactions. The award of the arbitration tribunal shall be final and binding upon the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award. Any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitration tribunal.

Section 6.3 Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties.

Section 6.4 Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective heirs, successors and permitted assigns and legal representatives.

Section 6.5 Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the any Party without the express written consent of the other Parties. Any purported assignment in violation of the foregoing sentence shall be null and void. Notwithstanding the foregoing, (a) the Tencent Purchaser may assign its rights hereunder to any Affiliate of the Tencent Purchaser; and (b) the JD Purchaser may assign its rights hereunder to any Affiliate of the JD Purchaser.

Section 6.6 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) in writing and served by personal delivery upon the party for whom it is intended; (b) if delivered by facsimile or electronic mail with receipt confirmed; or (c) if delivered by certified mail, registered mail or courier service, return-receipt received to the party at the address set forth below:

If to the Key Holder, at:

Address: Bitauto Holdings Limited
New Century Hotel Office Tower
6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People's Republic of China
Attn: Bin LI
Facsimile: (86 10) 6849-2200

If to the Company, at:

Address: Bitauto Holdings Limited
New Century Hotel Office Tower
6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People's Republic of China
Attn: Bin LI
Facsimile: (86 10) 6849-2200

If to the Tencent Purchaser, at:

Address: c/o Tencent Holdings Limited
29/F., Three Pacific Place, No.1
Queen's Road East, Wanchai,
Hong Kong
Attn.: Compliance and Transactions Department
E-mail: legalnotice@tencent.com

With a copy (which shall not constitute notice) to:

Address: Tencent Building, Kejizhongyi
Avenue, Hi-tech Park, Nanshan
District, Shenzhen, 518057,
P.R. China
Attn.: Mergers and Acquisitions Department
E-mail: PD_Support@tencent.com

With a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Address: 12th Floor, The Hong Kong Club
Building, 3A Chater Road, Central,
Hong Kong
Attn: Jeanette K. Chan, Esq.
Facsimile: (852) 2840-4300
E-mail:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Address: 1285 Avenue of the Americas,
New York, NY 10019-6064, USA
Attn: Steven J. Williams, Esq.
Facsimile: (212) 492-0257
Email:

If to the JD Purchaser, at:

JD.com, Inc.
10th Floor, Building A, North Star Century Center,
8 Beichen West Street, Chaoyang District, Beijing
100101, P.R. China
Attention: Legal Department
E-mail: legalnotice@jd.com

With copy (which shall not constitute notice) to:

JD.com, Inc.
10th Floor, Building A, North Star Century Center,
8 Beichen West Street, Chaoyang District, Beijing
100101, P.R. China
Attention: Corporate Development Department

If to the Hammer Purchaser, at:

Address: Suite 508, 5th Floor, ICBC Tower, 3
Garden Road, Central, Hong Kong
Attn: Amanda Chau
Facsimile: +852 2660 6996

Any Party may change its address for purposes of this Section 6.6 by giving the other Parties written notice of the new address in the manner set forth above.

Section 6.7 Entire Agreement. This Agreement (together with the schedules and exhibits hereto and the other Transaction Documents) constitutes the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by this Agreement and the other Transaction Documents.

Section 6.8 Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

Section 6.9 Fees and Expenses. Except as otherwise provided in this Agreement, the Parties will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the Contemplated Transactions, including fees and expenses of attorneys, accountants, consultants and financial advisors; provided, that if (i) the Contemplated Transactions are consummated or (ii) the Agreement is terminated by a Purchaser as a result of the breach of this Agreement by the Key Holder or the Company, then the Company shall bear all expenses incurred by the Purchasers in connection with the negotiation, preparation and execution of this Agreement and the Contemplated Transactions, including fees and expenses of attorneys, accountants, consultants and financial advisors, up to an aggregate amount equal to two hundred fifty thousand dollars (\$250,000), which shall be shared among the Purchasers on a pro rata basis based upon the Purchase Price for Subscription Shares paid or required to be paid by the Purchasers under this Agreement.

Section 6.10 Confidentiality.

(a) Each Party shall keep confidential any non-public material or information with respect to the business, technology, financial conditions, and other aspects of the other Parties which it is aware of, or have access to, in signing or performing this Agreement (including written or non-written information, hereinafter the “Confidential Information”). Confidential Information shall not include any information that is (a) previously known on a non-confidential basis by the receiving Party, (b) in the public domain through no fault of such receiving Party, its Affiliates or its or its Affiliates’ officers, directors or employees, (c) received from a party other than the Company or the Company’s representatives or agents, so long as such party was not, to the best knowledge of the receiving Party, subject to a duty of confidentiality to the Company or (d) developed independently by the receiving Party without reference to confidential information of the disclosing Party. No Party shall disclose such Confidential Information to any third party. The Parties hereby agree, for the purpose of this Section 6.10, that the existence and terms and conditions of this Agreement and schedules hereof shall be deemed as Confidential Information; provided that, notwithstanding any other provision of this Agreement, the Key Holder shall be permitted to include a description of this Agreement and its terms, which description shall be true and consistent with the terms hereunder in all respects, in any filing with the SEC and/or any securities exchange, and any documents or communications undertaken in connection with such filing(s), subject to the Key Holder providing each Lead Purchaser with a reasonable opportunity to review a draft of any such description and giving due consideration to such Lead Purchaser’s reasonable comments, if any, to such disclosure to the extent permitted by applicable Laws (including any rules or regulations of any securities exchange or valid legal process). Notwithstanding any other provision of this Section 6.10 or any provisions under the Shareholders Agreement, this Section 6.10 and any provisions under the Shareholders Agreement shall not restrict any Lead Purchaser’s or its Affiliates’ normal accounting or tax reporting in respect of such Lead Purchaser investment in the Company as required by (i) applicable Law and (ii) IFRS or PRC GAAP, as applicable.

(b) Notwithstanding any other provisions in this Section 6.10, if any Party believes in good faith that any announcement or notice must be prepared or published pursuant to applicable Laws (including any rules or regulations of any securities exchange or valid legal process) or information is otherwise required to be disclosed to any Governmental Authority, such Party may, in accordance with its understanding of the applicable Laws, make the required disclosure in the manner it deems in compliance with the requirements of applicable Laws; provided that, the Party who is required to make such disclosure shall, to the extent permitted by Law and so far as it is practicable, provide the other Parties with prompt notice of such requirement and cooperate with the other Parties at such other Parties’ request and at the requesting Party’s cost, to enable such other Parties to seek an appropriate protection order or remedy. In addition, each Party may disclose, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, Confidential Information to the extent required under judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to the Transaction Documents; provided that, the Party who is required to make such disclosure shall, to the extent permitted by Law and so far as it is practicable, at the other Parties’ request and at the requesting Party’s cost, cooperate with the other Parties to enable such other Parties to seek an appropriate protection order or remedy.

(c) Each Party may disclose the Confidential Information only to its Affiliates and its and its Affiliates' officers, directors, employees, agents and representatives on a need-to-know basis in the performance of the Transaction Documents; provided that, such Party shall ensure such persons strictly abide by the confidentiality obligations hereunder.

(d) The confidentiality obligations of each Party hereunder shall survive the termination of this Agreement. Each Party shall continue to abide by the confidentiality clause hereof and perform the obligation of confidentiality it undertakes until the other Party approves release of that obligation or until a breach of the confidentiality clause hereof will no longer result in any prejudice to the other Party.

Section 6.11 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 6.12 Termination.

(a) This Agreement shall terminate upon the earliest to occur of (i) the written consent of each of the Parties, (ii) written notice of any Party delivered at any time following three (3) months after the date hereof (such date, as may be extended in accordance with this Section 6.12(a), the "Long-Stop Date"), if the Closing has not occurred on or prior to such date, provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 6.12(a)(ii) if the failure to consummate the Contemplated Transactions was proximately caused by the breach by such Party or its Affiliate of any representation, warranty or covenant in this Agreement.

(b) Any Party may terminate this Agreement, upon written notice to the other Parties, if any Governmental Authority shall have issued any Order or taken any other action permanently restraining, enjoining or otherwise prohibiting the Contemplated Transactions and such Order or other action has become final and nonappealable (provided that no Party shall be permitted to terminate this Agreement pursuant to this Section 6.12(b) if the imposition of such Order or other action was proximately caused by the breach by such Party or its Affiliate of any representation, warranty or covenant in this Agreement, the Contribution Agreement or any Restructuring Document).

(c) A Lead Purchaser may terminate this Agreement if there exists a breach of any warranty of the Key Holder or the Company such that the condition set forth in Section 2.4(a)(i) would not be satisfied and breach has not been cured (or is incapable of being cured) by the Key Holder or the Company, as the case may be, within thirty (30) days following its receipt of notice from such Lead Purchaser of such breach.

(d) The Key Holder or the Company may terminate this Agreement if there exists a breach of any warranty of a Lead Purchaser such that the condition set forth in Section 2.4(c)(i) would not be satisfied and breach has not been cured (or is incapable of being cured) by such Lead Purchaser within thirty (30) days following its receipt of notice from the Key Holder or the Company, as applicable, of such breach.

(e) Upon any termination of this Agreement, this Agreement will have no further force or effect, except for the provisions of Article V and this Article VI, which shall survive any termination under this Section 6.12; provided, that no termination of this Agreement shall relieve any Party of liability for any breach of this Agreement prior to such termination.

Section 6.13 Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 6.14 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Delivery of executed signature pages by facsimile or electronic transmission (via scanned PDF) will constitute effective and binding execution and delivery of this Agreement.

Section 6.15 Press Release and Public Filing. Upon the signing of this Agreement by all of the Parties, each may issue a press release regarding the signing of this Agreement, in the form previously agreed by the Parties.

Section 6.16 Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

DONGTING LAKE INVESTMENT LIMITED

By: /s/ Ma Huateng

Name: Ma Huateng

Title: Director

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

JD FINANCIAL INVESTMENT LIMITED

By: /s/ Liu Qiangdong

Name: LIU Qiangdong

Title: Director

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

HAMMER CAPITAL MANAGEMENT LIMITED

For and on behalf of
Hammer Capital Management Limited
黑馬資本管理有限公司

By: /s/ Rodney Tsang
Name: Rodney Tsang
Title: Director

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

BITAUTO HOLDINGS LIMITED

By: /s/ Li Bin
Name: Li Bin
Title:

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

YIXIN CAPITAL LIMITED

By: /s/ Li Bin

Name: Li Bin

Title:

[SIGNATURE PAGE TO SHARE SUBSCRIPTION AGREEMENT]

SHAREHOLDERS' AGREEMENT

among

YIXIN CAPITAL LIMITED,

BITAUTO HONG KONG LIMITED,

DONGTING LAKE INVESTMENT LIMITED,

JD FINANCIAL INVESTMENT LIMITED

and

HAMMER CAPITAL MANAGEMENT LIMITED

Dated February 16, 2015

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SHAREHOLDERS' AGREEMENT (this "Agreement") made as of February 16, 2015

AMONG:

- (1) **YIXIN CAPITAL LIMITED**, company incorporated under the laws of the Cayman Islands (the "Company");
- (2) **BITAUTO HONG KONG LIMITED**, a company incorporated under the Hong Kong laws ("Bitauto");
- (3) **DONGTING LAKE INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands ("Tencent");
- (4) **JD FINANCIAL INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands ("JD"); and
- (5) **HAMMER CAPITAL MANAGEMENT LIMITED**, a company incorporated in the British Virgin Islands ("Hammer").

RECITALS:

- (A) On the date hereof, Tencent, JD, Bitauto and Hammer have subscribed for certain Shares (as defined below) in the Company. The shareholding details of the Company on the date hereof are set out in Schedule 1 hereto.
- (B) The Parties wish to provide for certain matters relating to the transfer of shares of the Company and the management and operation of the Company and its Subsidiaries.

AGREEMENT:

**SECTION 1
INTERPRETATION**

- 1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

"Act" means the Companies Law (2013 Revision) of the Cayman Islands, as amended, modified or re-enacted from time to time.

"Affiliate" of a Person (the "Subject Person") means (a) in the case of a Person other than a natural person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with the Subject Person and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by the Subject Person or is a Relative of the Subject Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of any Shareholder.

“Anticorruption Laws” shall mean any applicable laws, regulations or orders relating to anti-bribery or anticorruption (governmental or commercial), which apply to the business and dealings of the Group Companies, including but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended from time to time.

“Articles” means, collectively, the Amended and Restated Memorandum and Articles of Association of the Company effective as of the date hereof.

“Big-4 accounting firm” means any of Deloitte Touche Tohmatsu, Ernst & Young, KPMG, PricewaterhouseCoopers and their PRC Affiliates.

“Board” means the board of Directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks located in the Cayman Islands, New York, the PRC or Hong Kong are authorized or required by law or executive order to be closed and on which no tropical cyclone warning No. 8 or above and no “black” rainstorm warning signal is hoisted in Hong Kong at any time between 8:00 a.m. and 6:00 p.m. Hong Kong time.

“Company Representative” shall mean any of the Key Employees, the Company, any other Group Company, or any director, officer, agent, employee, representative, consultant, or any other person acting for or on behalf of the foregoing (individually and collectively).

“Competitor” shall mean any Person or Affiliates of any such Person whose primary business is in direct competition with the PRC Business.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of a Person, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise. For the purpose of this definition, a Person shall be deemed to Control another Person if such first Person, directly or indirectly, owns or holds more than 50% of the voting Equity Securities in such other Person. The term “Controlled” has the meaning correlative to the foregoing.

“Control Documents” means, collectively, the agreements made from time to time, which enable the Company to exclusively Control, and consolidate in its financial statements the results of the VIE Entity, entered into between the wholly foreign-owned entity established by the Company in China on the one hand and the VIE Entity or the shareholders of the VIE Entity on the other hand.

“Director” means a director of the Company (including any duly appointed alternate director).

“Encumbrance” shall mean any mortgage, charge, pledge, lien (other than arising by statute or operation of law), hypothecation, equities, adverse claims, or other encumbrance, priority or security interest, over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same.

“ESOP” means the employee stock option plan adopted by the Company from time to time.

“Equity Securities” means, with respect to any Person, such Person’s capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests (including, without limitation, in the case of the Company, Shares) or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests (whether or not such derivative securities are issued by such Person).

“Financial Year” means the financial year of the Company, which ends on December 31.

“Government Official” means (i) any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity, or (ii) any party official or candidate for political office (other than officials or candidates for party committees or other organizations in any Group Company).

“Governmental Authority” shall mean any government or political subdivision thereof, whether on a federal, central, state, provincial, municipal or local level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof and any governing body of any securities exchange.

“Governmental Entity” means (i) any national, federal, state, provincial county, municipal, local, or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing, or administrative functions of or pertaining to government, (ii) any public international organization, (iii) any agency, division, bureau, instrumentality, department, or other political subdivision of any government, entity or organization described in the foregoing clauses (i) or (ii) of this definition, (iv) any company, business, enterprise, or other entity controlled by any government, entity, organization, or other Person described in the foregoing clauses (i), (ii) or (iii) of this definition, or (v) any political party.

“Group” or “Group Companies” means collectively the Company and its Subsidiaries, and a “Group Company” means any of them.

“IFRS” means International Financial Reporting Standards, as developed and issued by the International Accounting Standards Board (IASB).

“Investors” means Tencent, JD and Hammer.

“IPO” means an initial public offering of Shares on an internationally recognized stock exchange.

“Key Employees” has the meaning set forth in the Share Subscription Agreement.

“Listco” means Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands and listed on the New York Stock Exchange as of the date hereof.

“Nominee Shareholder” means the person nominated by each of Bitauto, Tencent or JD as a shareholder of the VIE Entity of the Company and, the Nominee Shareholder for Bitauto shall initially be Bin Li, the Nominee Shareholder for Tencent shall initially be 北京甲盛投资管理有限公司, and the Nominee Shareholder for JD shall initially be 深圳市腾讯产业投资基金有限公司.

“Ordinary Shares” means the ordinary shares, par value \$0.001 each, in the capital of the Company.

“Party” or “Parties” means any signatory or the signatories to this Agreement and any Person or Persons who subsequently becomes a party to this Agreement as provided herein.

