China Yongda Automobiles Services Holdings Limited
（中國永達汽車服務控股有限公司）
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03669)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2018, together with comparative figures for the year ended December 31, 2017.

GROUP FINANCIAL HIGHLIGHTS

- Comprehensive revenue including revenue from finance and insurance agency services was RMB56,293 million in 2018, a 9.2% increase from RMB51,559 million in 2017.
- Comprehensive gross profit including revenue from finance and insurance agency services was RMB6,181 million in 2018, a 5.0% increase from RMB5,885 million in 2017.
- Operating profit was RMB2,373 million in 2018, a 3.6% decrease from RMB2,461 million in 2017.
- Net profit was RMB1,325 million in 2018, a 17.3% decrease from RMB1,602 million in 2017.
- Net profit attributable to the owners of the Company was RMB1,253 million in 2018, a 17.0% decrease from RMB1,510 million in 2017.
- Basic earnings per share was RMB0.68 in 2018 (2017: RMB0.91).
- The final dividend proposed for 2018 is RMB0.225 per share, which is subject to the consideration and approval of the shareholders at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

In 2018, according to the sales volume data officially published by luxury vehicles companies (豪華車企), sales volume of luxury passenger vehicles in China continued to grow steadily, with sales volume reaching 2.815 million units, representing a year-on-year increase of 9.4%. According to the data from China Association of Automobile Manufacturers (中國汽車工業協會), in 2018, the sales volume of passenger vehicles in China was 23.71 million units, representing a year-on-year decrease of 4.1% compared with 2017. Among them, sales volume of luxury passenger vehicles accounted for 11.9% of the market share of passenger vehicles, representing a year-on-year increase of 1.5 percentage points.

In 2018, affected by many internal and external factors, the downward pressure for China's economy was high. Due to the macroeconomic impact, the market demand in the automobile consumption sector experienced regional and structural slowdown, especially for certain northern regional markets and fourth- and fifth-tier regional markets, where the purchasing power dropped significantly. Meanwhile, affected by factors such as adjustments on tariff on imported vehicles and relatively tight liquidity throughout the year, consumers adopted a wait-and-see approach regarding the purchase of imported vehicles. The overall passenger vehicle market showed a trend of continued price declines and continued inventory growth since the second quarter of 2018, and subsequently gradually entered a recovery and adjustment period since the third quarter. However, the impact on the profitability of the vehicle sales segment was relatively great overall for the whole year. We expect that in the first half of 2019, challenges and opportunities will co-exist in the overall passenger vehicle market in China. With the introduction of policies on various types of automobile consumption in China, the continuous deepening of the tax reduction policy, and better clarity on the results of the Sino-US trade negotiations, it is expected that in China, the sales volume of passenger vehicles in 2019 will increase as compared with 2018, and in particular the sales of luxury vehicles is expected to maintain at a near 10% growth rate.

Entering into 2019, the main models of major luxury vehicles brands have entered into a stage of replacement, which is expected to help all luxury vehicles brands to stabilize their sales structure and improve sales quality. As for the Porsche brand, it maintained a steady year-on-year growth. With its main models (such as Macan, etc.) gradually completing the replacement and upgrade, the brand is expected to maintain a relatively better profitability performance. As for the BMW brand, due to the increase in sales volume of domestically manufactured X3 and the new 3 Series vehicles to be launched in the second half of 2019, it is expected to further steadily improve the profitability of domestically manufactured luxury passenger vehicles. As for the Audi brand, the successive launch of the new A6L vehicles and Audi Q3 vehicles will help improve the sales structure and narrow the brand discount. Luxury brands such as Volvo, Lincoln and Cadillac will also launch certain mid-range new SUV vehicles, which will also help improve the sales structure and profitability of these brands and achieve relatively significant growth opportunities in 2019. As the tariffs on imported vehicles are lowered, major luxury brands have been gradually adjusting their new car price positioning in the domestic market. Besides, benefiting from the relatively strong replacement and upgrade demand, we expect that the new vehicles sales of luxury brand will continue to maintain a relatively good growth in the future.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC, as of the end of 2018, the number of motor vehicles ownership in China reached 330 million units, including 240 million units of cars, representing a year-on-year increase of 10.5% compared with 2017, among which the number of small passenger vehicles exceeded 200 million units for the first time. In terms of vehicle types, small passenger vehicles ownership increased by 20.85 million units compared with 2017, representing a year-on-year increase of 11.6%, which was a major component of motor vehicle ownership growth; private cars (private small passenger vehicles) continued to grow rapidly. In 2018, the number of private cars ownership reached 189 million units, with an average annual growth of 19.52 million units in the past five years. With rising motor vehicle ownership and the aging of vehicles in China, it is expected that the after-sales services market for passenger vehicles in China will maintain a fast-growing pace in 2019.

According to the statistics of the China Automobile Dealers Association (中國汽車流通協會), the transaction volume of pre-owned vehicles in China reached 13.82 million units in 2018, representing a year-on-year increase of 11.5%. The average transaction price of pre-owned vehicles in 2018 was RMB62,200, while vehicles with an age of less than 6 years accounted for 66.5% of the total transaction volume. Overall, with the further relaxation of the pre-owned vehicles relocation restriction policy and the optimization of and adjustment to tariff policies, it is expected that there is a huge room for the pre-owned vehicles transaction market in China in 2019.

According to the "2019-2023 In-Depth Research and Investment Prospects Report regarding China's Internet Automobile Finance Market" issued by the China Investment Advisory Network (中國投資諮詢網), the overall scale of the automobile finance market in China is expected to reach RMB1.66 trillion in 2019 and the growth rate is expected to reach 20.1%; with the gradual opening up of China's automobile finance market, the improvement of the credit information system, and the entry of finance leasing companies, Internet finance companies and Internet insurance companies, the market scale will be further expanded. It is expected that the scale of automobile finance market in China will reach RMB3.26 trillion in 2023, with a compound annual growth rate of 18.4%.

According to the statistics of the Ministry of Transport of the PRC, there are currently more than 6,300 vehicle leasing companies in China, with a total of about 200,000 vehicles for leasing, which is growing at an annual rate of around 20%. According to the "2019-2024 China's Vehicle Leasing Market Prospects and Investment Strategic Planning Analysis Report" issued by Prospective Industry Research Institute (前瞻產業研究院), the scale of the vehicle leasing market in China was approximately RMB67.9 billion in 2017, with a year-on-year growth rate of 12.8%. It is estimated that the scale of the vehicle leasing market will exceed RMB150.0 billion by 2023.

According to the "2018 China Automobile Travel-Sharing Market Analysis and Forecast Report" from Roland Berger Strategy Consultants, vehicle travelling service in China has grown rapidly from 8.16 million times per day in 2015 to 37.00 million times per day in 2018. The corresponding market capacity is expected to grow from RMB66.0 billion in 2015 to RMB380.0 billion in 2018, and the potential market capacity brought by the potential demand is expected to reach RMB1.8 trillion. Travelling services have developed rapidly in just three years from 2015 to 2018, with the annual order volume reaching 1.77 billion, and approximately 250 million users using travel-sharing software at least once a week in China. We expect that the vehicle travelling service business in China will maintain a rapid growth trend in the future.

According to the statistics of the Ministry of Public Security of the PRC, the number of new energy vehicle ownership in 2018 has reached 2.61 million units, representing an increase of 1.07 million units for the whole year, a year-on-year increase of 70% compared with 2017, accounting for 1.1% of the total number of vehicles. Among them, the number of pure electric vehicle ownership is 2.11 million units, accounting for 81.1% of the total number of new energy vehicles. Based on statistics, the number of new energy vehicle ownership in the past five years has increased by an average of 0.50 million units per year, showing a faster growth trend. It is expected that with the launch of new energy vehicles by major automobile manufacturers, the mass production of competitive models by innovative new energy vehicle enterprises and the continuous improvement of the infrastructures facilitating related to new energy vehicles, new energy vehicles will show great development potential.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, our revenue and gross profit achieved steady growth in 2018. In 2018, our comprehensive revenue and comprehensive gross profit taking into account the revenue from finance and insurance agency services, amounted to RMB56,293 million and RMB6,181 million, respectively, representing a year-on-year increase of 9.2% and 5.0% respectively compared with 2017. Mainly due to the decline in gross profit margin of new vehicles, our operating profit in 2018 was RMB2,373 million, representing a decrease of 3.6% compared to 2017. Set forth below is a summary of major developments of our business in 2018:

Steady Growth in New Vehicle Sales

Our sales volume of new vehicles of luxury brands increased by 11.4% over the same period in 2017 to 111,323 vehicles in 2018. A number of luxury brands achieved rapid sales volume growth. Among them, sales of Porsche brand increased by 43.1% year-on-year, and sales of BMW brand sales increased by 20.6% year-on-year, which strongly supported the steady growth of sales of new vehicles. In 2018, our overall sales volume of new vehicles increased by 3.1% from 2017 to 176,919 units.

In 2018, our sales revenue of new vehicles of luxury brands increased by 11.3% from the same period in 2017 to RMB38,234 million. The proportion of sales revenue of new vehicles of luxury brands in the overall sales revenue of new vehicles further increased to 81.8%. Due to the rapid growth in sales revenue of new vehicles of luxury brands, our overall new vehicle sales revenue in 2018 reached RMB46,739 million, representing an increase of 7.5% over the same period in 2017.

Since the second quarter of 2018, due to factors such as tariff reduction policy for imported vehicles, consumers adopted a wait-and-see approach, which disrupted the stable production and sales pace of the new vehicle market, causing short-term fluctuations in the market which resulted in a decline in gross profit margin for new vehicle sales in the third quarter. Regarding this, we strengthened the dynamic management of sales strategies and adjusted our sales pace in time to match with the changes in the market; we strengthened marketing publicity by using marketing hotspots, explored a wider range of potential vehicle buyers, provided more attractive sales solutions, and speeded up customer order conversion. Besides, we also actively communicated and cooperated with the manufacturers, and obtained the highest level of business policy support of many brands, which strongly supported our sales profitability. In the fourth quarter, with the rapid growth of consumer demand for consumption, and with the effects of various policies which promoted the market (such as tariff reduction for imported vehicles), the market gradually recovered and the gross profit margin of new vehicle sales rebounded. In 2018, our gross profit margin of new vehicle sales was 2.37%.

With respect to the internal management optimization of our new vehicle sales, we further enhanced the assessment and management model centering around the comprehensive gross profit of sales, comprehensively carried out benchmarking management of key KPIs of operating outlets and enhanced their profitability. In the situation in which the gross profit from new vehicles sales was highly affected by the market, we capitalized on the opportunities from the sales of extended businesses for each vehicle, and continued to improve the permeability rate and profitability of vehicle per unit in our extended businesses, such as automobile finance, automobile insurance and automobile accessories, and hence ensuring the comprehensive profitability of our new vehicle sales.

In terms of innovation in new vehicles sales model, we further enhanced the customer service experience in the car purchase process, and launched a new experience sales model of "smart retail". Through efficient and convenient information tools, we changed the traditional service process, reducing the waiting time of customers while improving efficiency. On this basis, we constantly conducted research and improve a set of "new retail" customer service experience models. Meanwhile, we continued to reinforce our advantages in television sales channels and expanded our new model of vehicle sales on televisions to many provinces with rapid economic development in China, thus bringing fresh vehicle purchase experience to consumers as well as enhancing our brand influence and awareness.

In response to the changes in the new vehicles market, we strengthened the management of new car inventories. Through the optimization of funds used on inventories and the analysis and adjustment of inventory structure, we effectively ensured a reasonable level and healthy structure of our inventories, improving the efficiency of our working capital and controlling our cost of sales. We thoroughly carried out effective integration and sharing of our enterprise resources within the Group, built our resource sharing model for new vehicle inventories, launched centralized multi-brand marketing activities, intensified the development and effective utilization of customer resources and achieved the growth of new vehicle sales in 2018 through improving coordinated management of sales.

Rapid and Healthy Growth in After-sales Services

In 2018, our after-sales services business (including repair and maintenance services and automobile extended products and services) achieved healthy and rapid growth, and the revenue from our after-sales services reached RMB7,835 million, representing an increase of 17.2% compared to the same period in 2017. In 2018, the gross profit margin of our after-sales services was 46.20%, representing an increase of 0.10 percentage point as compared with the same period in 2017.

In terms of maintaining customer solicitation, we provided services including reservation, repair and maintenance reminders to customers under management based on an Internet platform and mobile service systems, and provided our customers with vehicle delivery and pick-up services and alternative vehicle services to improve convenience in respect of repair of vehicles for customers. In terms of customer penetration, we continued to expand new channels for marketing to enhance the effects of external customers inflow, which kept the number of our customers under management increasing in 2018.

In terms of improving the repair and maintenance services, on the one hand, we analyzed the sales data of regular maintenance parts and consumable parts by applying information tools. We formulated and implemented specific business upgrading proposals, effectively raising the sales penetration ratio and unit price of electromechanical business and ensuring the continued growth of the business. On the other hand, we were dedicated to improving the repair and maintenance rate in the referral repair business and increasing the insurance payout ratio, so as to continuously extend the scale of sheet metal painting business.

In terms of improving the extended services business, we introduced and recommended different types of emerging extended services and products targeting different phases of new car sales and after-sales customers, with an aim to create more sales opportunities. As such, the revenue and gross profit from after-sales services were effectively increased, and our competitiveness was enhanced.

In terms of cost control, we increased our sales volume of maintenance products under our proprietary "QUICKACT" brand, and at the same time carried out centralized invitation for bids for major decorating supplies and products and repairing equipment capitalizing on our economies of scale, thereby further reducing our procurement costs while ensuring the quality of products and services. Besides, to ensure punctuality of products supply delivery, we further controlled the inventory of spare parts and decorating supplies, resulting in a further reduction in our inventory turnover days.

In terms of expertise upgrading, we irregularly organized various automobile repairing expertise training programs, encouraged our employees' positive participation, and developed and introduced new energy expertise training programs in a timely manner according to the development trend of vehicle technology, ensuring our leading position in the industry in respect of our maintenance technicians' expertise. Meanwhile, with an aim to motivate our technicians' initiative on improving their expertise and capability, we irregularly organized various expertise contests, so that we could identify and reserve technical talents in a more rapid manner.

High-Speed Growth of Our Pre-owned Vehicle Business

In 2018, the sales volume of pre-owned vehicles for which we acted as an agent was 42,280 units, representing an increase of 20.2% as compared to 35,183 units in the same period in 2017. We continued to accelerate the building of our business model of "new retail sales" for pre-owned vehicles and saw preliminary results of a brand-new business landscape of "pre-owned vehicles + Internet + chain outlets + finance". Currently, we have built a network with 136 pre-owned vehicle retail outlets across China, including 113 business outlets officially certified by original equipment manufacturer (OEM) brands and 23 "Yongda Pre-owned Vehicle" chain outlets. The Group was awarded the second place among the Top 100 pre-owned vehicle dealers in the industry by the China Automobile Dealers Association in October 2018.