“Person” shall mean any natural person, firm, partnership, association, corporation, company, trust, public body or government or other entity of any kind or nature.

“PRC” means the People’s Republic of China, but for purposes of this Agreement, excluding Hong Kong, Macau and Taiwan.

“PRC Business” shall have the meaning given to it in the Share Subscription Agreement.

“PRC GAAP” means the Generally Accepted Accounting Principles of the PRC.

“Preferred Shareholders” means Bitauto and the Investors, and a “Preferred Shareholder” means any one of them.

“Preferred Shares” means the Series A Preference Shares, par value \$0.001 each, in the capital of the Company.

“Pro Rata Share” means, with respect to any Shareholder, the proportion that is calculated as (i) the number of Shares held by such Shareholder divided by (ii) the aggregate number of Shares held by all Shareholders, in each case on an as converted and non-diluted basis.

“Qualified IPO” means a firm commitment underwritten public offering of Ordinary Shares of the Company or of the listing vehicle (or securities representing such Ordinary Shares) on a Recognized Exchange which meets the following requirements: (a) the offering price per share values the Company at US\$1,000,000,000 or more on a fully diluted basis immediately following the completion of such offering and (b) such offering results in gross proceeds of at least US\$200,000,000. The term “gross proceeds” used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses. A “Qualified IPO” shall also include other IPO that does not satisfy the foregoing valuation and gross proceeds, provided that the holders of at least 75% of the then issued and outstanding Preferred Shares have expressly agreed in writing that such an offering shall be deemed a “Qualified IPO.”

“Recognized Exchange” means the main board of the Stock Exchange of Hong Kong Limited, NASDAQ, New York Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or another internationally recognized securities exchange or board approved by the Board.

“Regulatory Approvals” means all approvals, permissions, authorizations, consents and notifications from any Governmental Authority, regulatory or departmental authority.

“Related Party” means any of the following: (a) any shareholder of the Company or the VIE Entity, who beneficially owns more than 5% of the voting securities or ownership interests of the Company or the VIE Entity, as the case may be (each, a “Substantial Shareholder”), (b) any director or executive officer of any Group Company, (c) the Key Employees, (d) Li Bin, and (e) any Person in which any Substantial Shareholder, director or executive officer of any Group Company, Key Employee, Li Bin or Substantial Shareholder owns more than 5% of the voting securities or ownership interests.

“Relative” of a natural person means any spouse, parent, child, or sibling of such person.

“Restricted Person” means (i) in the case of a Transfer by Shareholders other than Bitauto, a “Company Restricted Person”, (ii) in the case of a Transfer by Shareholders other than Tencent, a “Tencent Restricted Person”, (iii) in the case of a Transfer by Shareholders other than JD, a “JD Restricted Person”, in each case as such persons is agreed from time to time among Bitauto, JD, Tencent and the Company, and in each case to include the Affiliates of the agreed persons.

“Share Subscription Agreement” means the Share Subscription Agreement date January 9, 2015, by and among the Company, Bitauto, JD, Tencent and Hammer.

“Shareholders” means the holders of the Shares of the Company and in the case of any Shareholder that is a natural person shall be deemed to include the estate of such Shareholder and the executor, conservator, committee or other similar legal representative of such Shareholder or such Shareholder’s estate following the death or incapacitation of such Shareholder.

“Shares” means collectively the Ordinary Shares and the Preferred Shares.

“Subsidiary” of any Person means any corporation, partnership, limited liability company, or other organization, whether incorporated or unincorporated, which is Controlled by such Person. For the avoidance of the doubt, a “variable interest entity” Controlled by a Person shall be deemed a Subsidiary of such Person (the “VIE Entity”).

“Trade Sale” means any of the following (a) merger, consolidation, transfer of Shares or other form of restructuring of the Company as a result of which its Shareholders do not retain at least 50% of the voting power of the surviving or resulting company, (b) a transaction in which in excess of 50% of the Company’s voting power is transferred or (c) a sale of all or substantially all of the Group Companies’ assets or an exclusive licensing of all or substantially all of the Group Companies’ intellectual property.

“US GAAP” means the Generally Accepted Accounting Principles of the United States of America.

“US\$” means United States Dollars, the lawful currency of the United States of America.

1.2 Terms Defined Elsewhere in this Agreement. The following terms are defined in this Agreement as follows:

<u>Term</u>	<u>Section</u>
“ <u>Acceptance Notice</u> ”	Section 3.4(d)
“ <u>Agreement</u> ”	Preamble
“ <u>Arbitration Notice</u> ”	Section 13.2
“ <u>Bitauto</u> ”	Preamble
“ <u>Breaching Drag-Along Shareholder</u> ”	Section 3.6(c)
“ <u>Company</u> ”	Preamble
“ <u>Confidential Information</u> ”	Section 9.1
“ <u>Dispute</u> ”	Section 13.2
“ <u>Drag-Along Event</u> ”	Section 3.6(a)
“ <u>Drag-Along Proxy Holder</u> ”	Section 3.6(c)
“ <u>Drag-Along Sale</u> ”	Section 3.6(a)(i)
“ <u>Drag-Along Shareholders</u> ”	Section 3.6(b)
“ <u>Dragging Shareholders</u> ”	Section 3.6(a)
“ <u>Electing Offerees</u> ”	Section 3.4(c)
“ <u>Excess Offered Shares</u> ”	Section 3.4(c)
“ <u>Excess Securities</u> ”	Section 4.3(a)
“ <u>First Refusal Allocation</u> ”	Section 3.4(c)
“ <u>First Refusal Right</u> ”	Section 3.4(a)
“ <u>Fully Participating Shareholder</u> ”	Section 4.3(a)
“ <u>Hammer</u> ”	Preamble
“ <u>HKIAC</u> ”	Section 13.2
“ <u>Issuance Period</u> ”	Section 4.3(c)
“ <u>Issuance Securities</u> ”	Section 4.1(a)
“ <u>JD</u> ”	Preamble

“ <u>JD Director</u> ”	Section 5.2(a)(ii)
“ <u>Non-Electing Offerees</u> ”	Section 3.4(c)
“ <u>Notices</u> ”	Section 11.1
“ <u>Offer Period</u> ”	Section 3.4(c)
“ <u>Offer Price</u> ”	Section 3.4(b)
“ <u>Offered Shares</u> ”	Section 3.4(b)
“ <u>Offerees</u> ”	Section 3.4(b)
“ <u>Permitted Transferee</u> ”	Section 3.3
“ <u>Preemptive Acceptance Notice</u> ”	Section 4.3(a)
“ <u>Preemptive Acceptance Period</u> ”	Section 4.3(a)
“ <u>Preemptive Offer Notice</u> ”	Section 4.2(a)
“ <u>Preemptive Offer</u> ”	Section 4.2(b)
“ <u>Proposed Issuance</u> ”	Section 4.2(a)
“ <u>Proposed Recipient</u> ”	Section 4.1(a)
“ <u>Remaining Shares</u> ”	Section 3.4(f)
“ <u>Replacement</u> ”	Section 7.10
“ <u>Representatives</u> ”	Section 9.1
“ <u>Sale Transaction</u> ”	Section 3.6(a)(ii)
“ <u>Shareholders Meeting</u> ”	Section 5.1
“ <u>Tag-Along Notice</u> ”	Section 3.5(a)(ii)
“ <u>Tag-Along Offeree</u> ”	Section 3.5(a)(ii)
“ <u>Tag-Along Right</u> ”	Section 3.5(a)(i)
“ <u>Tencent Directors</u> ”	Section 5.2(a)(i)
“ <u>Tencent</u> ”	Preamble
“ <u>Transfer Notice</u> ”	Section 3.4(b)
“ <u>Transfer</u> ”	Section 3.1
“ <u>Transferee</u> ”	Section 3.4(b)
“ <u>Transferring Shareholder</u> ”	Section 3.4(b)

1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (c) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (d) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation”.

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- (e) Law. References to “law” or “laws” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, securities exchange or other self-regulating body, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (f) Persons. A reference to any “Person” shall, where the context permits, include such person’s executors, administrators, legal representatives and permitted successors and assignors.
- (g) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. References to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (h) Share Calculations. In calculations of share numbers, references to “fully diluted basis” mean that the calculation is to be made assuming that all outstanding options, warrants, other Equity Securities convertible into or exercisable or exchangeable for Shares (whether or not by their terms then currently convertible) and Equity Securities which have been reserved for issuance pursuant to the ESOP, have been so converted, exercised, exchanged or issued and references to “non-diluted basis” mean the calculation is made taking into account Shares then in issue only. Any share calculation that makes reference to a specific date shall be appropriately adjusted to take into account any share split, share consolidation or similar event after such date.
- (i) Statutory References. A reference to a statute or statutory provision includes, to the extent applicable at any relevant time:
- (i) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision;
 - (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (iii) any subordinate legislation or regulation made under the relevant statute or statutory provision.
- (j) Time. Except as otherwise provided, (i) for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day, and (ii) for all other purposes, any period of time commencing on or from a given day or the day of a given act or event shall include that day. If the day on or by which a payment must be made is not a Business Day, such payment must be made on or by the Business Day immediately following such day.

- (k) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form including emails and faxes.

**SECTION 2
OBLIGATIONS OF THE SHAREHOLDERS**

- 2.1 Shareholder Obligations. Each Shareholder shall comply with the provisions of this Agreement in relation to its investment in the Company and in transacting business with the Company and shall exercise its rights and powers in accordance with and so as to give effect to this Agreement.

**SECTION 3
RESTRICTIONS ON TRANSFER OF SHARES**

- 3.1 Limitation on Transfers. No Shareholder shall sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Shares or any right, title or interest therein or thereto (each, a “Transfer”), except as expressly permitted by this Section 3. Any attempt to Transfer any Shares in violation of the preceding sentence shall be null and void *ab initio*, and the Company shall not register any such Transfer.
- 3.2 Transfers in Compliance with Law. Notwithstanding any other provision of this Agreement, no Transfer may be made pursuant to this Section 3 unless (a) the transferee has agreed in writing to be bound by the terms and conditions of this Agreement pursuant to a Deed of Adherence substantially in the form attached hereto as Exhibit A, (b) the transferee is not a Restricted Person, (c) the Transfer complies in all respects with the other applicable provisions of this Agreement and (d) the Transfer complies in all respects with applicable securities laws.
- 3.3 Permitted Transfers. The following Transfers may be made without compliance with the provisions of Section 3.4 or 3.5:
- (a) any Transfer by a Shareholder to an Affiliate of such Shareholder, provided that the transferee is not a Competitor;
 - (b) any Transfer by a Shareholder that is a natural person to a trust for the benefit of a Relative of such Shareholder, provided that such Shareholder is the sole trustee of such trust;
 - (c) any sale or transfer of Equity Securities to the Company pursuant to a repurchase right or right of first refusal held by the Company in the event of a termination of employment relationship; or

(d) any sale of Shares on the public market in connection with or following a Qualified IPO.

A person described with respect to a Shareholder in clause (a) or (b) of this Section 3.3 is hereinafter referred to as a “Permitted Transferee” of such Shareholder. If a transferee of Shares pursuant to clause (a) or (b) of this Section 3.3 at any time ceases to be a Permitted Transferee of the transferring Shareholder, the transferee shall Transfer such Shares back to such transferring Shareholder.

3.4 Right of First Refusal of the Shareholders.

- (a) Transfers Subject to Right of First Refusal. If any Shareholder proposes to Transfer any Shares, the other Shareholders (other than Shareholders that acquired Shares through the ESOP) shall have a right of first refusal (the “First Refusal Right”) with respect to such Transfer as provided in this Section 3.4. A Shareholder proposing to Transfer any Shares to a third party shall, prior to issuing the Transfer Notice, confirm with the Company that the proposed transferee is not a Restricted Person, and if the Company confirms that the proposed transferee is a Restricted Person, the proposed Transfer to such third party may not proceed.
- (b) Transfer Notice. If a Shareholder (the “Transferring Shareholder”) either receives a bona fide offer to acquire Shares held by it and the Transferring Shareholder proposes to accept such offer or makes a bona fide offer to sell Shares held by it to a third party and the third party proposes to accept such offer, the Transferring Shareholder shall send a written notice (the “Transfer Notice”) to the Company and the other Shareholders (other than Shareholders that acquired Shares through the ESOP) (the “Offerees”), which notice shall state (i) the name of the Transferring Shareholder, (ii) the name and address of the proposed transferee (the “Transferee”), (iii) the number and the type of Shares to be Transferred (the “Offered Shares”), (iv) the amount and form of the proposed consideration for the Transfer and (v) the other material terms and conditions of the proposed Transfer. In the event that the proposed consideration for the Transfer includes consideration other than cash, the Transfer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed Transfer is referred to herein as the “Offer Price”.

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- (c) **Rights of the Offerees.** For a period of 20 days after the date of delivery of a Transfer Notice (the “Offer Period”), the Offerees shall have the right, exercisable by each Offeree through the delivery of an Acceptance Notice as provided in Section 3.4(d), to purchase up to all of the Offered Shares at a purchase price equal to the Offer Price per Share and upon the other terms and conditions set forth in the Transfer Notice. Each Offeree shall have the right to purchase a number of Offered Shares equal to the total number of Offered Shares multiplied by a fraction, the numerator of which is the number of Shares held by such Offeree and the denominator of which is the number of Shares held by all of the Offerees (such number, an Offeree’s “First Refusal Allocation”) in each case (for both the numerator and the denominator) on a fully diluted basis as of the date of the Transfer Notice. In addition, in the event that one or more Offerees declines or is deemed pursuant to Section 3.4(d) to have waived its First Refusal Right (“Non-Electing Offerees”), each Offeree electing to exercise its First Refusal Right (an “Electing Offeree”) shall have the right as provided in Section 3.4(d) to purchase all or a portion of the Offered Shares constituting the aggregate of the First Refusal Allocations of the Non-Electing Offerees (“Excess Offered Shares”). An Offeree may assign to an Affiliate of such Offeree its right to acquire Offered Shares pursuant to this Section 3.4, provided that such Affiliate is not a Competitor.
- (d) **Exercise of Rights.** The First Refusal Right of each Offeree under Section 3.4(c) shall be exercisable by delivering a written notice of exercise (an “Acceptance Notice”) within the Offer Period to the Transferring Shareholder, with a copy to each other Offeree. Each Acceptance Notice shall include a statement of (i) the number of Shares held by such Offeree and (ii) the maximum number of Excess Offered Shares (up to the total number of Offered Shares less such Offeree’s First Refusal Allocation) that such Offeree is willing to purchase, if any. An Acceptance Notice shall be irrevocable and shall constitute a binding agreement by such Offeree to purchase the relevant number of Offered Shares determined in accordance with Sections 3.4(c) and 3.4(e). The failure of an Offeree to give an Acceptance Notice within the Offer Period shall be deemed to be a waiver of such Offeree’s First Refusal Right.
- (e) **Allocation of Excess Offered Shares.** Each Electing Offeree shall have the right to purchase the number of Excess Offered Shares specified in such Electing Offeree’s Acceptance Notice; provided that, if the number of Excess Offered Shares is less than the aggregate number of Excess Offered Shares that the Electing Offerees have indicated a willingness to purchase in their Acceptance Notices, the Excess Offered Shares shall be allocated by the Transferring Shareholder and agreed by all Electing Offerees in a fair manner such that each Electing Offeree shall have a right to purchase (i) not less than the total number of Excess Offered Shares multiplied by a fraction, the numerator of which is the number of Shares held by such Electing Offeree and the denominator of which is the number of Shares held by all Electing Offerees, in each case (for both the numerator and the denominator) on a fully diluted basis as of the date of the Transfer Notice and (ii) not more than the maximum number of Excess Offered Shares specified in such Electing Offeree’s Acceptance Notice.

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- (f) Sale to Third Party Purchaser. If the Offerees do not elect in the aggregate to purchase all of the Offered Shares, the Transferring Shareholder may Transfer, subject to Section 3.5, the remaining Offered Shares (the "Remaining Shares") to the Transferee identified in the Transfer Notice on the terms and conditions set forth in the Transfer Notice; provided, however, that (i) such sale is bona fide, (ii) the price for the sale to the Transferee is a price not less than the Offer Price and the sale is otherwise on terms and conditions no less favorable to the Transferring Shareholder than those set forth in the Transfer Notice, (iii) the Transfer is made within four months after the giving of the Transfer Notice and (iv) the proposed transferee is not a Competitor. If such a Transfer does not occur within such four-month period for any reason, the restrictions provided for herein shall again become effective, and no Transfer of Shares may be made by the Transferring Shareholder thereafter without again making an offer to the Offerees in accordance with this Section 3.4.
- (g) Closing. The closing of any purchase of Offered Shares by the Offerees shall be held at the principal office of the Company at 11:00 a.m. local time on the 15th day after the giving of the Acceptance Notice or at such other time and place as the parties to the transaction may agree. The said 15 day period shall be extended for an additional period of up to 45 days if necessary to obtain any Regulatory Approvals required for such purchase and payment. At such closing, the Transferring Shareholder shall deliver certificates representing the Offered Shares, accompanied by duly executed instruments of transfer and the Transferring Shareholder's portion of the requisite transfer taxes, if any. Such Offered Shares shall be free and clear of any Encumbrance (other than Encumbrances arising hereunder or attributable to actions by the Offeree acquiring such Offered Shares), and the Transferring Shareholder shall so represent and warrant and shall further represent and warrant that it is the beneficial and record owner of such Offered Shares. Each Offeree purchasing Offered Shares shall deliver at such closing (or on such later date or dates as may be provided in the Transfer Notice with respect to payment of consideration by the proposed Transferee, or as otherwise agreed between the Transferring Shareholder and such Offeree) payment in full of the Offer Price. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Offered Shares to the Offerees. Any stamp duty or transfer taxes or fees payable on the transfer of any Offered Shares shall be borne and paid equally by the Transferring Shareholder and the relevant Offeree.

3.5 Tag-Along Rights.

(a) Tag-Along Rights on Transfer.

- (i) Tag-Along Right. If a Shareholder proposes to make a Transfer, provided that an Offeree does not exercise its First Refusal Right, such Offeree shall have the right (the "Tag-Along Right") but not the obligation to require the proposed transferee in such Transfer to purchase from such Offeree, for the same consideration per Share and upon the same terms and conditions as to be paid and given to the Transferring Shareholder, up to a maximum number of Remaining Shares multiplied by a fraction, the numerator of which is the number of Shares held by such Offeree and the denominator of which is the aggregate number of Shares held by the Transferring Shareholder and the Offerees exercising the Tag-Along Right, in each case (for both the numerator and the denominator) on a fully diluted basis as of the date of the Transfer Notice. If an Offeree elects to exercise its Tag-Along Right, the number of Shares to be Transferred by the Transferring Shareholder shall be reduced accordingly.
- (ii) Tag-Along Notice. If an Offeree elects to exercise its Tag-Along Right (the "Tag-Along Offeree"), such Offeree shall deliver a written notice (the "Tag-Along Notice") of such election to the Transferring Shareholder within the Offer Period, specifying the number of Shares with respect to which it wishes to sell pursuant to the Tag-Along Right, subject to the maximum number of Shares calculated pursuant to Section 3.5(a). Such notice shall be irrevocable and shall constitute a binding agreement by such Shareholder to Transfer up to such number of Shares on the terms and conditions set forth in the Transfer Notice. The failure of the Tag-Along Offeree to give a Tag-Along Notice within the Offer Period shall be deemed to be a waiver of such Tag-Along Offeree's Tag Along Right.
- (iii) Allocation of Remaining Shares. Within 5 Business Days after the expiry of the Offer Period, the Transferring Shareholder shall send a notice to each Tag-Along Offeree specifying (1) the number of Remaining Shares, (2) the identity of each Tag-Along Offeree, (3) the number and type of Shares that each Tag-Along Offeree has requested to sell, and (4) the number and the type of Shares that each Tag-Along Offeree shall sell to the third party.

- (b) Consummation. The closing of the sale of Shares pursuant to the Tag-Along Right shall occur simultaneously with the Transfer of Shares by the Transferring Shareholder. Where any Offeree has properly elected to exercise its Tag-Along Right and the proposed transferee fails to purchase Shares from such Offeree, the Transferring Shareholder shall not make the proposed Transfer, and if purported to be made, such Transfer shall be void.

3.6 Drag Along Rights.

- (a) If (i) the holders of a majority of the total issued and outstanding Ordinary Shares of the Company (excluding any Shares issued or issuable pursuant to the ESOP or other incentive programs of the Company) and (ii) the holders of at least 75% of the total issued and outstanding Preferred Shares ((i) and (ii), collectively, the “Dragging Shareholders”) have jointly approved a Trade Sale (such approved Trade Sale, a “Drag-Along Event”), the Dragging Shareholders shall have the option, but not the obligation, to issue a written notice to the other Shareholders, and:
- (i) in the case of Drag-Along Event that is a sale of Shares to one or more purchasers (a “Drag-Along Sale”), each Shareholder shall sell all its Shares (or in the case of a sale of less than all of the Shares, its Pro Rata Share of the Shares to be sold) to the prospective purchaser or purchasers on the terms and conditions approved by the Dragging Shareholders, and for such purpose each of the other Shareholders shall, within 15 days after receipt of the notice specified above, deliver to the Company the endorsed share certificates and corresponding instruments of transfer, undated and executed in blank, representing all of the Shares held by such Shareholder, and the relevant letter of authority to the Company to dispose of the Shares as appropriate;
 - (ii) in the case of a Drag-Along Event that is (1) a sale of all or substantially all of the Group Companies’ assets or an exclusive licensing of all or substantially all of the Group Companies’ intellectual property or (2) a merger or consolidation or other transaction effecting a sale of the Company or a Controlling interest in the Company, including without limitation by way of a scheme or arrangement or similar business combination (any of (1) and (2), a “Sale Transaction”), each other Shareholder shall (x) vote its Shares in favor of such Sale Transaction in the terms approved by the Board, in any vote of the Shareholders on such matter, (y) cause its designated Director(s) on the Board (as applicable) to vote in favor of the Sale Transaction and (z) otherwise take all actions necessary or appropriate to facilitate such Sale Transaction; and
 - (iii) each Shareholder shall waive all rights of appraisal it, he or she may have under applicable law with respect to the Drag-Along Event.

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- (b) The Shareholders selling their Shares in a Drag-Along Sale other than the Dragging Shareholders (together, the “Drag-Along Shareholders”) shall agree to make or agree to the same customary representations, warranties, covenants, indemnities and agreements as the Dragging Shareholders so long as they are made severally and not jointly, and the liabilities thereunder are borne on a pro rata basis based on the consideration to be received by each such Shareholder and in any event shall not exceed such Shareholder’s net proceeds from the Drag-Along Sale. Any representation relating specifically to a Dragging Shareholder or Drag-Along Shareholder shall be made only by such relevant Shareholder and any indemnity given with respect to such representation shall be given only by such relevant Shareholder. Each Dragging Shareholder and Drag-Along Shareholder shall be responsible for funding its pro rata share of (i) any escrow arrangements (if any) in connection with the Drag-Along Sale and, subject to the foregoing sentence, for its proportionate share of any withdrawals therefrom, and (ii) any fees, commissions, adjustments to purchase price, expenses and costs in connection with the Drag-Along Sale. No Shareholder or Affiliate of any Shareholder shall have any liability to any other Shareholder or the Company arising from, relating to or in connection with the pursuit, consummation, postponement, abandonment or terms and conditions of any proposed Transfer pursuant to this Section 3.6, except to the extent such Shareholder shall have failed to comply with the provisions of this Section 3.6.
- (c) Solely for purposes of Section 3.6(a)(ii) and in order to secure the performance of each Drag-Along Shareholder’s obligations under Section 3.6(a)(ii), each Drag-Along Shareholder hereby irrevocably appoints each other Shareholder that qualifies as a Drag-Along Proxy Holder (as defined below) as the attorney-in-fact and proxy of such Drag-Along Shareholder (with full power of substitution) to vote or provide a written consent with respect to its Shares as described in this Section 3.6(c) if, and only in the event that, such Drag-Along Shareholder fails to vote or provide a written consent with respect to its Shares in accordance with the terms of Section 3.6(a)(ii) (each such Shareholder, a “Breaching Drag-Along Shareholder”) within three (3) days of a request for such vote or written consent. Upon such failure, the Dragging Shareholders shall have and are hereby irrevocably granted a proxy to vote or provide a written consent with respect to each such Breaching Drag-Along Shareholder’s Shares for the purposes of taking the actions required by Section 3.6(a)(ii) (the Dragging Shareholders in such capacity, the “Drag-Along Proxy Holder”). Each Shareholder intends this proxy to be, and it shall be, irrevocable and coupled with an interest, and each Drag-Along Shareholder will take such further action and execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revoke any proxy previously granted by it with respect to the matters set forth in Section 3.6(a)(ii) with respect to the Shares owned by such Shareholder.
- (d) For the avoidance of doubt, Sections 3.4 and 3.5 shall not apply in the event of a Drag-Along Event.
- (e) Notwithstanding the provisions provided in this Section 3, the prior written approval of Bitauto is required if the Trade Sale is to a Company Restricted Person, the prior written approval of Tencent is required if the Trade Sale is to a Tencent Restricted Person, and the prior written approval of JD is required if the Trade Sale is to a JD Restricted Person.

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- 3.7 Avoidance of Restrictions. The Parties agree that the Transfer restrictions in this Agreement and in the Articles shall not be capable of being avoided by the holding of Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Shares free of such restrictions. Any Transfer or other disposal of any shares (or other interest) resulting in any change in the Control of a Shareholder or of any company (or other entity) having Control over that Shareholder shall be treated as being a Transfer of the Shares held by that Shareholder, and the provisions of this Agreement and the Articles that apply in respect of the Transfer of Shares shall thereupon apply in respect of the Shares so held.
- 3.8 Transfer of Convertible Securities. Any Transfer of Equity Securities exercisable or convertible into or exchangeable for Shares will be deemed for the purposes of this Section 3 to be a Transfer of Shares.
- 3.9 Notice of Transfer. After registering any Transfer of Shares or other Equity Securities on its books, the Company shall promptly send a notice to each Shareholder stating that such Transfer has taken place and setting forth the name of the transferor, the name of the transferee and the number and class of Equity Securities involved.
- 3.10 Termination of Transfer Restrictions. The Transfer restrictions described in this Section 3 shall terminate upon the earlier of (i) the completion of a Qualified IPO or (ii) the closing of a Trade Sale and shall not apply to the Qualified IPO of the Company.

SECTION 4 PREEMPTIVE RIGHTS

- 4.1 Restrictions.
- (a) Except as provided under Section 4.1(c), the Company shall not issue any securities (including, without limitation, any Equity Securities or any debt or other securities of any kind) of any type or class ("Issuance Securities") to any person (the "Proposed Recipient") unless the Company has offered each Preferred Shareholder in accordance with the provisions of this Section 4 the right to purchase such Preferred Shareholder's pro rata share of such Issuance Securities for a per unit consideration, payable solely in cash, equal to the per unit consideration to be paid by the Proposed Recipient and otherwise on the same terms and conditions as are offered to the Proposed Recipient. Any Shareholder who is not a Preferred Shareholder shall have no rights under this Section 4.
- (b) For the purposes of this Section 4, a Preferred Shareholder's pro rata share of Issuance Securities at any time shall be calculated as the product of (i) the number of Issuance Securities and (ii) a fraction, the numerator of which is the total amount of Preferred Shares owned by such Preferred Shareholder at such time, and the denominator of which is the total amount of Preferred Shares owned by all Preferred Shareholders at such time, in each case (for both the numerator and the denominator) on a fully diluted basis.

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- (c) The restrictions set out in Section 4.1(a) shall not apply to (i) any issuance of Ordinary Shares upon the conversion of the Preferred Shares, (ii) issuance of Shares pursuant to a Qualified IPO, (iii) issuance of Shares pursuant to the ESOP approved in accordance with this Agreement and the Articles, (iv) issuance of Equity Securities as consideration in connection with a bona fide business acquisition by the Company, whether by merger, consolidation, amalgamation or other business combination transaction, joint venture, sale or exchange of securities or other similar transaction involving the Company or a Group Company, approved in accordance with this Agreement and the Articles and (v) any Equity Securities issued in connection with any share split, share dividend, subdivision, combination, reclassification or other similar event in which all Preferred Shares participate on a pro rata basis, as approved in accordance with the Articles.

4.2 Preemptive Offer Notice.

- (a) Not less than twenty (20) days before a proposed issuance of securities other than in connection with an issuance permitted under Section 4.1(c) (a “Proposed Issuance”), the Company shall deliver to each Preferred Shareholder a written notice (a “Preemptive Offer Notice”) which shall set forth (i) the number, type and terms of such Issuance Securities, (ii) the consideration to be received by the Company in connection with the Proposed Issuance and (iii) a summary of any other material terms and conditions of the Proposed Issuance, including the name of the Proposed Recipient and the proposed issuance date.
- (b) The Company shall, by delivering the Preemptive Offer Notice, offer each Preferred Shareholder the option to acquire all or any portion of its pro rata share of the Issuance Securities (the “Preemptive Offer”). Such Preemptive Offer Notice shall also be accompanied by any written offer, if any, from the Proposed Recipient to purchase such Issuance Securities. The Preemptive Offer shall remain open and irrevocable for the periods set forth below (and, to the extent the Preemptive Offer is accepted during such periods, until the consummation of the issuance contemplated by the Preemptive Offer).

4.3 Exercise of Preemptive Rights.

- (a) Each Preferred Shareholder shall have the right and option, for a period of fifteen (15) days after delivery of the Preemptive Offer Notice (the “Preemptive Acceptance Period”), to elect to purchase all or any portion of its pro rata share of the Issuance Securities (and any of its Affiliates’ pro rata share of the Issuance Securities not purchased by such Affiliates) at the purchase price and on the terms and conditions stated in the Preemptive Offer Notice. Each Preferred Shareholder may accept the Preemptive Offer by delivering a written notice (the “Preemptive Acceptance Notice”) to the Company within the Preemptive Acceptance Period specifying the maximum number of Issuance Securities such Preferred Shareholder will purchase. If any Preferred Shareholder does not exercise its preemptive rights under this Section 4.3 or elects to exercise such rights with respect to less than its pro rata share of the Issuance Securities, any Preferred Shareholder that has elected to exercise its rights with respect to its full pro rata share of the Issuance Securities (a “Fully Participating Shareholder”) shall be entitled to purchase from the Company an additional number of Issuance Securities equal to the product of (x) the aggregate number of Excess Securities (defined below) and (y) a fraction, the numerator of which is the total amount of Preferred Shares owned by such Fully Participating Shareholder on the date of the Preemptive Offer, and the denominator of which is the total amount of Preferred Shares owned by all Fully Participating Shareholders that elect to purchase Excess Securities, in each case (for both the numerator and the denominator) on a fully diluted basis.

For the purposes of this Section 4.3, “Excess Securities” means the aggregate number of Issuance Securities not taken up by the Preferred Shareholders pursuant to their pro rata share of the Proposed Issuance.

- (b) All sales of Issuance Securities to the Preferred Shareholders subject to any Preemptive Offer Notice shall be consummated contemporaneously at the offices of the Company on a mutually satisfactory Business Day within twenty (20) Business Days after the expiration of the Preemptive Acceptance Period. The delivery of certificates or other instruments, if any, evidencing such Issuance Securities shall be made by the Company or such other Group Company, as applicable, on such date against payment of the purchase price for such Issuance Securities.
- (c) If any Issuance Securities set forth in the Preemptive Offer Notice remain unpurchased or unsubscribed after the Preferred Shareholders have either exercised or waived their rights under this Section 4.3, then the Company may issue all or any portion of such Issuance Securities so offered and not purchased or subscribed, at a price not less than the purchase price, and on terms and conditions not more favorable to the Proposed Recipient than the purchase price, terms and conditions stated in the Preemptive Offer Notice at any time within sixty (60) days after the expiration of the Preemptive Acceptance Period (the “Issuance Period”); provided, that in connection with and as a condition to such issuance (solely in the case of any issuance of Shares), each purchaser or recipient of such Shares who is not then a party to this Agreement shall execute and deliver to the Company a Deed of Adherence substantially in the form attached hereto as Exhibit A; provided, further, that if such issuance is subject to Regulatory Approval, the Issuance Period shall be extended until the expiration of the fifth (5th) Business Day following the receipt of all such Regulatory Approvals, but in no event later than one hundred and eighty (180) days following the expiration of the Preemptive Acceptance Period. In the event that all of the Issuance Securities is not so issued during the Issuance Period, the right of the Company to issue such unsold Issuance Securities shall expire and the obligations of this Section 4 shall be reinstated and such securities shall not be offered unless first reoffered to the Preferred Shareholders in accordance with this Section 4.