In 2018, by virtue of further enhancing the management and control of pre-owned vehicles of 4S dealership channels, we achieved rapid growth. Leveraging on the high efficiency of the pre-owned vehicles ERP management system, we realized business and financial integrated management of pre-owned vehicles business. We strengthened our price determination ability of pre-owned vehicles and team buildings, fully made use of existing 4S dealership channels and extensive customer base, and continued to increase the pre-owned vehicle replacement ratio through replacement of new cars and successful after-sales services and secured more pre-owned vehicle sources. By screening vehicle sources, together with strict testing and refurbishment, those retail sales sources in compliance with manufacturers' certified standards will be retailed at the officially certified pre-owned vehicle showrooms, to gain considerable revenue from pre-owned vehicles retail sales while broadening customer base.

"Yongda Pre-owned Vehicle" is an independent pre-owned vehicle new retail chain brand of the Group, one of the leading pre-owned vehicle brands in China. At present, we have established five regional management centers in East China, Southwest China, South China, Inner Mongolia and Shanxi, and have achieved rapid development by way of independent construction, cooperation, franchise, etc.. Through linking with new vehicle sales to consolidate the comprehensive advantages of supply chain finance, we have further promoted the vehicle residue value and buyback business with large operating and leasing companies, financial leasing companies and manufacturers in China, so as to make sure that we have substantial and steady volume of quality pre-owned vehicles resources annually. Leveraging on our strategic branding management, we have established our repair and refurbishment centers under regional centralized management, implemented professional inspection with 15 categories and 178 items, built an all-process quality control system for "Yongda Pre-owned Vehicle" characterized with product standardization and process management, rapidly promoted the light-asset and platform-focused business model, such as consignment and direct selling, thus striving to provide consumers with products and service experience with "first-hand quality and full guarantee". In 2018, the Company received the award of "Leading Enterprise in the Pre-owned Vehicle Industry in China" granted by authoritative bodies including the China Automobile Dealers Association and the Company was granted the first independent authorization outside the system by Das Welt Auto of "SAIC VOLKSWAGEN" in China.

Strong and Sustained Upward Growth Momentum of Automobile Finance

In 2018, the automobile finance and insurance business of the Group maintained a growth trend, with business scale and profitability improving steadily. In 2018, the revenue of full-caliber finance and insurance business of the Group amounted to RMB1,548 million, representing an increase of 27.4% over the same period last year. The gross profit of finance and insurance business amounted to RMB1,351 million, representing a 23.4% increase as compared to the same period of last year, and its contribution to the gross profit of the Group also rose from 18.6% last year to 21.9%. The penetration ratio of the finance business of overall vehicle sales grew steadily and reached 53.5%, up by 2.5 percentage points from 51.0% for the same period last year.

In 2018, we continued optimizing the business structure. Firstly, the balance of assets of the proprietary finance business grew steadily, and the revenue of proprietary finance business was RMB543 million, representing a 64.0% increase from RMB331 million for the same period last year. Secondly, our finance and insurance agency business continued to keep healthy growth, and achieved a revenue of RMB1,004 million, representing a 13.7% increase compared to the same period last year, among which, the agency revenue derived from our finance business amounted to RMB616 million, representing a 15.6% increase as compared to the same period in 2017, and the agency revenue derived from our insurance business amounted to RMB388 million, representing an increase of 10.7% as compared to the same period in 2017.

In 2018, we adhered to the principle of prudent management. Firstly, it is reflected in the scale control on new interest-bearing assets. Being affected by the macro-economic trend and the global capital environment, we implemented a strategy of controlling the total amount of new interest-bearing assets with a total investment of RMB5,053 million in order to ensure the need of sufficient cash flow of the Group. Secondly, we paid more attention to the prevention of financial risks. As of December 31, 2018, our overdue rate under three months was 0.18%, and the overdue rate more than three months and less than one year was 0.09%. Because of our moderate investment amount and good management and control, our net profit from proprietary finance business increased by 55.3% to RMB182 million this year from RMB117 million of the same period last year.

In 2018, we actively promoted finance restructuring. With the implementation of the business model of "Platform Sharing, Channel Alliance", we gradually improved the product system and risk system suitable for the alliance model, and deeply sorted out the future network planning; we gradually entered into the communication stage with major alliance targets after scientific screening. Meanwhile, we are in discussions with potential investors and intend to potentially reduce the shareholding ratio of the Company in finance platform through capital increase.

Sustained Growth in Automobile Rental

In 2018, our automobile rental services recorded a revenue of RMB408 million, representing an increase of 7.5% compared to 2017.

In 2018, with respect to the long-term rental business, we continued to maintain our advantages, with an increasing number of long-term rental contract customers from the world's top 500 and large state-owned enterprises and private enterprises in finance, manufacturing, public services, media entertainment and high-tech sectors. We secured long-term rental businesses from a number of large customers, such as SAIC-GM, Samsung Semiconductor and Honeywell (China), Jaguar Land Rover China, FAW Trading (一汽商貿), Ford China and Schaeffler, and the total amount of orders increased by 19.2% from the same period of last year.

Meanwhile, with respect to the short-term rental business for high-end businesses and conferences, we kept forging ahead to become the designated service provider of numerous influential international and domestic conferences, major sports and cultural events, such as the "2018 First China International Import Expo" (2018首屆中國國際進口博覽會), "2018 Formula 1 Heineken Chinese Grand Prix" (2018年F1喜力中國大獎賽),"2018 Global Mobile Telecommunication Conference" (2018年全球移動通信大會), "2018 Shanghai International Arts Festival" (2018年上海國際藝術節), "World Laureates Forum in Dishui Lake Shanghai" (上海滴水湖世界頂尖科學家論壇), "2018 National Press Release of New Collections of Blue Moon" (藍月亮2018年全國新品發佈會), "2018 Dior High-end Channel Award" (Dior 2018年高端渠道年終盛典), "2018 Press Release of New Collections of Harry Winston" (Harry Winston 2018年新品發佈會), "United Innovation Summit 2018" (2018年聯影醫療全球創新大會), "Global Exhibition CEO Shanghai Summit 2018" (2018年國際會展業CEO上海峰會), "2018 Longines Global Champions Tour" (2018年浪琴環球馬術冠軍賽) and "2018 Buick LPGA World Women Golf Tournament" (2018屆別克LPGA世界女子高爾夫錦標賽), and attained positive marketing effects.

In 2018, in response to the public service vehicle reform policy of the Shanghai municipal government, we became the designated unit of the government authorities to carry out the socialization of the leasing of vehicles for public affairs for many district governments and Public Security Bureau branches of Shanghai, and introduced the "Vehicle Steward Service" project for government civil servants, which covers vehicle purchase, repair and maintenance, accident rescue, automobile insurance, vehicle inspection, old vehicle repurchase etc. The launch of this project further strengthened our leading position in the sphere of public service vehicle rental services in Shanghai.

In 2018, we continued to deploy our rental network in China. Currently, we have invested in and established over 30 rental service outlets in more than ten cities nationwide, and successively acquired two automobile leasing companies with license resources in Shenzhen and Guangzhou. Meanwhile, we are actively exploring opportunities for cooperation with companies and agencies with advantages in terms of customer base and license resources in Chinese cities with potential automobile leasing market.