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- (d) Any Preferred Shareholder that fails to deliver a Preemptive Acceptance Notice in accordance with Section 4.3(a) shall be deemed to have irrevocably waived any and all rights under this Section 4 with respect to a Preemptive Offer (but not with respect to any future Preemptive Offers). Any sale of securities by the Company without first giving the Preferred Shareholders the rights described in this Section 4 shall be void and of no force and effect.

4.4 Termination of Rights. The Preemptive Rights under this Section 4 shall terminate upon the completion of a Qualified IPO and shall not apply to the Qualified IPO of the Company.

SECTION 5 CORPORATE GOVERNANCE

5.1 General. From and after the date hereof, each Shareholder shall vote its Shares at any regular or special meeting of Shareholders (a “Shareholders Meeting”), and shall take all other actions necessary, to give effect to the provisions of this Agreement and to ensure the inclusion in the Articles the rights and privileges of the Shareholders included in this Agreement. In addition, each Shareholder shall vote its Shares at any Shareholders Meeting, upon any matter submitted for action by the Shareholders or with respect to which such Shareholder may vote, in conformity with the specific terms and provisions of this Agreement.

5.2 Board of Directors

- (a) Number and Composition. The number of Directors constituting the entire Board shall be five (5). Each Shareholder shall vote its Shares at any Shareholders Meeting called for the purpose of filling the positions on the Board or in any written consent of Shareholders executed for such purpose to elect, and shall take all other actions necessary to ensure the election to the Board of:
- (i) so long as (1) Tencent and its Affiliates hold in the aggregate at least 15% of the Shares on a fully diluted basis or (2) Tencent and its Affiliates hold in the aggregate less than 15% of the Shares on a fully diluted basis but neither Tencent nor its Affiliates Transferred any Shares held by Tencent on the date of this Agreement to any Person who is not an Affiliate of Tencent, one (1) nominee of Tencent (the “Tencent Director”);

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- (ii) so long as (1) JD and its Affiliates hold in the aggregate at least 15% of the Shares on a fully diluted basis or (2) JD and its Affiliates hold in the aggregate less than 15% of the Shares on a fully diluted basis but neither JD nor its Affiliates Transferred any Shares held by JD on the date of this Agreement to any Person who is not an Affiliate of JD, one (1) nominee of JD (the "JD Director"); and
 - (iii) three (3) nominees designated by Bitauto.
- (b) Removal and Replacement of Directors.
- (i) A Director shall be removed from the Board, with or without cause, upon, and only upon, by the Shareholder who appointed him, unless such Director resigns voluntarily or the term of his service expires, in which case the Shareholder entitled to appoint such director shall be entitled to nominate a replacement to be appointed by the Board to fill the vacancy thus created.
 - (ii) Directors may only be appointed to and removed from the Board by the relevant Shareholders in accordance with this Agreement and the Articles.
- (c) Chairman of the Board. The Chairman of the Board shall be selected by a majority vote of the Directors. The Chairman shall not have a casting vote.

5.3 Board Meetings.

- (a) Frequency and Location. Meetings of the Board shall take place at least once every quarter. Meetings shall be held in a location approved by a majority of the Directors.
- (b) Notice. A meeting may be called by the Chairman of the Board or any three Directors giving notice in writing to the Company Secretary specifying the date, time and agenda for such meeting. The Company Secretary shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. Not less than seven (7) days' notice shall be given to all Directors; provided, however, that such notice period may be reduced with the written consent of all of the Directors.

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- (c) Quorum. All meetings of the Board shall require a quorum of at least three (3) Directors, among which one shall be a Tencent Director and one JD Director. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to such place and time as those Directors who did attend shall decide or, if no such decision is reached, at the same place and time seven (7) days later, at which meeting any three (3) Directors present shall constitute a valid quorum, provided that notice of such adjourned meeting shall have been delivered to all Directors at least five (5) days prior to the date of such adjourned meeting.
 - (d) Voting. At any Board meeting, each Director may exercise one vote. No Director shall have a casting vote in the event of a tie. Any Director may, by written notice to the company secretary of the Company, authorize another Person to attend and vote by proxy for such Director at any Board meeting. Subject to Section 5.4, the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board. The Board shall not at any meeting adopt any resolution covering any matter that is not specified on the agenda for such meeting unless all Directors are present at such meeting and vote in favor of such resolution.
 - (e) Participation. Directors may participate in Board meetings by telephone or video conference, and such participation shall constitute presence for purposes of the quorum provisions of Section 5.3(c).
 - (f) Expenses. The reasonable costs of attendance of Directors at Board meetings shall be borne by the Company.
 - (g) Action by Written Consent. Any action that may be taken by the Directors at a meeting may be taken by a written resolution signed by all of the Directors.

5.4 Board Reserved Matters. Subject to any additional requirements imposed by the Act, except as contemplated under this Agreement and the Share Subscription Agreement, the Company shall ensure that no Group Company shall, without the affirmative consent or approval by the majority of the Directors (which majority, for so long as Tencent has the right to appoint the Tencent Director and JD has the right to appoint the JD Director, shall include the Tencent Director and the JD Director), take, permit to occur, approve, authorize or agree or commit to do any of the following actions, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation or otherwise:

- (a) during any fiscal year starting from the 2nd year of business operation of the Group, other than in the ordinary course of business, purchase or lease of any business and/or assets valued in excess of (i) 10% of the Group's total assets at the end of preceding fiscal year individually or (ii) 20% of the Group's total assets at the end of preceding fiscal year in the aggregate for the Group, provided that in circumstances where the threshold will materially adversely affect business operations, the threshold may be reviewed by the Board;

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- (b) during any fiscal year starting from the 2nd year of business operation of the Group, other than in the ordinary course of business, investment in any other Person in excess of (i) 10% of the Group's total assets at the end of preceding fiscal year individually or (ii) 20% of the Group's total assets at the end of preceding fiscal year in the aggregate for the Group, provided that in circumstances where the threshold will materially adversely affect business operations, the threshold may be reviewed by the Board;
 - (c) appointment or removal of auditors, or the change of the term of the fiscal year;
 - (d) any fundamental change to the business scope or nature of the business of the Group, or cessation of any business line which is critical to the PRC Business;
 - (e) adoption of or change to, a significant tax or accounting practice or policy or any internal financial controls and authorization policies, or the making of any significant tax or accounting election; or
 - (f) any transaction with a Related Party, which together with all other transactions with any Related Party during the same fiscal year, results in a transaction value in excess of 5% of the annual total revenues as approved in the annual budget of such fiscal year, provided that in circumstances where the threshold will materially adversely affect business operations, the threshold may be reviewed by the Board; notwithstanding the foregoing, any transaction with a Related Party will be on arm's-length terms and conditions.
- 5.5 Board Committees. The Board may establish other committees, such as a compensation and audit committee, as it may determine; provided, subject to the Act, applicable laws and the Articles, the composition of any committee formed by the Board shall reflect as closely as is practicable, the composition of the Board.
- 5.6 Rights and Obligations of the Shareholders and the Company in Relation to the Group Companies. The Company shall cause the board of directors of each other Group Company, to the extent permitted by applicable law, to be the same size as the Board and nominated in the same manner as set out in Section 5.2(a), provided that any Shareholder having the right to nominate the director of a Group Company pursuant to this Section 5.6 may, from time to time in its sole discretion, decline to designate such director. The right of nomination by each Shareholder shall also carry the right to remove or replace the director so nominated, and if a nominating Shareholder ceases to be a Shareholder, such Shareholder shall immediately cause the directors on the board of each Group Company appointed by such Shareholder to resign or be removed. The Shareholders shall cause their nominees on the boards of directors of the Group Companies to vote in the manner determined by the Board and shall cause any director who fails to vote in such manner to be removed. The Company shall cause the quorum and voting arrangements and other procedures with respect to the boards of directors of the Group Companies, as well as other corporate governance matters, to the extent permitted by applicable law, to be the same as those set forth in this Section 5 with respect to the Board, the Shareholders and the Company.

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- 5.7 Incentive Plan. The Company shall reserve such amount of Ordinary Shares of the Company representing 3.8% of all the outstanding Equity Securities in the Company on a fully-diluted basis immediately after the date hereof for the ESOP.
- 5.8 Termination of Board Nomination Right. Subject to the provisions under Sections 5.2(a)(i) and 5.2(a)(ii), the right of Tencent and JD to nominate a person as Director to the Board shall terminate upon the consummation of a Qualified IPO only if such termination is required under applicable laws.
- 5.9 Share Votes. Each Preferred Share shall carry such number of votes as is equal to the number of votes of Ordinary Shares then issuable upon the conversion of such Preferred Share into Ordinary Shares. The Preferred Shareholders and the Ordinary Shareholders shall vote together and not as a separate class unless otherwise required herein or in the Articles or by applicable laws.
- 5.10 Shareholders Reserved Matters. Subject to any additional requirements imposed by the Act, except as contemplated under this Agreement and the Share Subscription Agreement, the Company and the Parties shall ensure that no Group Company shall, without the affirmative written consent or approval by Tencent (for so long as (1) Tencent and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) Tencent and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither Tencent nor its Affiliates Transferred any Shares held by Tencent on the date of this Agreement to any Person who is not an Affiliate of Tencent) and JD (for so long as (1) JD and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) JD and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither JD nor its Affiliates Transferred any Shares held by JD on the date of this Agreement to any Person who is not an Affiliate of JD), take, permit to occur, approve, authorize or agree or commit to do any of the following actions, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation or otherwise; provided, that written consent from the individuals designated by any Shareholder to serve on the Board, with any such individual acting in his or her capacity as a representative of such Shareholder, and not in his or her capacity as a Director of the Company, shall be deemed to constitute consent of such Shareholder:
- (a) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, any Preferred Shares;

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- (b) any action that authorizes, creates, issues, increases or decreases the authorized number of (including through altering, reorganizing, reclassifying or otherwise recapitalizing any existing Equity Securities), any Equity Securities except for: (i) Ordinary Shares issuable upon conversion of Preferred Shares or (ii) Ordinary Shares or other securities issued under the ESOP with the approval of the Board;
 - (c) any purchase, repurchase, redemption or retirement of any Equity Securities, other than repurchases pursuant to share restriction agreements approved by the Board upon termination of a Director, employee or consultant or any redemption of any Preferred Shares in accordance with their terms (which terms shall have been approved by Tencent (for so long as (1) Tencent and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) Tencent and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither Tencent nor its Affiliates Transferred any Shares held by Tencent on the date of this Agreement to any Person who is not an Affiliate of Tencent) and JD (for so long as (1) JD and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) JD and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither JD nor its Affiliates Transferred any Shares held by JD on the date of this Agreement to any Person who is not an Affiliate of JD));
 - (d) any amendment or modification to or waiver under any of the Articles or any other charter documents of any Group Company;
 - (e) adoption, amendment or termination of the ESOP or any other equity incentive, purchase or participation plan for the benefit of employees, officers, directors, contractors, advisors or consultants;
 - (f) starting from the 2nd year of business operation of the Group, other than in the ordinary course of business, any sale, transfer, or other disposal of, or the incurrence of any lien on, any substantial part of its assets valued in excess of 20% of the Group's total assets at the end of preceding fiscal year, provided that in circumstances where the threshold will materially adversely affect business operations, the threshold may be reviewed by the Board;
 - (g) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or other arrangement under law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;
 - (h) any change in the equity ownership of the VIE Entity of the Company or any amendment or modification to, waiver under any of the Control Documents;
 - (i) any merger, amalgamation, consolidation, division, scheme of arrangement or any other type of corporate restructuring;

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- (j) any divestiture or sale of an interest in a subsidiary, partnership or joint venture; or
 - (k) any Trade Sale other than a Drag-Along Event.

5.11 Termination of Right to Approve Reserved Matters. The rights to approve the reserved matters under Sections 5.4 and 5.10 shall terminate upon the completion of a Qualified IPO.

SECTION 6 REGISTRATION RIGHTS

6.1 Generally. The Preferred Shareholders shall be entitled to the registration rights set out in Schedule 2.

6.2 Other Jurisdictions. In the event that the Company (or as the case may be, the relevant entity resulting from any merger, reorganization or other arrangements made by the Company for the purposes of public offering) intends to effect a public offering of its securities outside of the United States of America, the Parties agree that the Preferred Shareholders shall, to the extent permitted by relevant Laws, have the same registration rights or rights as similar to such registration rights as permissible under relevant laws.

SECTION 7 COVENANTS

7.1 Mutual Cooperation. Bitauto, JD and Tencent shall, and shall cause their Affiliates to, use their commercially reasonable efforts to cooperate with each other to facilitate the further development of the PRC Business.

7.2 Inspection Rights. For so long as Tencent and its Affiliates or JD and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis, Tencent or JD, as applicable, and its authorized representatives shall have access, at all reasonable times during normal business hours and with prior written notice, over the facilities and financial books and records of the Group Companies and the right to make extracts and copies of the financial books and records so inspected at its own expense and to discuss the business, operations and conditions of the Group Companies with the directors, officers, employees, accountants, legal counsels, investment bankers and other advisors of the relevant Group Companies, provided that the onsite inspection shall not unreasonably affect the normal operation of the Group Companies.

7.3 Information Rights.

- (a) For so long as Tencent and its Affiliates or JD and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis, the Company shall provide to Tencent or JD, as applicable:
 - (i) audited consolidated annual financial statements within ninety (90) days after the end of each Financial Year, audited by a Big-4 accounting firm or any other accounting firm acceptable to Tencent and JD;

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- (ii) unaudited consolidated quarterly financial statements within forty-five (45) days after the end of each fiscal quarter;
 - (iii) an annual budget at least thirty (30) days prior to the beginning of each Financial Year;
 - (iv) copies of all documents or other information sent to other Shareholders; and
 - (v) copies of other documents and information as Tencent or JD may reasonably request.
- (b) All financial statements delivered by the Company pursuant to Sections 7.3(a)(i) and 7.3(a)(ii) shall be prepared in accordance with IFRS or US GAAP.

7.4 Termination of Information and Inspection Rights. The information and inspection Rights described in Sections 7.3 and 7.3 shall terminate upon the completion of a Qualified IPO.

7.5 Books and Records. The Company shall, and shall cause the other Group Companies to, keep proper, complete and accurate books of account in its functional currency and, in the case of each Group Company, the currency of the jurisdiction in which such Group Company is organized, in each case in accordance with (a) IFRS or PRC GAAP and (b) applicable laws. The Company shall have its accounts and those of each Group Company audited annually in accordance with such standards by a Big-4 accounting firm or any other accounting firm acceptable to the Investors.

7.6 Budgets and Business Plans. The Company shall prepare proposed annual operating and capital budgets and business plans for the Company, which shall be submitted to all Directors not less than thirty (30) days after the commencement of each Financial Year. The Board shall adopt budgets and business plans for the Company within forty-five (45) days after the commencement of the relevant Financial Year.

7.7 Compliance Covenants.

- (a) The Company shall ensure that the Group Companies shall (a) conduct their respective business in compliance in all material respects with all applicable laws and (b) obtain, make and maintain in effect, all consents, permits, approvals, authorizations, registrations and filings from the relevant Governmental Authority or other Persons required in respect of the due and proper establishment and operations of each Group Company as now conducted in accordance with applicable laws and regulations.

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- (b) Each Shareholder and the Company agrees that neither the Company, nor any Company Representative shall, directly or indirectly, make or authorize any offer, gift, payment, or transfer, or promise of, any money or anything else of value, or provide any benefit, to any Government Official, Governmental Entity, or other Person that would result in a breach of any applicable Anticorruption Law, by the Company or such Company Representative.
- 7.8 Cooperation. Each Shareholder and the Company agrees to cooperate and provide all reasonable information and assistance requested upon an investigation or inquiry by a Governmental Entity directed to the Company.
- 7.9 Control Documents. The Company shall ensure that each party to the relevant Control Documents perform its/his/her respective obligations thereunder to the fullest extent, carry out the terms and the intent of the Control Documents (including any amendments hereto) and ensure each Control Document is valid and binding, in full force and effect and enforceable in accordance with its terms. Each of Tencent and JD shall ensure that the Nominee Shareholder nominated by it shall perform its/his/her respective obligations thereunder to the fullest extent and carry out the terms and the intent of the Control Documents (including any amendments hereto). Any termination, or modification or waiver of, or amendment to any Control Documents shall require the approval of the Shareholders in accordance with Section 5.10 and the Articles. If any of the Control Documents becomes illegal, void or unenforceable under any applicable laws after the date hereof, the Group Companies shall use their best efforts to devise a feasible alternative legal structure reasonably satisfactory to all of the Preferred Shareholders which gives effect to the intentions of the parties in each Control Document and the economic arrangement thereunder as closely as possible and maintains the economic interests of the Shareholders and consolidates the financial results of the Group Companies into the Company's financial statements.
- 7.10 Transfer of Equity Interest in the VIE Entity of the Company. The percentage of Equity Securities held by each of the Nominee Shareholders for Tencent and JD in the VIE Entity of the Company shall be equal to the percentage of Shares such Preferred Shareholder holds in the Company on a fully diluted basis and the Nominee Shareholder for Bitauto shall hold the remaining percentage of Equity Securities in the VIE of the Company. In the event that there is any discrepancy between the foregoing percentages as a result of the change to the percentage of Shares the relevant Preferred Shareholder holds in the Company, the Shareholders who appointed the Nominee Shareholders may, and upon request by the Company, the Shareholders who appointed the Nominee Shareholders shall, discuss in good faith and adjust the percentage of Equity Securities held by the relevant Preferred Shareholder's Nominee Shareholder in the VIE Entity of the Company, provided such adjustment will not result in any material adverse effect on any Party or Group Company and such adjustment shall not be made more than once in any given calendar year.

In the event that Tencent or JD wishes to replace its existing Nominee Shareholder with a new Nominee Shareholder to hold Equity Securities in the VIE Entity of the Company (the "Replacement"), Bitauto shall procure its Nominee Shareholder and the Company shall procure the VIE Entity of the Company to, upon Tencent's or JD's request, as applicable, take all necessary actions to implement the Replacement, including executing and delivering all resolutions, corporate documents, consents, waivers and other related instruments and documentation and taking all such further actions to the satisfaction of Tencent or JD, as applicable, necessary to approve the Replacement and the transfer of Equity Securities in the VIE Entity of the Company held by Tencent's or JD's existing Nominee Shareholder to Tencent's or JD's new Nominee Shareholder, provided such Replacement will not result in any material adverse effect on any Party or Group Company and such Replacement shall not be made more than once in any given calendar year.

Notwithstanding anything to the contrary herein, to the extent any of Bitauto, Tencent or JD designates or changes one Nominee Shareholder to hold an equity interest in the VIE Entity of the Company, such Preferred Shareholder shall bear all costs and expenses, including, but not limited to, taxes, filing fees, registration fees and other transaction expenses, incurred in connection with appointing such Nominee Shareholder or adjusting such Nominee Shareholder's equity interest in the VIE Entity of the Company in accordance with the provisions hereof.

- 7.11 Protection of Intellectual Property. The Group Companies shall take all reasonable steps to protect their respective material intellectual property, including without limitation (x) registering their material respective trademarks, brand names, domain names and copyrights, and (y) requiring each director and Key Employee and consultant (if applicable) of each Group Company to enter into an employment agreement or a consulting agreement which includes the provisions in respect of confidentiality, non-compete and work product ownership right assignment provisions in a form reasonably satisfactory to the Investors. The Company shall ensure that the Group Companies shall not make any material changes to such employment agreement or the consulting agreement without the prior written consent of Tencent (for so long as (1) Tencent and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) Tencent and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither Tencent nor its Affiliates Transferred any Shares held by Tencent on the date of this Agreement to any Person who is not an Affiliate of Tencent) and JD (for so long as (1) JD and its Affiliates hold in the aggregate at least 10% of the Shares on a fully diluted basis or (2) JD and its Affiliates hold in the aggregate less than 10% of the Shares on a fully diluted basis but neither JD nor its Affiliates Transferred any Shares held by JD on the date of this Agreement to any Person who is not an Affiliate of JD).
- 7.12 Control of Subsidiaries. The Company shall institute and keep in place such arrangements as are reasonably satisfactory to the Investors such that the Company (a) will at all times Control the operations of each other Group Company, and (b) will at all times be permitted to properly consolidate the financial results for each other Group Company (including without limitation the VIE Entities of the Company) in the consolidated financial statements for the Company prepared under IFRS or US GAAP.

**SECTION 8
REPRESENTATIONS AND WARRANTIES**

8.1 Representations and Warranties.

Each Party represents to other Parties that:

- (a) such Party has the full power and authority to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby and, if such Party is not a natural person, such Party is duly incorporated or organized and existing under the laws of the jurisdiction of its incorporation or organization;
- (b) the execution and delivery by such Party of this Agreement and the performance by such Party of the transactions contemplated hereby have been duly authorized by all necessary corporate or other action of such Party;
- (c) assuming the due authorization, execution and delivery hereof by the other Parties, this Agreement constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and
- (d) the execution, delivery and performance of this Agreement by such Party and the consummation of the transactions contemplated hereby will not, (i) violate any provision of the constitutional, organizational or governance documents of such Party to the extent relevant, (ii) require such Party to obtain any consent, approval or action of, or make any filing with or give any notice to, any government authority in such Party's country of organization or any other Person pursuant to any instrument, contract or other agreement to which such Party is a party or by which such Party is bound, other than any such consent, approval, action or filing that has already been duly obtained or made, or that is permitted to be, and will be, obtained or made following the date hereof, or that is otherwise required hereunder, (iii) conflict with or result in any material breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both constitute) a material default under, any instrument, contract or other agreement to which such Party is a party or by which such Party is bound, (iv) violate any law applicable to such Party that would materially and adversely affect such Party's ability to execute, deliver or perform its obligations hereunder.

**SECTION 9
CONFIDENTIALITY**

- 9.1 General Obligation. Each Party shall keep confidential (a) any information concerning the organization, business, technology, intellectual property, safety records, investment, finance, transactions or affairs of any Party or its Affiliates or any of their respective directors, officers, employees or agents (collectively, the “Representatives”) (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this Agreement); (b) the terms of this Agreement or any of the other documents entered into in connection with the Preferred Shareholders’ investment in the Company, including the documents referred to in this Agreement, or the identities of the Parties and their respective Affiliates; and (c) any other information or materials prepared by a Party or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information (collectively, the “Confidential Information”). Confidential Information shall not include any information that is (w) previously known on a non-confidential basis by the receiving Party, (x) in the public domain through no fault of such receiving Party, its Affiliates or its or its Affiliates’ officers, directors or employees, (y) received from a party other than a Party so long as such other party was not, to the knowledge of the receiving Party, subject to a duty of confidentiality to any Party or (z) developed independently by the receiving Party without reference to confidential information of the disclosing Party. No Party shall disclose such Confidential Information to any third party. Notwithstanding anything to the contrary, this Section 9.1 shall not affect the Preferred Shareholders’ or their Affiliates’ normal accounting or tax reporting in respect of their investment in the Company as required by applicable Law, and IFRS and PRC GAAP as applicable.
- 9.2 Exemptions. Notwithstanding any other provisions in this Section 9, if any Party believes in good faith that any announcement or notice must be prepared or published pursuant to applicable laws (including any rules or regulations of any securities exchange or valid legal process) or information is otherwise required to be disclosed to any Governmental Authority, such Party may, in accordance with its understanding of the applicable Laws, make the required disclosure in the manner it deems in compliance with the requirements of applicable Laws; provided that, the Party who is required to make such disclosure shall, to the extent permitted by Law and so far as it is practicable, provide the Preferred Shareholders with prompt notice of such requirement and cooperate with the Preferred Shareholders at such Preferred Shareholders’ request and at the requesting Preferred Shareholders’ cost, to enable such other Parties to seek an appropriate protection order or remedy. In addition, each Party may disclose, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, Confidential Information to the extent required under judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement and the Share Subscription Agreement; provided that, the Party who is required to make such disclosure shall, to the extent permitted by Law and so far as it is practicable, at the Preferred Shareholders’ request and at the requesting Preferred Shareholders’ cost, cooperate with the other Parties to enable such other Parties to seek an appropriate protection order or remedy.

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- 9.3 Disclosure to Affiliates. Each Party may disclose the Confidential Information only to its Affiliates and its and its Affiliates' officers, directors, employees, agents and Representatives on a need-to-know basis in the performance of this Agreement and the Share Subscription Agreement; provided that, such Party shall ensure such persons strictly abide by the confidentiality obligations hereunder.
- 9.4 Survival of Obligations. The confidentiality obligations of each Party hereunder shall survive the termination of this Agreement. Each Party shall continue to abide by the confidentiality clause hereof and perform the obligation of confidentiality it undertakes until the other Party approves release of that obligation or until a breach of the confidentiality clause hereof will no longer result in any prejudice to the other Party.

SECTION 10
TERM AND TERMINATION

- 10.1 Effective Date: Termination. This Agreement shall become effective upon the execution hereof by all of the Parties and shall continue in effect until the earlier to occur of (a) a Qualified IPO (provided that Section 5.2 shall survive a Qualified IPO to the extent permitted under the applicable law and Section 6 shall survive a Qualified IPO), (b) the date on which the Company goes into liquidation or dissolution or any property or assets of the Company are placed in the hands of a receiver, trust custodian or liquidator or a winding up order in respect of the Company is issued, (c) any date agreed upon in writing by all of the Preferred Shareholders and the Company and (d) with respect to a Shareholder, upon such Shareholder ceasing to own any Equity Securities.
- 10.2 Consequences of Termination. If this Agreement is terminated pursuant to Section 10.1 (other than Section 10.1(d)), this Agreement shall become null and void and of no further force and effect, except that the Parties shall continue to be bound by the provisions of this Section 10, Section 9 (Confidentiality and Restrictions on Publicity), Section 12 (Miscellaneous) and Section 13 (Governing Law and Dispute Resolution). If this Agreement is terminated pursuant to Section 10.1(d), this Agreement shall become of no further force and effect upon the such Shareholder, except that such Shareholder shall continue to be bound by the provisions of this Section 10, Section 9 (Confidentiality), Section 12 (Miscellaneous) and Section 13 (Governing Law and Dispute Resolution). Nothing in this Section 10.2 shall be deemed to release any Party from any liability for any breach of this Agreement prior to the effective date of such termination.

SECTION 11
NOTICES

11.1 Notice Addresses and Method of Delivery. All notices, requests, demands, consents and other communications (“Notices”) required to be given by any Party to any other Party shall be in writing and delivered by hand delivery express courier or facsimile to the applicable Party at the address or facsimile number stated below:

if to
Company: New Century Hotel Office Tower 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People’s Republic of China
Attention: Bin LI
Facsimile: (86 10) 6849-2200

with a copy
to: Skadden, Arps, Slate, Meagher & Flom LLP
c/o 42/F, Edinburgh Tower, The Landmark
15 Queen’s Road Central
Hong Kong
Attention: Z. Julie Gao, Esq.
Tel: +852 3740-4700

if to
Bitauto: New Century Hotel Office Tower 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People’s Republic of China
Attention: Bin LI
Facsimile: (86 10) 6849-2200

with a copy
to: Skadden, Arps, Slate, Meagher & Flom LLP
c/o 42/F, Edinburgh Tower, The Landmark
15 Queen’s Road Central
Hong Kong
Attention: Z. Julie Gao, Esq.
Tel: +852 3740-4700

if to
Tencent: c/o Tencent Holdings Limited
29/F., Three Pacific Place, No. 1 Queen’s Road
East, Wanchai, Hong Kong
Attn: Compliance and Transactions Department
E-mail: legalnotice@tencent.com

with a copy (which
shall not constitute
notice) to: Tencent Building, Kejizhongyi Avenue, Hi-tech
Park, Nanshan District, Shenzhen, 518057,
P.R.China
Attn: Mergers and Acquisitions Department
E-mail: PD Support@tencent.com

With a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
12th Floor, The Hong Kong Club Building, 3A
Chater Road, Central, Hong Kong
Attn. : Jeanette K. Chan, Esq.
Fax No. (852) 2840-4300
E-mail:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas, New York, NY
10019-6064, USA
Attn.: Steven J. Williams, Esq.
Fax No. (212) 492-0257
E-mail:

if to JD:

JD.com, Inc.
10th Floor, Building A, North Star Century Center,
8 Beichen West Street, Chaoyang District, Beijing
100101, P.R.China
Attention: Legal Department
Email: legalnotice@jd.com

with a copy (which shall not constitute notice) to:

JD.com, Inc.
10th Floor, Building A, North Star Century Center,
8 Beichen West Street, Chaoyang District, Beijing
100101, P.R.China
Attention: Corporate Development Department

If to Hammer:

Suite 508, 5th Floor, ICBC Tower
3 Garden Road
Central
Hong Kong
Attn.: Amanda Chau, Esq.
Fax No. (852) 2660-6996
E-mail:

or, as to each Party, at such other address or number as shall be designated by such Party in a notice to the other Party containing the new information in the same format as the information set out above and complying as to delivery with the terms of this Section 11.1. Notwithstanding the foregoing, any notice involving non-performance or termination shall be sent by hand delivery or by prepaid express courier.

11.2 Time of Delivery. Any Notice delivered:

- (a) by hand delivery shall be deemed to have been delivered on the date of actual delivery;
- (b) by prepaid express courier shall be deemed to have been delivered upon delivery by the courier; and
- (c) by facsimile shall be deemed to have been delivered on the day the transmission is sent (as long as the sender has a confirmation report specifying a facsimile, a facsimile number of the recipient, the number of pages sent and the date of the transmission).

11.3 Proof of Delivery. In proving delivery of any Notice it shall be sufficient:

- (a) in the case of delivery by hand delivery or courier, to prove that the Notice was properly addressed and delivered; and
- (b) in the case of delivery by facsimile transmission, to prove that the transmission was confirmed as sent by the originating machine to the facsimile number of the recipient, on the date specified.

**SECTION 12
MISCELLANEOUS**

12.1 Legend. Each certificate for any Shares now held or hereafter acquired by any Shareholder shall, for as long as this Agreement is effective, bear a legend as follows:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE APPLICABLE SHAREHOLDERS' AGREEMENT, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON REQUEST TO THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE.

12.2 Discrepancies. If there is any discrepancy between any provision of this Agreement and any provision of the Articles or the charter documents of any Group Company, the provisions of this Agreement shall prevail, and the Parties shall procure that the Articles or the charter documents of the relevant Group Company, as the case may be, are promptly amended, to the extent permitted by applicable law, in order to conform with this Agreement.