Stable Development of New Energy Vehicle Business

In 2018, we set up a new energy automobile segment that operates independently, highlighted the strategic position of the development of the new energy automobile industry, and further clarified the strategic direction of the development of the new energy automobile business. In the coming few years, our principal development direction in the new energy vehicle industry will be first to positively identify development opportunities of new energy vehicles in China, to enhance the cooperation with brand agencies whose positioning are mid- and high-end new energy automobile enterprises, and to explore and participate other businesses relating to new energy vehicle service. Secondly, in response to the trend of change in travel modes, we will proactively develop the new energy vehicle travelling services business, adding new ways and contents in respect of automobile traveling service.

In 2018, the authorized outlets for which we cooperate with domestic renowned innovative new energy vehicle enterprises such as WM Motor (威馬汽車) and Dearcc (電咖汽車) in cities including Shanghai, Guangzhou and Wuhan commenced operations, and the outlets for which we cooperate with WM Motor New Energy in Wuxi and Changzhou were under preparation. Meanwhile, we cooperated with the above brands and other new energy automobile brands such as BYTON and ENOVATE, and were closely discussing the outlet authorization over different cities. It is expected that the outlets in first-tier cities such as Shanghai and Beijing will be open in 2019, which will lay a good foundation for us to further expand the scale of sales and services business of new energy vehicles.

In 2018, based on the stable operation of the travelling service business in Shanghai, we newly established new outlets in Guangzhou, Hangzhou, Suzhou and Fuzhou, and cooperated with mainstream travelling service platforms to expand the new energy vehicle travelling service business. We adhered to operational service quality optimization, strengthened the cooperation with upstream network platforms and various industry partners, and focused on developing comprehensive capacity management capabilities. We continued to accumulate the basis for expanding travelling service market share and enriching the ways of travelling service.

Continuous Optimization and Improvement of Our Network

In 2018, in respect of developing self-built outlets authorized by manufacturers, the Group continuously implemented the principle of "streamlining, modularization and intensification" and gave priority to developing important brands in important markets. We focused on the functionality and scalability of outlets while further controlling the cost of investments in store establishment.

In 2018, we opened 16 new passenger vehicles sales and services outlets which focus on luxury and ultra-luxury brands, including one Porsche 4S dealership, one BMW 4S dealership, one Cadillac 4S dealership, three Volvo 4S dealerships, four WM 4S dealerships, one Dearcc 4S dealership, two Porsche city showrooms, one Aston Matin city showroom and two BMW motorcycle city showrooms.

In 2018, in respect of new outlets authorizations, we obtained authorization to open 17 new passenger vehicles sales and services outlets which focus on luxury and ultra-luxury brands, including one Porsche 4S dealership, one BMW 4S dealership, one Jaguar/Land Rover 4S dealership, one Lexus 4S dealership, one Volvo 4S dealership, one Infiniti 4S dealership, two Lynkco 4S dealerships, five WM 4S dealerships, one Dearcc 4S dealership, two BMW motorcycle city showrooms and one Aston Matin city showroom.

We continuously placed merger and acquisition as the focus of the development of the network authorized by our manufacturers since 2016 by seizing the opportunities of integration of the industry, while constantly optimizing and improving self-built network authorized by manufacturers. In respect of acquisition and merger strategy, we mainly considered its brand value, regional advantage and existing and future profitability and controlled the acquisition price within a reasonable range. In 2018, we completed the acquisition of two Lynkco 4S dealerships and six Japanese brand 4S dealerships in Jiangyin, Jiangsu province.

In 2018, with respect to the construction of self-owned outlets, we opened three "Yongda Pre-owned Vehicle Malls" and four comprehensive showrooms of passenger vehicles.

In 2018, we continued to operate our extensive network with the Yangtze River Delta as the center and have expanded our network to other regions in China, such as Northern China, Central China, Southwest China and Southern China. As of December 31, 2018, our total number of outlets that were opened and outlets with authorization to be opened amounted to 253. Such outlets spread all over 4 municipalities and 19 provinces in China, including 194 opened manufacturer authorized outlets, 44 opened non-manufacturer authorized outlets and 15 manufacturer authorized outlets to be opened. Set out below are the details of our outlets as at December 31, 2018:

	Opened outlets	**Outlets with authorizations to be opened**	**Total**
4S dealerships of luxury and ultra-luxury brands	111	11	122
4S dealerships of mid- to high-end brands	62	3	65
City showrooms of luxury brands	16	1	17
Authorized service centers of luxury brands	3	0	3
Authorized certified pre-owned vehicle center of luxury brands	2	0	2
Subtotal of outlets authorized by the manufacturers	**194**	**15**	**209**
"Auto Repair" maintenance centers of luxury automobiles	14	–	14
Comprehensive showrooms of passenger vehicles	7	–	7
Yongda Pre-owned Vehicle Malls	23	–	23
Subtotal of non-manufacturer authorized outlets	**44**	–	**44**
Total outlets	**238**	**15**	**253**

Continuously Improved Management

In 2018, faced with the changes in the market situation as well as new industry trends, new consumer groups and new technologies, we closely combined our automobile industry experience of over 20 years with the demand of current industry development, adjusted operation strategies timely according to the market situation, actively responded to various changes and challenges, and sought management enhancement and breakthrough in reform and innovation.

Customer Orientation: We cooperated closely with Tencent in 2018 and jointly promoted the smart retail 4S dealership project. Relying on Tencent's diversified product ecosystem, we targeted marketing and achieved customer conversion through large data platform, improved customers service experience through full pipeline and transparent scenario based delivery, realized the management of customer's entire lifecycle value through personalized and label-based management model, and empowered the automobile sales service industry with smart retail to enhance our operational efficiency.

Team Development: We strengthened our efforts in the introduction of external talents and cultivation of internal talents to satisfy business management needs of our industrial chain expansion. We also satisfied the young characteristics and consumption trend of our customer base through echelon building of our young talents, especially the ones after 90s. The Company has initially built a series of management echelons after 70s, 80s and 90s, laying a solid team foundation for our future business development.

Brand Building: We firmly believe in the principle of "brand is the life of an enterprise". With our industry experience of over 20 years and persistence in conducting business with integrity, we strive to build our brand image as "an automobile services expert by your side". By customer-driven operations, we continuously improve our service quality and fully utilize the advantages of our accumulated large user base to build the brand image of the Group as a leading domestic passenger vehicle sales service provider.

Improving quality and efficiency: While promoting the steady development of the main business, we continuously optimized management and strived to improve operational efficiency. In 2018, on the one hand, we carried out all-round benchmarking management on the main operational efficiency links such as inventory turnover, capital utilization efficiency and human resources efficiency; on the other hand, we made comprehensive upgrade in the management of our industrial entities by information-based means, gradually improved our digital operation system, and strived to promote the Group's transformation and upgrading by constant innovation driven by data.

ANNUAL RESULTS

Consolidated statement of profit or loss
FOR THE YEAR ENDED DECEMBER 31, 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Goods and services		**54,399,518**	50,019,832
Rental		**408,361**	379,735
Interests		**510,607**	299,735
Revenue	*3, 4*	**55,318,486**	50,699,302
Cost of sales and services		**(50,111,803)**	(45,674,645)
Gross profit		**5,206,683**	5,024,657
Other income and other gains and losses	*5*	**1,029,196**	927,227
Distribution and selling expenses		**(2,479,737)**	(2,269,322)
Administrative expenses		**(1,382,668)**	(1,221,573)
Profit from operations		**2,373,474**	2,460,989
Share of profit of joint ventures		**9,566**	9,086
Share of profit of associates		**50,813**	31,543
Finance costs		**(681,292)**	(494,118)
Profit before tax		**1,752,561**	2,007,500
Income tax expense	*7*	**(427,525)**	(405,712)
Profit for the year	*6*	**1,325,036**	1,601,788
Profit for the year attributable to:			
Owners of the Company		**1,253,099**	1,509,930
Non-controlling interests		**71,937**	91,858
		1,325,036	1,601,788
Earnings per share - basic	*9*	**RMB0.68**	RMB0.91
Earnings per share - diluted	*9*	**RMB0.68**	RMB0.83

Consolidated statement of profit or loss and other comprehensive income
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 *RMB'000*	2017 *RMB'000*
Profit for the year	**1,325,036**	1,601,788
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	**(15,161)**	–
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**–**	5,789
Total comprehensive income for the year	**1,309,875**	1,607,577
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,237,938**	1,515,719
Non-controlling interests	**71,937**	91,858
	1,309,875	1,607,577

Consolidated statement of financial position
AT DECEMBER 31, 2018

	NOTES	**2018**	2017
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**5,402,463**	4,729,155
Prepaid lease payments		**1,329,129**	1,111,600
Goodwill		**977,146**	903,791
Other intangible assets		**1,576,695**	1,526,558
Deposits paid for acquisition of property, plant and equipment		**78,832**	91,514
Deposits paid for acquisition of land use rights		**59,894**	85,610
Deposits paid for acquisition of a subsidiary		**–**	3,000
Deposits paid for acquisition of an associate		**525**	–
Available-for-sale investments		**–**	250,429
Equity instruments at FVTOCI		**9,327**	–
Financial assets at fair value through profit or loss ("FVTPL")		**403,632**	–
Interests in joint ventures		**97,083**	101,628
Interests in associates		**441,070**	391,032
Finance lease receivables	*10*	**1,744,000**	1,337,893
Loan receivables	*11*	**86,175**	132,522
Amount due from a related party		**35,471**	31,435
Deferred tax assets		**195,858**	139,434
Other assets	*12*	**30,000**	30,000
		12,467,300	10,865,601
Current assets			
Prepaid lease payments		**42,762**	34,354
Inventories	*13*	**5,829,495**	6,111,751
Finance lease receivables	*10*	**1,877,661**	1,657,715
Loan receivables	*11*	**427,866**	735,260
Trade and other receivables	*12*	**6,186,355**	4,807,162
Amounts due from related parties		**117,995**	189,008
Cash in transit		**216,968**	211,096
Time deposits		**38,600**	–
Restricted bank balances		**1,754,453**	1,597,166
Bank balances and cash		**2,056,208**	1,717,675
		18,548,363	17,061,187

	NOTES	2018	2017
		RMB'000	*RMB'000*
Current liabilities			
Trade and other payables	*14*	**5,503,881**	6,710,155
Amounts due to related parties		**4,113**	6,610
Income tax liabilities		**477,152**	357,478
Borrowings		**9,259,896**	6,596,271
Contract liabilities		**1,565,693**	–
Super short-term commercial papers	*15*	**1,298,665**	2,598,926
Corporate bonds	*16*	**1,994,422**	–
Derivative financial liabilities		**10,984**	–
		20,114,806	16,269,440
Net current (liabilities) assets		**(1,566,443)**	791,747
Total assets less current liabilities		**10,900,857**	11,657,348
Non-current liabilities			
Borrowings		**836,033**	416,572
Corporate bonds	*16*	**–**	1,992,394
Other liabilities	*14*	**67,304**	126,393
Deferred tax liabilities		**477,533**	340,555
		1,380,870	2,875,914
Net assets		**9,519,987**	8,781,434
Capital and reserves			
Share capital		**15,063**	15,033
Reserves		**8,972,850**	8,273,278
Equity attributable to owners of the Company		**8,987,913**	8,288,311
Non-controlling interests		**532,074**	493,123
Total equity		**9,519,987**	8,781,434

1. GENERAL INFORMATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

China Yonda Automobiles Services Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's registered office is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and its principal place of business in Hong Kong is Unit 5708, 57/F, The Center, 99 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile rental services, provision of automobile finance leasing and small loan services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the "**Group**".

The consolidated financial statements are presented in Renminbi (the "**RMB**"), which is the same as the functional currency of the Company.

From this period, the consolidated statement of profit or loss and other comprehensive income was separately presented as two statements including the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income. In the opinion of the directors of the Company, two statements better present the financial performance of the Group.

As at December 31, 2018, the Group had net current liabilities of approximately RMB1,566.44 million. The directors of the Company believe that the Group has sufficient cash flows from the operations and available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time in the current year:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014 - 2016 Cycle*
Amendments to IAS 40	*Transfer of Investment Property*

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

3. REVENUE

A. For the year ended December 31, 2018

(i) Disaggregation of revenue from contracts with customers under IFRS 15

	For the year ended December 31, 2018 Revenue *RMB'000*
Types of goods or services	
Sale of passenger vehicles:	
– Luxury and ultra-luxury brands *(note a)*	38,136,594
– Mid- to high-end brands *(note b)*	8,432,778
	46,569,372
Services	
– After-sales services	7,830,146
Total	54,399,518
Geographical markets	
Mainland China	54,399,518
Timing of revenue recognition	
A point in time	46,569,372
Over time	7,830,146
Total	54,399,518

Notes:

a. Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Aston Martin, Infiniti, Lincoln, Cadillac, Volvo, Mercedes-Benz and Lexus.

b. Mid- to high-end brands include Buick, Chevrolet, Volkswagen, Ford, Skoda, Toyota, Honda, Roewe, Hyundai, Mazda, Lynk, Weltmeister and others.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the year ended December 31, 2018		
	Segment revenue *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Sale of passenger vehicles	**46,739,363**	**169,991**	**46,569,372**
After-sales services	**7,835,420**	**5,274**	**7,830,146**
Passenger vehicle sales and services	**54,574,783**	**175,265**	**54,399,518**
Rental income	**408,361**	**–**	**408,361**
Interest income	**543,378**	**32,771**	**510,607**
Total Revenue	**55,526,522**	**208,036**	**55,318,486**

(ii) Performance obligations for contracts with customers

The Group sells passenger vehicles directly to customers through its own 4S outlets. Revenue is recognized when (or as) the passenger vehicles are transferred to the customer and the customer obtains control of that vehicles.

For after-sales services, the Group's performance enhances the vehicle that's within the customer's control, revenue is recognized over time.

Generally, no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of sales of passenger vehicle and after-sales service as the Group's contract has an original expected duration of less than one year.

B. For the year ended December 31, 2017

An analysis of the Group's revenue for the year is as follows:

	For the year ended December 31, 2017 Revenue *RMB'000*
Types of goods or services	
Sale of passenger vehicles:	43,334,712
After-sales services	6,685,120
Rental income	379,735
Interest income	299,735
	50,699,302

4. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the Group's chief operating decision maker who reviews the segment revenue and results when making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided. For passenger vehicle sales and services, the executive directors of the Company review the financial information of each outlet, hence each outlet constitutes a separate operating unit. However, the outlets possess similar economic characteristics, and are similar in terms of products and services, customers, methods used to distribute products and provide services, and regulatory environment. Therefore, all outlets are aggregated into one reportable segment, namely "passenger vehicle sales and services", for segment reporting purposes.