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- 12.3 Assignment. This Agreement shall inure to the benefit of, and be binding upon, the successors and Persons to whom a Shareholder transfers Equity Securities in the Company in a Transfer permitted under this Agreement, provided that in each case such Person signs a Deed of Adherence substantially in the form attached hereto as Exhibit A.
- 12.4 No Agency. No Shareholder, acting solely in its capacity as a Shareholder, shall act as an agent of the Company or have any authority to act for or to bind the Company, except as authorized by the Board. For the purposes of this Section, unless acting expressly solely in its capacity as a Shareholder, any Shareholder who is a director or officer or employee of any Group Company acting in the ordinary course of business of any Group Company shall be conclusively deemed to act for and on behalf of, and shall not be regarded as acting as an agent of, any Group Company. Any Shareholder that takes any action or binds the Company in violation of this Section shall be solely responsible for, and shall indemnify the Company and each other Shareholder against, any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) that the Company, or such other Shareholders, as the case may be, may at any time become subject to or liable for by reason of such violation.
- 12.5 No Partnership. The Shareholders expressly do not intend hereby to form a partnership, either general or limited, under any jurisdiction's partnership law. The Shareholders do not intend to be partners one to another, or partners as to any third party, or create any fiduciary relationship among themselves, by virtue of their status as Shareholders. To the extent that any Shareholder, by word or action, represents to another Person that any Shareholder is a partner or that the Company is a partnership, the Shareholder making such representation shall be liable to each of the other Shareholders that incur any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including any investigative, legal or other expenses reasonably incurred in connection with, and any amount paid in settlement of, any pending or threatened legal action or proceeding) arising out of or relating to such representation.
- 12.6 Amendment. This Agreement may only be amended, modified or supplemented with a written instrument executed by the holders of more than 75% of the then issued and outstanding Ordinary Shares, the holders of more than 75% of the then issued and outstanding Preferred Shares and the Company, and any such amendment shall be valid and binding on all Parties except that any amendment that adversely affects the rights of Preferred Shareholders shall require the consent of the relevant Preferred Shareholders.
- 12.7 Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a Party of any breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

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- 12.8 Entire Agreement. This Agreement represents the entire understanding and constitutes the whole agreement among the Parties relating to the subject matter hereof and supersedes any prior agreements or understandings relating to such subject matter.
- 12.9 Severability. Each and every obligation under this Agreement shall be treated as a separate obligation and shall be severally enforceable as such and in the event of any obligation or obligations being or becoming unenforceable in whole or in part. To the extent that any provision or provisions of this Agreement are unenforceable they shall be deemed to be deleted from this Agreement, and any such deletion shall not affect the enforceability of this Agreement as remain not so deleted.
- 12.10 Counterparts. This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, including counterparts transmitted by facsimile or by e-mails, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Except as otherwise specified, this Agreement shall become legally binding at the time of execution of the last such counterpart and shall have effect from the date first above written.
- 12.11 Consent to Specific Performance. The Parties declare that it may be impossible to measure in money the damages that would be suffered by a Party by reason of the failure by the other Parties to perform any of the obligations hereunder. Therefore, if any Party shall institute any action or proceeding to enforce the provisions hereof, the Party against whom such action or proceeding is brought hereby waives any claim or defense therein that the other Parties has an adequate remedy at law.
- 12.12 Consent. Any consent required under this Agreement shall be valid and effective only if given in writing.

SECTION 13
GOVERNING LAW AND DISPUTE RESOLUTION

- 13.1 Governing Law. This Agreement shall be governed and interpreted in accordance with the internal laws of Hong Kong.

13.2 Arbitration. This Agreement shall be governed and interpreted in accordance with the internal laws of Hong Kong. Any dispute arising out of or relating to this Agreement and the Share Subscription Agreement, including any question regarding its existence, validity or termination (“Dispute”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre (“HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. A dispute may be submitted to arbitration upon the request of any Party with written notice to the other Parties (the “Arbitration Notice”). There shall be three arbitrators. The claimants to the dispute shall collectively choose one arbitrator, and the respondents shall collectively choose one arbitrator, within 30 days after the delivery of the Arbitration Notice to the other Parties. The third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The language to be used in the arbitration proceedings shall be English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the Share Subscription Agreement. The award of the arbitration tribunal shall be final and binding upon the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award. Any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitration tribunal.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

YIXIN CAPITAL LIMITED

By: /s/ Zhang Xuan

Name: ZHANG Xuan

Title:

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

BITAUTO HONG KONG LIMITED

By: /s/ Bin Li

Name: Bin Li

Title:

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

DONGTING LAKE INVESTMENT LIMITED

By: /s/ Ma Huateng

Name: Ma Huateng

Title: Director

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

JD FINANCIAL INVESTMENT LIMITED

By: /s/ Liu Qiangdong

Name: LIU Qiangdong

Title: Director

[SIGNATURE PAGE TO SHAREHOLDERS' AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

HAMMER CAPITAL MANAGEMENT LIMITED

For and on behalf of

Hammer Capital Management Limited

黑馬資本管理有限公司

By: /s/ Rodney Tsang

Authorized Signature(s)

Name: Rodney Tsang

Title: Director

[SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT]

SCHEDULE 1

SHAREHOLDING STRUCTURE OF THE COMPANY

Company's authorized capital: US\$100,000 divided into 100,000,000 shares, with a par value of US\$0.001 each

Share Ownership as of Date Hereof (on a fully diluted basis):

	<u>No. shares held</u>	<u>Shareholding %</u>
Bitauto Hong Kong Limited	13,499,906	
	Ordinary Shares	27.0%
Bitauto Hong Kong Limited	11,534,156	
	Preferred Shares	23.1%
Dongting Lake Investment Limited	13,308,642	
	Preferred Shares	26.6%
JD Financial Investment Limited	8,872,428	
	Preferred Shares	17.7%
Hammer Capital Management Limited	887,243	
	Preferred Shares	1.8%
ESOP	1,900,094	
	Ordinary Shares	3.8%

SCHEDULE 2

REGISTRATION RIGHTS

- Applicability of Rights.** The Holders (as defined below) shall be entitled to the following rights with respect to any potential public offering of the Company's Shares in the United States and shall be entitled to reasonably analogous or equivalent rights with respect to any other offering of Securities in any other jurisdiction pursuant to which the Company undertakes to publicly offer or list such securities for trading on a Recognized Exchange. The rights provided hereunder shall terminate with respect to any Holder, at the earlier of (a) eight years after the Company's IPO and (b) if all Registrable Securities held by such Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.
- Definitions.** In this Agreement, in addition to those defined in the context, the following expressions shall have the following meanings:

"ADSs" means American Depositary Shares representing the relevant number of the Company's ordinary shares.

"Form F-3" mean such respective form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"Holder" means any Person owning of record Registrable Securities that have not been sold to the public or pursuant to Rule 144 promulgated under the Securities Act or any permitted assignee of record of such Registrable Securities to whom rights under this Agreement have been duly assigned in accordance with this Agreement.

For purposes of this Section 2, **"Holder"**, the term **"Holder"** means any person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Section 2 have been duly assigned in accordance with this Agreement.

"register," "registered," and **"registration"** refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement.

"Registrable Securities" means: (1) any Ordinary Shares of the Company issued or to be issued pursuant to the conversion of any Preferred Shares; (2) any Ordinary Shares of the Company issued or issuable upon the conversion or exercise of any warrant, right or other security which is issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, any Preferred Shares described in clause (1) of this definition; and (3) any other Ordinary Shares of the Company owned or hereafter acquired by holders of Preferred Shares. Notwithstanding the foregoing, **"Registrable Securities"** shall exclude any Registrable Securities sold by a Person in a transaction in which rights under this Agreement are not assigned in accordance with this Agreement or any Registrable Securities sold in a public offering, whether sold pursuant to Rule 144 promulgated under the Securities Act, or in a registered offering, or otherwise.

“**Registrable Securities then outstanding**” shall mean the number of Ordinary Shares of the Company that are Registrable Securities and are then issued and outstanding or are issuable upon conversion of Preferred Shares then issued and outstanding, or issuable upon conversion or exercise of any warrant, right or other security then outstanding.

“**SEC**” or “**Commission**” means the U.S. Securities and Exchange Commission.

3. **Demand Registration.**

- (a) Request by Holders. If the Company shall at any time after the earlier of (i) the third (3rd) anniversary of the Closing (as defined in the Share Subscription Agreement) of the Share Subscription Agreement and (ii) the expiry of six (6) months after a Qualified IPO receive a written request from the Holders of at least 20% of the Registrable Securities that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 3, then the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request (“**Request Notice**”) to all Holders, and use all reasonable efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that Holders (including other Shareholders who so) request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) Business Days after receipt of the Request Notice, subject only to the limitations of this Section 3; provided, that the Registrable Securities requested by all Holders to be registered pursuant to such request must have a market value in excess of US\$20,000,000 (or, in the case of an initial public offering, US\$100,000,000); provided, further that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 3 or Section 5, or in which the Holders had an opportunity to participate pursuant to the provisions of Section 4, other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 4(a).

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- (b) Underwriting. If the Holders initiating the registration request under this Section 3 (“**Initiating Holders**”) intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 3 and the Company shall include such information in the written notice referred to in subsection 3(a). In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditional upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company (including a market stand-off agreement of up to 180 days if required by such underwriter or underwriters). Notwithstanding any other provision of this Section 3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the initiating Holders); provided, however, that (i) the number of Registrable Securities included in any such registration shall not be reduced below thirty percent (30%) of the aggregate number of Registrable Securities for which inclusion has been requested and (ii) the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded and withdrawn from such underwriting shall be withdrawn from the registration. If the underwriter has not limited the number of Registrable Securities to be underwritten, the Company may include its securities for its own account in such registration if the underwriter so agrees and if the number of Registrable Securities which would otherwise have been included in such registration and underwriting will not thereby be limited.
- (c) Maximum Number of Demand Registrations. The Company shall be obligated to effect only three (3) such registrations pursuant to this Section 3.
- (d) Deferral. Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 3:
- (i) during the period starting with the date sixty (60) Business Days prior to the Company’s good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) Business Days following the effective date of, a Company-initiated registration subject to Section 4 below; provided, that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

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- (ii) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form F-3 pursuant to Section 5 hereof;
 - (iii) if the Company shall furnish to Holders requesting the filing of a registration statement pursuant to this Section 3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed, then the Company shall have the right to defer such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; or
 - (iv) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.
- (e) Expenses. All expenses incurred in connection with any registration pursuant to this Section 3, including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printer's and accounting fees, and fees and disbursements of counsel for the Company including reasonable expenses of one legal counsel for the Holders (but excluding underwriters' discounts and commissions and ADS issuance fees relating to shares sold by the Holders), shall be borne by the Company. Each Holder participating in a registration pursuant to this Section 3 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all discounts, commissions or other amounts payable to underwriter(s) or brokers and all ADS issuance fees, in connection with such offering by the Holders.

4. **Piggyback Registrations.** The Company shall notify all Holders of Registrable Securities in writing at least twenty (20) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 3 or Section 5 of this Schedule 2 or to any employee benefit plan or a corporate reorganization) and will afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by such Holder shall within 18 days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

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- (a) **Right to Terminate Registration.** The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 4(c) hereof.
- (b) **Underwriting.** If a registration statement under which the Company gives notice under this Section 4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 4 shall be conditional upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting (including a market stand-off agreement of up to 180 days if required by such underwriter or underwriters). Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including up to seventy percent (70%) of the Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first to the Company, and second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of Registrable Securities then held by each such Holder; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below thirty percent (30%) of the aggregate number of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer, consultant or director of the Company (or any Subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder that is a partnership, the Holder and the partners and retired partners of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing Persons, and for any Holder that is a corporation, the Holder and all corporations that are Affiliates of such Holder, shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

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- (c) Expenses. All expenses incurred in connection with a registration pursuant to this Section 4 (excluding underwriters' and brokers' discounts and commissions and ADS issuance fees relating to shares sold by the Holders), including, without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and reasonable expenses of one legal counsel for the Holders, shall be borne by the Company.
- (d) Not Demand Registration. Registration pursuant to this Section 4 shall not be deemed to be a demand registration as described in Section 3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 4.
5. **Form F-3 Registration**. In case the Company shall receive from any Holder or Holders of at least 20% of the Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form F-3 (or an equivalent registration in a jurisdiction outside of the United States) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:
- (a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and
- (b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fourteen (14) Business Days after the Company provides the notice contemplated by Section 5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 5:
- (i) if Form F-3 is not available for such offering by the Holders;

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- (ii) if the Holders propose to sell Registrable Securities at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than US\$2,000,000;
 - (iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form F-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 5;
 - (iv) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 4(a);
 - (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service of process in such jurisdiction; or
 - (vi) if such registration is to be effected more than eight (8) years after the Company's IPO.
- (c) Expenses. The Company shall pay all expenses incurred in connection with each registration requested pursuant to this Section 5 (excluding underwriters' or brokers' discounts and commissions and ADS issuance fees relating to shares sold by the Holders), including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel and reasonable expenses of one legal counsel for the Holders.
- (d) Not Demand Registration. Form F-3 registrations shall not be deemed to be demand registrations as described in Section 3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 5.

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- (e) Resale Shelf; Alternative Transactions. At any time when the Company is eligible to file a registration statement on Form F-3 for a secondary offering of equity securities pursuant to Rule 415 under the Securities Act (a “**Resale Shelf**”), any registration statement requested pursuant to this Agreement shall be made as a Resale Shelf. During the period of effectiveness of a Resale Shelf, any resale of shares of Registrable Securities pursuant to this Schedule 2 shall be in the form of a “takedown” from such Resale Shelf rather than a separate registration statement. The Company shall use its commercially reasonable efforts to cooperate in a timely manner with any request of the Holders in respect of any block trade, hedging transaction or other transaction that is registered pursuant to a Resale Shelf that is not a firm commitment underwritten offering (each, an “**Alternative Transaction**”), including entering into customary agreements with respect to such Alternative Transactions (and providing customary representations, warranties, covenants and indemnities in such agreements) as well as providing other reasonable assistance in respect of such Alternative Transactions of the type applicable to a public offering, to the extent customary for such transactions.
6. **Obligations of the Company.** Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:
- (a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all reasonable efforts to cause such registration statement to become effective for the lesser of (x) one hundred twenty (120) days (or, in the case of a Resale Shelf, three years from the effective date of the registration statement) and (y) such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold.
- (b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.
- (c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.
- (d) Blue Sky. Use all reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.
- (e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

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- (f) **Notification.** Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.
- (g) **Opinion and Comfort Letter.** Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a "comfort" letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

Notwithstanding any of the foregoing provisions, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 3 or Section 5 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case the participating Holders requesting for the withdrawal shall bear such expenses), unless, in the case of a registration requested under Section 3, all of the Holders of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 3.

7. **Furnish Information.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Schedule 2 with respect to the Registrable Securities of the selling Holders that such selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities. In this connection, each selling Holder shall be required to represent and warrant to the Company that all such information which is given in writing expressly for inclusion in such registration is true and accurate in all material respects.

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8. **No Registration Rights to Third Parties.** Without the prior consent of the Holders of seventy-five percent (75%) of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any Person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form S-3 or Form F-3 registration rights described in this Schedule 2, or otherwise) relating to any Securities of the Company, other than rights that are subordinate in right to the Holders.
 9. **Assignment.** The registration rights under this Schedule 2 may be transferred or assigned to any transferee of Preferred Shares.
 10. **Market Stand-Off Agreement.** Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) Business Days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing provisions of this Section 10 shall apply only to the Company's initial public offering of equity securities, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers and directors and greater than five percent (5%) Shareholders of the Company enter into similar agreements. The underwriters in connection with the Company's initial public offering are intended third party beneficiaries of this Section 10 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other Person subject to the foregoing restriction) until the end of such period.

11. **Indemnification and Contribution.**

- (a) Indemnification by the Company. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its partners, directors, officers, legal counsel and each Person who controls such Holder (within the meaning the Securities Act or the Exchange Act) from and against any and all losses, claims, damages, liabilities and expenses, or any action or proceeding in respect thereof (including reasonable costs of investigation and reasonable attorneys' fees and expenses) (each, a "**Liability**" and collectively, "**Liabilities**") to which they may become subject under the Securities Act, the Exchange Act, or other United States federal or state law, insofar as such Liability arising out of or based upon (a) any untrue, or allegedly untrue, statement of a material fact contained in any registration statement, prospectus or free-writing prospectus filed in connection with any registration hereunder or in any amendment or supplement thereto (each a "**Disclosure Document**"); and (b) the omission or alleged omission to state in any Disclosure Document any material fact required to be stated therein or necessary to make the statements therein not misleading under the circumstances such statements were made; provided, however, that that the indemnity agreement contained in this subsection (a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the written consent of the Company (which consent shall not be unreasonably withheld), nor the Company shall be held liable in any such case to the extent that any such Liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission contained in such Disclosure Document in reliance upon and in conformity with information concerning such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use therein.
- (b) Indemnification by Holders. To the extent permitted by law, in connection with any offering in which a Holder is participating pursuant to Section 3, Section 4 or Section 5 hereof, such Holder will severally and not jointly indemnify and hold harmless the Company, each of its directors and officers, the other Holders and any of such other Holder's partners, directors, officers, legal counsel, any underwriter retained by the Company and each Person who controls the Company, the other Holders or such underwriter (within the meaning of the Securities Act or the Exchange Act) to the same extent as the foregoing indemnity from the Company to the Holders (including indemnification of their respective partners, directors, officers, legal counsel and controlling Persons), but only to the extent that Liabilities arise out of or are based upon a statement or alleged statement or an omission or alleged omission that was made in reliance upon and in conformity with information with respect to such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use in such Disclosure Document; provided, however, that that the indemnity agreement contained in this subsection (b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the written consent of the Holder (which consent shall not be unreasonably withheld), and that the total amount to be indemnified by such Holder pursuant to this Section 11(b) shall be limited to the net proceeds (after deducting any underwriters' discounts and commissions) received by such Holders in the offering to which such Disclosure Document relates.