The Group's reportable segments are as follows:

- Passenger vehicle sales and services – (i) sale of passenger vehicles; and (ii) provision of after-sales services, including primarily repair and maintenance services, certain auxiliary automobile sales related services and provision of other automobile-related services;
- Automobile rental services; and
- Proprietary finance business.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Passenger vehicle sales and services	Automobile rental services	Proprietary finance business	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000* *(note d)*	*RMB'000*	*RMB'000*
For the year ended December 31, 2018					
External revenue	**54,399,518**	**408,361**	**510,607**	**–**	**55,318,486**
Inter-segment revenue	**175,265**	**–**	**32,771**	**(208,036)**	**–**
Segment revenue *(note a)*	**54,574,783**	**408,361**	**543,378**	**(208,036)**	**55,318,486**
Segment cost *(note b)*	**49,848,858**	**295,535**	**196,547**	**(229,137)**	**50,111,803**
Segment gross profit	**4,725,925**	**112,826**	**346,831**	**21,101**	**5,206,683**
Service income	**1,004,387**	**–**	**–**	**(30,068)**	**974,319**
Segment results	**5,730,312**	**112,826**	**346,831**	**(8,967)**	**6,181,002**
Other income and other gains and losses *(note c)*					**54,877**
Distribution and selling expenses					**(2,479,737)**
Administrative expenses					**(1,382,668)**
Finance costs					**(681,292)**
Share of profit of joint ventures					**9,566**
Share of profit of associates					**50,813**
Profit before tax					**1,752,561**

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Proprietary finance business *RMB'000* *(note d)*	Elimination *RMB'000*	Total *RMB'000*
For the year ended December 31, 2017					
External revenue	50,019,832	379,735	299,735	–	50,699,302
Inter-segment revenue	157,004	–	31,658	(188,662)	–
Segment revenue *(note a)*	50,176,836	379,735	331,393	(188,662)	50,699,302
Segment cost *(note b)*	45,502,321	279,278	119,663	(226,617)	45,674,645
Segment gross profit	4,674,515	100,457	211,730	37,955	5,024,657
Service income	883,502	–	–	(23,618)	859,884
Segment results	5,558,017	100,457	211,730	14,337	5,884,541
Other income and other gains and losses *(note c)*					67,343
Distribution and selling expenses					(2,269,322)
Administrative expenses					(1,221,573)
Finance costs					(494,118)
Share of profit of joint ventures					9,086
Share of profit of associates					31,543
Profit before tax					2,007,500

Notes:

a. The segment revenue of passenger vehicles sales and services for the year ended December 31, 2018 was RMB54,574,783,000 (2017: RMB50,176,836,000) which included the sales revenue of passenger vehicles amounting to approximately RMB46,739,363,000 (2017: RMB43,491,716,000) and the after-sales services revenue amounting to approximately RMB7,835,420,000 (2017: RMB6,685,120,000).

b. The segment cost of passenger vehicles sales and services for the year ended December 31, 2018 was RMB49,848,858,000 (2017: RMB45,502,321,000) which included the cost of sales of passenger vehicles amounting to approximately RMB45,633,484,000 (2017: RMB41,898,730,000) and the cost of after-sales services amounting to approximately RMB4,215,374,000 (2017: RMB3,603,591,000).

c. The amount excludes the services income generated from the passenger vehicle sales and services segment, which is included in the segment results above.

d. The segment revenue of proprietary finance business mainly includes finance leasing and small loan services. The segment cost of proprietary finance business is mainly composed of finance costs.

The accounting policies of the operating segments are the same as those of the Group. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses other than service income (Note 5), distribution and selling expenses, administrative expenses, finance costs, share of profit of joint ventures and share of profit of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors.

Geographical information

All of the Group's revenue is generated from passenger vehicle sales and services, automobile rental services, proprietary finance business in the PRC and all of the Group's principal assets and liabilities for operation are located in the PRC.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2018 and 2017.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Other income comprises:		
Service income *(note a)*	**974,319**	859,884
Government grants *(note b)*	**17,692**	45,814
Interest income on bank deposits	**18,051**	23,492
Interest income from a related party	**3,437**	3,264
Others	**1,009**	3,616
	1,014,508	936,070
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment and other intangible assets	**12,164**	20,595
Gain on fair value change of financial assets at FVTPL	**1,809**	–
Impairment loss on available-for-sale investments	**–**	(3,571)
Loss allowance of loan receivables	**(142)**	(1,559)
Loss allowance of finance lease receivables	**(1,558)**	(1,787)
Net foreign exchange gains (losses)	**10,516**	(1,526)
Investment income of financial assets at FVTPL	**135**	–
Net loss on changes in fair value of derivative financial instruments	**(10,984)**	–
Loss on disposal of interest in an associate	**–**	(2,232)
Loss on disposal of subsidiaries	**(764)**	(3,430)
Others	**3,512**	(15,333)
	14,688	(8,843)
Total	**1,029,196**	927,227

Notes:

a. Service income was primarily related to agency income derived from distribution of automobile insurance products and automobile financial products in the PRC.

b. Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2018	2017
	RMB'000	*RMB'000*
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	**1,452,857**	1,329,495
Retirement benefits scheme contributions	**140,706**	119,053
Share-based payment expenses	**16,817**	25,245
Total staff costs	**1,610,380**	1,473,793
Auditors' remuneration:		
– in respect of audit service for the Company	**6,860**	6,860
– in respect of the statutory audits for the subsidiaries of the Company	**2,985**	3,258
Total auditors' remuneration	**9,845**	10,118
Cost of inventories recognized as an expense	**49,681,592**	45,345,317
Depreciation of property, plant and equipment	**524,980**	476,614
Release of prepaid lease payments	**33,724**	33,707
Amortization of intangibles assets	**41,854**	24,100
Gain on fair value change of financial assets at FVTPL	**(1,809)**	–
Investment income of financial assets at FVTPL	**(135)**	–
Impairment loss on available-for-sale investments	**–**	3,571
Loss allowance of loan receivables	**142**	1,559
Loss allowance of finance lease receivables	**1,558**	1,787

7. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**399,498**	435,248
Underprovision of PRC EIT in prior years	**2,520**	958
	402,018	436,206
Deferred tax:		
Current year charge (credit)	**25,507**	(30,494)
	427,525	405,712

8. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognized as distribution during the year: 2017 final dividends – HK$0.336 (equivalent to RMB0.283) (2017: 2016 final dividends – HK$0.19 (equivalent to RMB0.17))	**520,425**	276,222

A final dividend of RMB0.225 per share with the total amount of approximately RMB413,522,000 in respect of the year ended December 31, 2018 has been proposed by the directors and is subject to approval by the shareholders in the upcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**1,253,099**	1,509,930
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**–**	27,736
Gain recognized for the re-measurement of liability component of the convertible bonds	**–**	(83,770)
Earnings for the purpose of diluted earnings per share	**1,253,099**	1,453,896

	2018	2017
	000'	*000'*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,836,663**	1,654,181
Effect of dilutive potential ordinary shares:		
Share options	**7,796**	12,324
Convertible bonds	**–**	94,998
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,844,459**	1,761,503

10. FINANCE LEASE RECEIVABLES

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

	2018	2017
	RMB'000	*RMB'000*
Analyzed as:		
Current	**1,877,661**	1,657,715
Non-current	**1,744,000**	1,337,893
	3,621,661	2,995,608

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Finance lease receivables comprise:				
Within one year	**2,063,346**	1,839,684	**1,877,661**	1,657,715
In more than one year but not more than two years	**1,599,508**	879,674	**1,392,834**	786,456
In more than two years but not more than five years	**486,312**	615,278	**359,528**	558,241
	4,149,166	3,334,636	**3,630,023**	3,002,412
Less: unearned finance income	**(519,143)**	(332,224)	**N/A**	N/A
Less: allowance for impairment loss under expected credit losses ("**ECL**") model	**(8,362)**	(6,804)	**(8,362)**	(6,804)
Present value of minimum lease payment receivables	**3,621,661**	2,995,608	**3,621,661**	2,995,608

At December 31, 2018, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB67,304,000 (2017: RMB126,393,000) and RMB76,619,000 (2017: RMB204,586,000) (Note 14) were recognized as other non-current liabilities and current liabilities, respectively.

11. LOAN RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Guaranteed but unsecured loans	**226,052**	365,317
Collateralized but unguaranteed loans	**292,555**	506,889
Gross loan receivables	**518,607**	872,206
Less: allowance for impairment loss under ECL model	**(4,566)**	(4,424)
Net loan receivables	**514,041**	867,782
Analyzed as:		
Current	**427,866**	735,260
Non-current	**86,175**	132,522
	514,041	867,782

The Group provides fixed-rate loans with a term from two months to three years to local individuals in the PRC. All loans are either backed by guarantees and/or secured by collateral.

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2018	2017
	RMB'000	*RMB'000*
Fixed-rate loan receivables:		
Within one year	**427,866**	735,260
In more than one year but not more than two years	**64,884**	84,768
In more than two years but not more than three years	**21,291**	47,754
	514,041	867,782

The past due loan receivables is immaterial as at the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

The Group's credit policies towards its customers are as follows:

a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted;

b. For automobile rental services, the Group typically allows a credit period of 30 to 90 days to its customers.

	2018	2017
	RMB'000	*RMB'000*
Current		
Trade receivables	**809,964**	678,968
Bills receivables	**–**	1,288
	809,964	680,256
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**2,185,651**	1,267,519
Deposits to entities controlled by suppliers for borrowings	**214,453**	192,299
Prepayments and rental deposits on properties	**33,535**	38,025
Rebate receivables from suppliers	**2,134,548**	1,756,629
Interest receivables	**4,871**	–
Finance and insurance commission receivables	**132,256**	116,533
Staff advances	**10,087**	7,075
Value-Added Tax recoverable	**381,410**	459,270
Advances to non-controlling interests *(note a)*	**35,400**	43,784
Advances to independent third parties *(note a)*	**22,897**	76,215
Receivables on disposal of a subsidiary	**6,420**	6,420
Others	**221,283**	169,557
Less: allowance for doubtful debts	**(6,420)**	(6,420)
	5,376,391	4,126,906
	6,186,355	4,807,162
Non-current		
Other assets		
Advances to non-controlling interests *(note b)*	**30,000**	30,000

Notes:

a. The balances were unsecured, interest-free and repayable on demand.

b. The balance carried at a fixed interest rate of 4.9% per annum, which was payable upon the maturity with a credit term of 5 years.

The following is an ageing analysis of the Group's trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2018	2017
	RMB'000	*RMB'000*
0 to 90 days	**809,964**	680,256

None of the trade receivables is past due but not impaired as at the end of the reporting period. The Group does not notice any deterioration in the credit quality of its trade receivables. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Movement in the allowance for doubtful debts

	2018	2017
	RMB'000	*RMB'000*
January 1, and December 31,	**(6,420)**	(6,420)

13. INVENTORIES

	2018	2017
	RMB'000	*RMB'000*
Motor vehicles	**5,258,890**	5,509,866
Spare parts and accessories	**570,605**	601,885
	5,829,495	6,111,751

As at December 31, 2018, vehicle certificates ("車輛合格證") for certain of the Group's inventories with an aggregate carrying amount of RMB773,055,000 (2017: RMB1,627,427,000) were pledged as security for the Group's interest-bearing bank and other borrowings.

As at December 31, 2018, vehicle certificates of the Group's inventories with an aggregate carrying amount of RMB2,588,627,000 (2017: RMB1,464,187,000) were pledged as security for the Group's bills payables.

14. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	2018 *RMB'000*	2017 *RMB'000*
Current		
Trade payables	**640,462**	404,143
Bills payables	**4,197,984**	3,942,504
	4,838,446	4,346,647
Other payables		
Other tax payables	**98,347**	127,215
Advances and deposits from customers	**–**	1,282,068
Payable for acquisition of property, plant and equipment	**80,662**	82,024
Payable for acquisition of land use right	**–**	25,104
Rental payables	**23,779**	21,644
Salary and welfare payables	**37,630**	76,900
Accrued interest	**65,623**	115,915
Accrued audit fee	**4,660**	5,686
Consideration payables for acquisition of subsidiaries *(note)*	**36,509**	116,227
Advance from non-controlling interests *(note)*	**90,484**	106,111
Advance from former shareholders of acquired subsidiaries	**–**	35,627
Deposits received from customers under finance leases *(Note 9)*	**76,619**	204,586
Others	**151,122**	164,401
	665,435	2,363,508
	5,503,881	6,710,155
Non-current		
Other liabilities		
Deposits received from customers under finance leases *(Note 9)*	**67,304**	126,393

Note: The balances were unsecured, interest-free and repayable within one year from the end of the reporting period.

The Group's trade payables mainly relate to purchase of spare parts and accessories. A credit period not exceeding 90 days is generally granted by certain suppliers to the Group for the purchase of spare parts and accessories. Bills payables primarily relate to the Group's use of bank acceptance notes to finance its purchase of passenger vehicles, with a credit period of one to six months.

The following is an ageing analysis of the Group's trade and bills payables presented based on invoice date at the end of the reporting period:

	2018 *RMB'000*	2017 *RMB'000*
0 to 90 days	**4,100,537**	3,657,014
91 to 180 days	**737,909**	689,633
	4,838,446	4,346,647

15. SUPER SHORT-TERM COMMERCIAL PAPERS

On March 9, 2017, Shanghai Yongda Investment Holdings Group Co., Ltd. ("**Shanghai Yongda Investment**") received a notice of acceptance of registration (the "**Notice**") issued from National Association of Financial Market Institutional Investors to issue super short-term commercial papers of an aggregate registered amount of RMB4 billion. According to the Notice, the registered amount will be effective for two years commencing from the date of issue of the Notice.

On February 8, 2018, April 10, 2018, June 28, 2018, November 30, 2018 and December 14, 2018, Shanghai Yongda Investment issued the first tranche, the second tranche, the third tranche, the fourth tranche and the fifth tranche of the super short-term commercial papers, respectively, each with an aggregate principal amount of RMB0.5 billion, RMB0.5 billion, RMB0.5 billion, RMB0.5 billion and RMB0.3 billion and with a term of 180 days, 250 days, 270 days, 180 days and 180 days from their respective dates of issuance. The super short-term commercial papers are unsecured and carry interests at rates of 6.70%, 6.50%, 7.30%, 6.70% and 6.50% per annum, respectively. The interests are payable upon maturity. The super short-term commercial papers were issued to domestic institutional investors in the PRC which are independent third parties.

The Group paid transaction costs of approximately RMB4,389,000 during the year ended December 31, 2018 (2017: RMB7,987,000).

Movement of the super short-term commercial papers during the year ended December 31, 2018 was as follows:

	RMB'000
At January 1, 2018	2,598,926
Issued during the year ended December 31, 2018	2,300,000
Less: repayment of the 2017 super short-term commercial papers	(2,600,000)
Less: repayment of the 2018 first and second tranche super short-term commercial papers	(1,000,000)
Less: payment of transaction costs in relation to issuance	(4,389)
Add: interest expenses - amortization of transaction costs	4,128
At December 31, 2018	1,298,665

During the year ended December 31, 2018, interest expense of approximately RMB77,563,000 (2017: RMB94,473,000) was recognized. As at December 31, 2018, unpaid interest expense of approximately RMB22,453,000 was accrued in other payables (2017: RMB85,214,000).