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- (c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification or contribution hereunder (the “**Indemnified Party**”) agrees to give prompt written notice to the indemnifying party (the “**Indemnifying Party**”) after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to the Indemnified Party hereunder (except to the extent that the Indemnifying Party is materially prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure). If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the reasonable and documented out-of-pocket fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying Party fails to assume the defense of such action with counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and such parties have been advised by such counsel that either (x) representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (y) there may be one or more legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party. In any of such cases, the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not be liable for the reasonable and documented out-of-pocket fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties and all such reasonable and documented out-of-pocket fees and expenses shall be reimbursed as incurred. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the consent of such Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a party and indemnity has been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability for claims that are the subject matter of such proceeding.

(d) **Contribution.** If the indemnification provided for in this Section 11 from the Indemnifying Party is unavailable to an Indemnified Party hereunder or insufficient to hold harmless an Indemnified Party in respect of any Liabilities referred to herein, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such Liabilities, as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Liabilities referred to above shall be deemed to include, subject to the limitations set forth herein, any reasonable and documented out-of-pocket legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided, that the total amount to be contributed by any Holder shall be limited to the net proceeds (after deducting any underwriters' discounts and commissions) received by such Holder in the offering. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 11(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

12. **Reports.** The Company covenants that it shall (i) use commercially reasonable efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder and (ii) take such action as may be required from time to time to enable such Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144 under the Securities Act, as such rule may be amended from time to time, or (B) any similar rules or regulations hereafter adopted by the Commission. The Company shall, upon the request of any Holder, deliver to such Holder a written statement as to whether it has complied with such requirements.

EXHIBIT A

DEED OF ADHERENCE

THIS DEED is made the [] day of [] by [*name of new shareholder*], [a citizen of [] with [] passport no. [] and [his/her] residential address at [] / [a limited liability company incorporated under the laws of [] with its registered office at []] (the "**New Shareholder**").

WHEREAS

- (A) By a [transfer of OR subscription for] [*description of equity securities*] dated [of even date herewith], [*name of transferor*], [a citizen of [] with [] passport no. [] and [his/her] residential address at [] / [a limited liability company incorporated under the laws of [] with its registered office at []] (the "**Transferor**") agreed to transfer to the New Shareholder / [the New Shareholder subscribed for] [*number*] [*description of equity securities*], [par value US\$[] each] in the capital of [**Name of the Company**], a company limited by shares incorporated in Cayman Islands, with its registered office at [] (the "**Company**") (together the ["**Transferred Shares**" OR "**Subscribed Shares**"]).
- (B) This Deed is entered into in compliance with the terms of the shareholders agreement dated [] made by and among, *inter alios*, the Company, Bitauto Holdings Limited, Dongting Lake Investment Limited and certain other parties thereto (as supplemented and amended from time to time) (the "**Shareholders Agreement**").

NOW THEREFORE IT IS HEREBY AGREED as follows:

- (1) Words and expressions used in this Deed shall have the same meaning assigned to them in the Shareholders Agreement unless the context otherwise expressly requires. The rules of interpretation contained in Section 1.3 of the Shareholders Agreement shall apply to the construction of this Deed with all necessary changes.
- (2) The New Shareholder hereby confirms that it has been supplied with a copy of the Shareholders Agreement.
- (3) The New Shareholder hereby agrees to assume and assumes the benefit of the rights [of the Transferor] under the Shareholders Agreement in respect of the [Transferred Shares OR Subscribed Shares] and hereby agrees to assume and assumes the burden of the [Transferor's] obligations under the Shareholders Agreement to be performed after the date hereof in respect of the [Transferred Shares OR Subscribed Shares].
- (4) The New Shareholder hereby agrees to be bound by the Shareholders Agreement in all respects as if the New Shareholder were a party to the Shareholders Agreement as [*description of capacity*] and to perform:
 - (i) [all the obligations of the Transferor in that capacity thereunder; and]

Exhibit A

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- (ii) all the obligations expressed to be imposed on such a party to the Shareholders Agreement;
[in both cases,] to be performed on or after the date hereof.
- (5) The New Shareholder hereby further agrees and covenants that (a) the [acquisition, owning and holding of Transferred Shares / subscription, owning and holding of Subscribed Shares] is in full compliance with the requirements of all applicable laws; and (b) if requested by the Company, the New Shareholder shall provide such assurances, representations, documents and materials as the Company may deem necessary or desirable to assure compliance with all Applicable Laws.
- (6) This Deed is made for the benefit of:
- (i) the parties to the Shareholders Agreement; and
- (ii) any other Person who may after the date of the Shareholders Agreement (and whether or not prior to, on or after the date hereof) assume any rights or obligations under the Shareholders Agreement and be permitted to do so by the terms thereof;
- and this Deed shall be irrevocable without the written consent of the Company acting on their behalf in each case only for so long as they hold any equity securities in the capital of the Company.
- (7) [For the avoidance of doubt, if applicable, nothing in this Deed shall release the Transferor from any liability in respect of any obligations under the Shareholders Agreement due to be performed prior to the date of this Deed.]
- (8) None of the Preferred Shareholder:
- (i) makes any representation or warranty or assumes any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Shareholders Agreement (or any agreement entered into pursuant thereto); or
- (ii) makes any representation or warranty or assumes any responsibility with respect to the content of any information regarding the Company or any Group Company or otherwise relates to the acquisition of equity securities in the Company; or
- (iii) assumes any responsibility for the financial condition of the Company or any Group Company or any other party to the Shareholders Agreement or any other document or for the performance and observance by the Company or any other party to the Shareholders Agreement or any other document (save as expressly provided therein);
- and any and all conditions and warranties, whether express or implied by law or otherwise, are excluded.

Exhibit A

(9) The New Shareholder's address for notices, demands and all other communications under the Shareholders Agreement is as follows:

[name of New Shareholder]

Address: []
Post Code: []
Fax Number: []
Email: []
Attention: []

(10) This Deed shall be read as one with the Shareholders Agreement so that any reference in the Shareholders Agreement to "this Agreement" and similar expressions shall include this Deed.

(11) This Deed shall be governed by and construed in all respects in accordance with the internal laws of Hong Kong.

[SIGNATURE PAGE TO FOLLOW]

Exhibit A

IN WITNESS WHEREOF this Deed of Adherence is executed as a deed on the date and year first above written.

EXECUTED AS A DEED)
)
SEALED with the **COMMON SEAL**)
)
of [*name of new shareholder*])
)
and **SIGNED** by [])
)
(Director))
)
in the presence of:-)
)
)
Name of witness:)
Address of witness:)

[*Or, if the New Shareholder is an individual:*]
EXECUTED AS A DEED)
)
SIGNED SEALED AND DELIVERED)
)
by [*name of new shareholder*])
)
the holder of [])
)
[Passport / ID Card] No. [])
)
in the presence of:)
)
)
Name of witness:)
Address of witness:)

Exhibit A

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this "Agreement") is made and entered into by and between the following parties on February 15, 2015 in Beijing the People's Republic of China ("China" or the "PRC").

Party A: Shanghai Techuang Advertising Co. Ltd.

Address: Room C2-215 Building 4 No. 218 Yesheng Road China (Shanghai) Pilot Free Trade Zone

Party B: Beijing Yixin Information Technology Co. Ltd.

Address: Room 754 and 755 Floor 7 Building 3 No.6 Capital Gymnasium South Road Haidian District Beijing

Each of Party A and Party B shall be hereinafter referred to as a "Party" respectively and as the "Parties" collectively.

Whereas

1. Party A is a wholly foreign owned enterprise established in China and has the necessary resources to provide technical and consulting services;
2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in automobile related financial services. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the "Principal Business";
3. Party A is willing to provide Party B with technical support consulting services and other services on exclusive basis in relation to the Principal Business during the term of this Agreement utilizing its advantages in technology human resources and information and Party B is willing to accept such services provided by Party A or Party A's designee(s) each on the terms set forth herein.

Now therefore through mutual discussion the Parties have reached the following agreements:

1. Services Provided by Party A

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support consulting services and other services during the term of this Agreement in accordance with the terms and conditions of this Agreement including but not limited to the follows:
- (1) Licensing Party B to use any software legally owned by Party A;
 - (2) Development maintenance and update of software involved in Party B's business;
 - (3) Design installation daily management maintenance and updating of network system hardware and database design;
 - (4) Technical support and training for employees of Party B;
 - (5) Assisting Party B in consultancy collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC law);
 - (6) Providing business management consultation for Party B;
 - (7) Providing marketing and promotion services for Party B;
 - (8) Providing customer order management and customer services for Party B;
 - (9) Leasing of equipments or properties; and
 - (10) Other services requested by Party B from time to time to the extent permitted under PRC law.
- 1.2 Party B agrees to accept all the services provided by Party A. Party B further agrees that unless with Party A's prior written consent during the term of this Agreement Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties who may enter into certain agreements described in Section 1.3 with Party B to provide Party B with the services under this Agreement.

1.3 Service Providing Methodology

- 1.3.1 Party A and Party B agree that during the term of this Agreement where necessary Party B may enter into further service agreements with Party A or any other party designated by Party A which shall provide the specific contents manner personnel and fees for the specific services.
- 1.3.2 To fulfill this Agreement Party A and Party B agree that during the term of this Agreement where necessary Party B may enter into equipment or property leases with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B at Party A's sole discretion any or all of the assets and business of Party B to the extent permitted under PRC law at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement specifying the terms and conditions of the transfer of the assets.

2. **The Calculation and Payment of the Service Fees**

2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:

2.1.1 Party B shall pay service fee to Party A in each year. The service fee for each year shall consist of management fee and fee for services provided which shall be determined by the Parties through negotiation after considering:

- (1) Complexity and difficulty of the services provided by Party A;
- (2) Title of and time consumed by employees of Party A providing the services;
- (3) Contents and value of the services provided by Party A;
- (4) Market price of the same type of services;
- (5) Operation conditions of the Party B.

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- 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipments or properties to Party B the technology transfer price development fees or rent shall be determined by the Parties based on the actual situations.

3. **Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement including but not limited to copyrights patents patent applications software technical secrets trade secrets and others. Party B shall execute all appropriate documents take all appropriate actions submit all filings and/or applications render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership right or interest of any such intellectual property rights in Party A and/or perfecting the protections for any such intellectual property rights in Party A.
- 3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information and without obtaining the written consent of the other Party it shall not disclose any relevant confidential information to any third party except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations rules of any stock exchange or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders directors employees legal counsels or financial advisors regarding the transaction contemplated hereunder provided that such shareholders directors employees legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders director employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

- 4.1 Party A hereby represents warrants and covenants as follows:
- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
 - 4.1.2 Party A has taken all necessary corporate actions obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution delivery and performance of this Agreement. Party A's execution delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
 - 4.1.3 This Agreement constitutes Party A's legal valid and binding obligations enforceable against it in accordance with its terms.
- 4.2 Party B hereby represents warrants and covenants as follows:
- 4.2.1 Party B is a company legally established and validly existing in accordance with the laws of China and has obtained and will maintain all permits and licenses for engaging in the Principal Business in a timely manner.
 - 4.2.2 Party B has taken all necessary corporate actions obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution delivery and performance of this Agreement. Party B's execution delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
 - 4.2.3 This Agreement constitutes Party B's legal valid and binding obligations and shall be enforceable against it in accordance with its terms.

5. **Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A this Agreement shall remain effective.

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- 5.2 During the term of this Agreement each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. Governing Law and Resolution of Disputes

- 6.1 The execution effectiveness construction performance amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on both Parties.
- 6.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute except for the matters under dispute the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. Breach of Agreement and Indemnification

- 7.1 If Party B conducts any material breach of any term of this Agreement Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by applicable laws Party B shall not have any right to terminate this Agreement in any event.

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- 7.3 Party B shall indemnify and hold harmless Party A from any losses injuries obligations or expenses caused by any lawsuit claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement except where such losses injuries obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. **Force Majeure**

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake typhoon flood fire flu war strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement then the Party affected by such Force Majeure shall give the other Party written notices without any delay and shall provide details of such event within 15 days after sending out such notice explaining the reasons for such failure of partial or delay of performance.
- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavours to minimize the consequences of such Force Majeure.

9. **Notices**

9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail postage prepaid by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 Notices given by personal delivery by courier service or by registered mail postage prepaid shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices the addresses of the Parties are as follows:

Party A: Shanghai Techuang Advertising Co. Ltd.

Address: Room651 Floor 6 New Century Hotel Office No.6
Capital Gymnasium South Road Haidian District
Beijing

Attn: Bin Li

Phone: +8610 6849 2345

Party B: Beijing Yixin Information Technology Co. Ltd.

Address: Room651 Floor 6 New Century Hotel Office No.6
Capital Gymnasium South Road Haidian District
Beijing

Attn: Bin Li

Phone: +8610 6849 2345

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

10. **Assignment**

10.1 Without Party A's prior written consent Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. **Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid illegal or unenforceable in any aspect in accordance with any laws or regulations the validity legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid illegal or unenforceable provisions.

12. **Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

13. **Language and Counterparts**

This Agreement is written in both Chinese and English language in two copies each Party having one copy. In case there is any conflict between the Chinese version and the English version the Chinese version shall prevail.

IN WITNESS WHEREOF the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Shanghai Techuang Advertising Co. Ltd. (Seal)

By: /s/ Bin Li
Name: Bin Li
Title: Legal Representative

Party B: Beijing Yixin Information Technology Co. Ltd. (Seal)

By: /s/ Bin Li
Name: Bin LI
Title: Legal Representative

Exclusive Option Agreement

This Exclusive Option Agreement (this "Agreement") is executed by and among the following Parties as of April 20, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

- Party A:** Shanghai Techuang Advertising Co., Ltd., a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room C2-215, Building 4, No. 218, Yesheng Road, China (Shanghai) Pilot Free Trade Zone;
- Party B:** Bin LI, a Chinese citizen with Identification No.: ; and
- Party C:** **Beijing Yixin Information Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 754 and 755, Floor 7, Building 3, No.6, Capital Gymnasium South Road, Haidian District, Beijing.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

Party B is a shareholder of Party C and as of the date hereof holds 55.7% of equity interests of Party C, representing RMB 27,850,000 in the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. Sale and Purchase of Equity Interest**1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The purchase price of the Optioned Interests shall be RMB 27,850,000. If appraisal is required by the laws of China at the time when Party A exercises the Equity Interest Purchase Option, the Parties shall negotiate in good faith and based on the appraisal result make necessary adjustment to the Equity Interest Purchase Price so that it complies with any and all then applicable laws of China (collectively, the "Equity Interest Purchase Price"). Party B shall donate the balance of the Equity Interest Purchase Price received from Party A, after deducting/ withholding the relevant taxes (if any) pursuant to applicable laws of China, to Party A or the Designee(s) of Party A for free within ten(10) days after Party B receives the Equity Interest Purchase Price and pays/ withholds the relevant taxes (if any).

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;
- 1.4.3 Within thirty (30) days after receipt of the Equity Interest Purchase Option Notice by Party B from Party A and/or any Designee (whichever is applicable), Party B and Party A and/or such Designee (whichever is applicable) shall complete all procedures for Party A's and/or such Designee's (whichever is applicable) acquisition of such Optioned Interests and for Party A and/or such Designee (whichever is applicable) becoming a shareholder of Party C, including without limitation execution of an equity interest transfer contract and any other necessary documents or agreements, adoption of any necessary resolutions, issuance of any necessary documents by Party C and performance of all relevant procedures;

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- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

2. Covenants

2.1 Covenants regarding Party C

Party B (as a shareholder of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 200,000, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

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- 2.1.5 They shall always operate all of Party C's businesses in the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
 - 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB50,000 shall be deemed a major contract);
 - 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
 - 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
 - 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
 - 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
 - 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
 - 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
 - 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;
 - 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C;
 - 2.1.15 Without Party A's prior written consent, Party C they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Equity Interest Pledge Agreement entered into by and among the Party A and Party B on April 20, 2015 (the “**Equity Interest Pledge Agreement**”) and Power of Attorney provided by Party B to Party A on April 20, 2015 (the “**Power of Attorney**”);
- 2.2.2 Without the prior written consent of Party A, Party B shall cause the shareholders’ meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Equity Interest Pledge Agreement and Power of Attorney;
- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders’ meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders’ meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B’s ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;

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- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney and undertakes not to take any action in conflict with such documents executed by the other shareholders;
 - 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws; and
 - 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Party B's Equity Interest Pledge Agreement or under the Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the power, capacity and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

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- 3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Equity Interest Pledge Agreement and Power of Attorney, Party B has not placed any security interest on such equity interests;
 - 3.5 Party C is a limited liability company duly organized and validly existing under the laws of the PRC. Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
 - 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
 - 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
 - 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Resolution of Disputes

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

6. Taxes and Fees

Unless as otherwise agreed in this Agreement, each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices;

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Shanghai Techuang Advertising Co., Ltd.

Address: Room 651, Floor 6, New Century Hotel Office, No.6 , Capital Gymnasium South Road, Haidian District, Beijing

Attn: Bin Li

Phone: +8610 6849 2345

Party B: Bin LI

Address: Room 651, Floor 6, New Century Hotel Office, No.6 , Capital Gymnasium South Road, Haidian District, Beijing

Phone: +86 139 0118 3488

Party C: Beijing Yixin Information Technology Co., Ltd.

Address: Room 651, Floor 6, New Century Hotel Office, No.6, Capital Gymnasium South Road, Haidian District, Beijing

Attn: Bin Li

Phone: +8610 6849 2345

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

11. Miscellaneous

11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: Shanghai Techuang Advertising Co., Ltd. (seal)

By: /s/ Bin Li

Name: Bin Li

Title: Legal Representative

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party B: Bin LI

By: /s/ Bin Li

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party C: Beijing Yixin Information Technology Co., Ltd. (Seal)

By: /s/ Bin Li
Name: Bin LI
Title: Legal Representative

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese structured entity of the registrant. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

<u>VIE</u>	<u>Execution Parties</u>	<u>Execution Date</u>
Beijing Yixin Information Technology Co., Ltd.	Party A: Shanghai Techuang Advertising Co., Ltd. Party B: Shenzhen Tencent Industry Investment Fund Co., Ltd. Party C: Beijing Yixin Information Technology Co., Ltd.	April 20, 2015
Beijing Yixin Information Technology Co., Ltd.	Party A: Shanghai Techuang Advertising Co., Ltd. Party B: Beijing Jiasheng Investment Management Co., Ltd. Party C: Beijing Yixin Information Technology Co., Ltd.	April 20, 2015

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on April 20, 2015 in Beijing the People's Republic of China ("China" or the "PRC")

- Party A** Shanghai Techuang Advertising Co. Ltd. (hereinafter "Pledgee") a wholly foreign owned enterprise organized and existing under the laws of the PRC with its address at Room C2-215 Building 4 No. 218 Yesheng Road China (Shanghai) Pilot Free Trade Zone;
- Party B** Bin LI (hereinafter "Pledgor") a Chinese citizen with Chinese Identification No. ; and
- Party C** **Beijing Yixin Information Technology Co. Ltd.** a limited liability company organized and existing under the laws of the PRC with its address at Room 754 and 755 Floor 7 Building 3 No.6 Capital Gymnasium South Road Haidian District Beijing.

In this Agreement each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively and they shall be collectively referred to as the "Parties".

Whereas

1. Pledgor is a citizen of China who as of the date hereof holds 55.7% of equity interests of Party C representing RMB 27850000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing China engaging in automobile related financial services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge;
2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C which is owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); and Pledgor has executed a Power of Attorney (as defined below) in favor of Pledgee;
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents (as defined below) the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided herein the terms below shall have the following meanings

- 1.1 Pledge shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement i.e. the right of Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest.
- 1.2 Equity Interest shall refer to all of the equity interest lawfully now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge shall refer to the term set forth in Section 3 of this Agreement.
- 1.4 Transaction Documents shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on February 15, 2015 (the "Exclusive Business Cooperation Agreement") the Exclusive Option Agreement executed by and among Party C Pledgee and Pledgor on April 20, 2015 (the "Exclusive Option Agreement") Power of Attorney executed on April 20, 2015 by Pledgor (the "Power of Attorney") and any modification amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligations shall refer to all the obligations of Pledgor under the Exclusive Option Agreement the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness shall refer to all the direct indirect and derivative losses and losses of anticipated profits suffered by Pledgee incurred as a result of any Event of Default under the Transaction Documents. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement damages and relevant fees all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc.
- 1.7 Event of Default shall refer to any of the circumstances set forth in Section 7 of this Agreement.
- 1.8 Notice of Default shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. Pledge

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

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- 2.2 During the term of the Pledge Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be as required by Pledgee (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
 - 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.
 - 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved any interest distributed to Pledgor upon Party C's dissolution or liquidation shall upon the request of the Pledgee be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

3. Term of Pledge

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness have been fully paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 10 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures as required by the PRC laws and regulations and the relevant AIC to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.

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- 3.2 During the Term of Pledge in the event Pledgor and/or Party C fails to perform the Contract Obligations or pay Secured Indebtedness Pledgee shall have the right but not the obligation to exercise the Pledge in accordance with the provisions of this Agreement.

4. Custody of Records for Equity Interest subject to Pledge

- 4.1 During the Term of Pledge set forth in this Agreement Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

5. Representations and Warranties of Pledgor and Party C

As of the execution date of this Agreement Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that

- 5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution delivery and performance of this Agreement.
- 5.5 The execution delivery and performance of this Agreement will not (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended cancelled or attached with additional conditions.

6. Covenants of Pledgor and Party C

- 6.1 During the term of this Agreement Pledgor and Party C hereby jointly and severally covenant to the Pledgee
- 6.1.1 Pledgor shall not transfer the Equity Interest place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof without the prior written consent of Pledgee except for the performance of the Transaction Documents;

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- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights and within five (5) days of receipt of any notice order or recommendation issued or prepared by relevant competent authorities regarding the Pledge shall present the aforementioned notice order or recommendation to Pledgee and shall comply with the aforementioned notice order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
 - 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
 - 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
 - 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
 - 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates agreements deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices orders and decisions regarding the Pledge that are required by Pledgee.
 - 6.4 Pledgor hereby undertakes to comply with and perform all guarantees promises agreements representations and conditions under this Agreement.

7. Event of Breach

- 7.1 The following circumstances shall be deemed Event of Default
 - 7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1 Pledgor and Party C shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. Exercise of Pledge

- 8.1 Pledgee shall issue a written Notice of Default to Pledgor when it exercises the Pledge.
- 8.2 Subject to the provisions of Section 7.3 Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.3 After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1 Pledgee may exercise any remedy measure under applicable PRC laws the Transaction Documents and this Agreement including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.
- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.
- 8.5 Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement without exercising any other remedy measure first.

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- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor or Party C shall not raise any objection to such exercise.
 - 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. Breach of Agreement

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

10. Assignment

- 10.1 Without Pledgee's prior written consent Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and his/her successors and permitted assigns and shall be valid with respect to Pledgee and each of his/her successors and assigns.
- 10.3 At any time Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s) in which case the assigns shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement as if it were the original party to the Transaction Documents and this Agreement.
- 10.4 In the event of change of Pledgee due to assignment Pledgor and/or Party C shall at the request of Pledgee execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement and register the same with the relevant AIC.
- 10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them including the Transaction Documents perform the obligations hereunder and thereunder and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

11. Termination

- 11.1 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.
- 11.2 The provisions under Sections 9 13 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

12. Handling Fees and Other Expenses

All fees and out of pocket expenses relating to this Agreement including but not limited to legal costs costs of production stamp tax and any other taxes and fees shall be borne by Party C.

13. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information and without obtaining the written consent of the other Party it shall not disclose any relevant confidential information to any third parties except for the information that (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations rules of any stock exchange or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders directors employees legal counsels or financial advisors regarding the transaction contemplated hereunder provided that such shareholders directors employees legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders director employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

14. Governing Law and Resolution of Disputes

- 14.1 The execution effectiveness construction performance amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute except for the matters under dispute the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail postage prepaid by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows
- 15.2 Notices given by personal delivery by courier service or by registered mail postage prepaid shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices the addresses of the Parties are as follows

Party A Shanghai Techuang Advertising Co. Ltd.
Address Room651 Floor 6 New Century Hotel Office No.6 Capital Gymnasium South Road Haidian District
Beijing
Attn Bin Li
Phone +8610 6849 2345

Party B Bin LI
Address Room 651 Floor 6 New Century Hotel Office No.6 Capital Gymnasium South Road Haidian District
Beijing
Phone +86 139 0118 3488

Party C Beijing Yixin Information Technology Co. Ltd.
Address Room 651 Floor 6 New Century Hotel Office No.6 Capital Gymnasium South Road Haidian District
Beijing
Attn Bin Li
Phone +8610 6849 2345

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

16. Severability

In the event that one or several of the provisions of this Contract are found to be invalid illegal or unenforceable in any aspect in accordance with any laws or regulations the validity legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid illegal or unenforceable provisions.

17. Attachments

The attachments set forth herein shall be an integral part of this Agreement.

18. Effectiveness

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

19. Language and Counterparts

This Agreement is written in Chinese and English in four copies. Pledgor Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. In case there is any conflict between the Chinese version and the English version the Chinese version shall prevail.

The Remainder of this page is intentionally left blank

IN WITNESS WHEREOF the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

Party A Shanghai Techuang Advertising Co. Ltd. (seal)

By /s/ Bin Li
Name Bin Li
Title Legal Representative

IN WITNESS WHEREOF the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

Party B Bin LI

By /s/ Bin Li

IN WITNESS WHEREOF the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

Party C Beijing Yixin Information Technology Co. Ltd. (Seal)

By /s/ Bin Li
Name Bin LI
Title Legal Representative

Attachments

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C.

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese structured entity of the registrant. Other than the information set forth below there is no material difference between such other agreements and this exhibit.

<u>VIE</u>	<u>Parties to the Pledge</u>	<u>Execution Date</u>
Beijing Yixin Information Technology Co., Ltd.	Pledgee: Shanghai Techuang Advertising Co., Ltd. Pledgor: Shenzhen Tencent Industry Investment Fund Co., Ltd. Beijing Yixin Information Technology Co., Ltd.	April 20, 2015
Beijing Yixin Information Technology Co., Ltd.	Pledgee: Shanghai Techuang Advertising Co., Ltd. Pledgor: Beijing Jiasheng Investment Management Co., Ltd. Beijing Yixin Information Technology Co., Ltd.	April 20, 2015

Power of Attorney

I, Bin LI, a Chinese citizen with Chinese Identification Card No.: , and a holder of 55.7% of the entire registered capital in Beijing Yixin Information Technology Co., Ltd. ("Beijing Yixin") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Shanghai Techuang Advertising Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future in Beijing Yixin ("My Shareholding") during the term of this Power of Attorney:

WFOE (or any person designated by WFOE) is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attending shareholders' meetings of Beijing Yixin; 2) exercising all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Beijing Yixin of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Beijing Yixin. Without written consent by WFOE, I have no right to increase, decrease, transfer, pledge, or by any other manner to dispose or change My Shareholding.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in the Exclusive Option Agreement entered into by and among me, WFOE and Beijing Yixin on April 20, 2015 and the Equity Pledge Agreement entered into by and among me, WFOE and Beijing Yixin on April 20, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE (or the person designated by WFOE) shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights. If required by PRC laws or WFOE, I shall grant to the person designated by the WFOE an authorization in form and content same as this Power of Attorney. Once the WFOE withdraw its authorization to any person designated by it to exercise the aforementioned rights, I will immediately withdraw the authorization herein after receiving WFOE's written notice; except for the above, I shall not withdraw any authorization granted to WFOE or any person designated by WFOE.

During the period that I am a shareholder of Beijing Yixin (whether My Shareholding changed or not), this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

Bin LI

By: /s/ Bin Li

Date: April 20, 2015

Accepted by

Shanghai Techuang Advertising Co., Ltd. (seal)

By: /s/ Bin Li
Name: Bin Li
Title: Legal Representative

Acknowledged by:

Beijing Yixin Information Technology Co., Ltd. (seal)
(seal of Beijing Yixin Information Technology Co., Ltd.)

By: /s/Bin Li
Name: Bin LI
Title: Legal Representative

Schedule A

The following schedule sets forth all other similar agreements the registrant entered into with the relevant Chinese structured entity of the registrant. Other than the information set forth below, there is no material difference between such other agreements and this exhibit.

<u>VIE</u>	<u>Executing Parties</u>	<u>Execution Date</u>
Beijing Yixin Information Technology Co., Ltd	Shenzhen Tencent Industry Investment Fund Co., Ltd. Shanghai Techuang Advertising Co., Ltd. Beijing Yixin Information Technology Co., Ltd	April 20, 2015
Beijing Yixin Information Technology Co., Ltd	Beijing Jiasheng Investment Management Co., Ltd. Shanghai Techuang Advertising Co., Ltd. Beijing Yixin Information Technology Co., Ltd	April 20, 2015

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bin Li, certify that:

1. I have reviewed this annual report on Form 20-F of Bitauto Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 20, 2015

By: /s/ Bin Li
Name: Bin Li
Title: Chairman and Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xuan Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of Bitauto Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 20, 2015

By: /s/ Xuan Zhang
Name: Xuan Zhang
Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Bitauto Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bin Li, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 20, 2015

By: /s/ Bin Li
Name: Bin Li
Title: Chairman and Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Bitauto Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xuan Zhang, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 20, 2015

By: /s/ Xuan Zhang
Name: Xuan Zhang
Title: Chief Financial Officer

Han Kun Law Offices
Suite 906, Office Tower C1, Oriental Plaza
No. 1 East Chang An Ave.
Beijing 100738
The People's Republic of China
Tel: (86 10) 8525 5500
Fax: (86 10) 8525 5511

Date: April 20, 2015

Bitauto Holdings Limited
New Century Hotel Office Tower, 6/F
No. 6 South Capital Stadium Road
Beijing, 100044
The People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "RISK FACTORS" and "MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS" included in the Form 20-F, which will be filed by Bitauto Holdings Limited, on April 20, 2015, with the Securities and Exchange Commission (the "SEC") pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2014 (the "Annual Report"), and further consent to the incorporation by reference into the Registration Statement (Form S-8 No. 333-171927) pertaining to the 2006 Stock Incentive Plan and the 2010 Stock Incentive Plan and the Registration Statement (Form S-8 No. 333-195428) pertaining to the 2012 Share Incentive Plan of Bitauto Holdings Limited of the summary of our opinion under the captions "RISK FACTORS" and "MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS" included in the Form 20-F. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

Sincerely yours,

/s/ Han Kun Law Offices

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-171927) pertaining to the 2006 Stock Incentive Plan and the 2010 Stock Incentive Plan and the Registration Statement (Form S-8 No. 333-195428) pertaining to the 2012 Share Incentive Plan of Bitauto Holdings Limited of our reports dated April 20, 2015, with respect to the consolidated financial statements of Bitauto Holdings Limited, and the effectiveness of internal control over financial reporting of Bitauto Holdings Limited, included in this annual report on Form 20-F for the year ended December 31, 2014.

/s/ Ernst & Young Hua Ming LLP

Beijing, the People's Republic of China

April 20, 2015