16. CORPORATE BONDS

On October 12, 2016, Shanghai Yongda Investment received an approval of corporate bonds offering to qualified investors (the "**Approval**") by China Securities Regulatory Commission to issue corporate bonds (the "**Corporate Bonds**") in an aggregate amount not exceeding RMB2 billion. The Approval will be effective for two years commencing from the date of its issue.

On November 2, 2016, Shanghai Yongda Investment fully issued the Corporate Bonds with base issue size of RMB1 billion and an over-allotment of RMB1 billion, totalling RMB2 billion. The Corporate Bonds are fixed rate bonds with a term of five years, in which Shanghai Yongda Investment has an option to adjust the coupon rate and investors have an option to resell to Shanghai Yongda Investment at the end of the third interest-bearing year.

The Corporate Bonds are unsecured and carry a fixed coupon rate of 3.90% per annum. The interest is payable annually. The Corporate Bonds were issued to domestic qualified investors in the PRC which are independent third parties.

Movement of the Corporate Bonds during the year ended December 31, 2018 was as follows:

	RMB'000
At January 1, 2017	1,990,344
Add: interest expenses – amortization of transaction costs	2,050
At December 31, 2017	1,992,394
Add: interest expenses - amortization of transaction costs	2,028
At December 31, 2018	1,994,422

During the year ended December 31, 2018, interest expense of approximately RMB78,000,000 (2017: RMB78,000,000) was recognized. As at December 31, 2018, unpaid interest expense of approximately RMB12,822,000 (2017: RMB13,433,000) was accrued in other payables.

FINANCIAL REVIEW

Revenue

Revenue was RMB55,318.5 million in 2018, a 9.1% increase from RMB50,699.3 million in 2017, which was primarily due to the growth of sales of luxury and ultra-luxury brand passenger vehicles and after-sales services. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the year ended December 31,					
	2018			2017		
	Amount **(RMB'000)**	**Sales Volume** **(Units)**	**Average Selling Price** **(RMB'000)**	Amount (RMB'000)	Sales Volume (Units)	Average Selling Price (RMB'000)
Passenger Vehicle Sales						
Luxury and ultra-luxury brands	**38,233,659**	**111,323**	**343**	34,336,628	99,956	344
Mid- to high-end brands	**8,505,704**	**65,596**	**130**	9,155,088	71,684	128
Subtotal	**46,739,363**	**176,919**	**264**	43,491,716	171,640	253
After-sales services	**7,835,420**	**–**	**–**	6,685,120	–	–
Automobile rental services	**408,361**	**–**	**–**	379,735	–	–
Proprietary finance business	**543,378**	**–**	**–**	331,392	–	–
Inter-segment eliminations	**(208,036)**	**–**	**–**	(188,661)	–	–
Total	**55,318,486**	**–**	**–**	50,699,302	–	–

The sales volume of passenger vehicle from the passenger vehicle sales and services segment was 176,919 units in 2018, a 3.1% increase from 171,640 units in 2017, among which, the sales volume of luxury and ultra-luxury brand passenger vehicle in 2018 was 111,323 units, a 11.4% increase from 99,956 units in 2017.

Revenue of passenger vehicles sales from the passenger vehicle sales and services segment was RMB46,739.4 million in 2018, a 7.5% increase from RMB43,491.7 million in 2017, among which, the sales revenue from luxury and ultra-luxury brand passenger vehicle was RMB38,233.7 million in 2018, a 11.3% increase from RMB34,336.6 million in 2017.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB7,835.4 million in 2018, a 17.2% increase from RMB6,685.1 million in 2017.

Revenue from the automobile rental services segment was RMB408.4 million in 2018, a 7.5% increase from RMB379.7 million in 2017.

Revenue from the proprietary finance business segment was RMB543.4 million in 2018, a 64.0% increase from RMB331.4 million in 2017.

Cost of Sales and Services

Cost of sales and services was RMB50,111.8 million in 2018, a 9.7% increase from RMB45,674.6 million in 2017, which was primarily due to the increase in cost of sales and after-sale services of luxury and ultra-luxury brand passenger vehicles.

Cost of sales for sales of passenger vehicles from the passenger vehicle sales and services segment was RMB45,633.5 million in 2018, a 8.9% increase from RMB41,898.7 million in 2017, which was higher than the growth in our revenue from passenger vehicle sales.

Cost of after-sales services from the passenger vehicle sales and services segment was RMB4,215.4 million in 2018, a 17.0% increase from RMB3,603.6 million in 2017, which was basically consistent with the growth in our revenue from after-sales services.

Cost of services for the automobile rental services segment was RMB295.5 million in 2018, a 5.8% increase from RMB279.3 million in 2017. The increase was lower than the increase in our revenue from automobile rental services.

Cost of services for the proprietary finance business segment was RMB196.5 million in 2018, a 64.3% increase from RMB119.7 million in 2017. The increase was basically consistent with the increase in our revenue from the proprietary finance business segment.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB5,206.7 million in 2018, a 3.6% increase from RMB5,024.7 million in 2017. Gross profit margin decreased to 9.41% in 2018 from 9.91% in 2017.

Gross profit of the passenger vehicles sales from the passenger vehicle sales and services segment was RMB1,105.9 million in 2018, a 30.6% decrease from RMB1,593.0 million in 2017. Gross profit margin of passenger vehicle sales decreased to 2.37% in 2018 from 3.66% in 2017.

Gross profit of after-sales services from the passenger vehicle sales and services segment was RMB3,620.0 million in 2018, a 17.5% increase from RMB3,081.5 million in 2017. In 2018, the gross profit margin of our after-sales services was 46.20%, a slight increase from 46.10% in 2017.

Gross profit from the automobile rental services segment was RMB112.8 million in 2018, a 12.3% increase from RMB100.5 million in 2017. Gross profit margin for automobile rental services was 27.63% in 2018, a slight increase from 26.45% in 2017.

Gross profit from the proprietary finance business segment in 2018 was RMB346.8 million, a 63.8% increase from RMB211.7million in 2017. Gross profit margin for the proprietary finance business segment was 63.83% in 2018, which was basically the same as compared to 63.89% in 2017.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB1,029.2 million in 2018, a 11.0% increase from RMB927.2 million in 2017. The increase was primarily due to the fact that revenue of the finance and insurance related post-market agency services business of the passenger vehicle sales and services segment amounted to RMB1,004.4 million in 2018, a 13.7% increase from RMB883.5 million in 2017.

Distribution and Selling Expenses

Distribution and selling expenses were RMB2,479.7 million in 2018, a 9.3% increase from RMB2,269.3 million in 2017, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, the rate of our distribution and selling expenses was 4.48% in 2018, which remained basically flat as compared to 2017.

Administrative Expenses

Administrative expenses were RMB1,382.7 million in 2018, a 13.2% increase from RMB1,221.6 million in 2017, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, the rate of our administrative expenses slightly increased from 2.41% in 2017 to 2.50% in 2018.

Operating Profit

As a result of the foregoing, the operating profit was RMB2,373.5 million in 2018, a 3.6% decrease from RMB2,461.0 million in 2017.

Finance Costs

Finance costs were RMB681.3 million in 2018, a 37.9% increase from RMB494.1 million in 2017 which was primarily due to the increased average balance of financing and the increased average financing interest rate as a result of the expansion in sales and services network and business scale. As a percentage of revenue, the rate of finance costs increased from 0.97% in 2017 to 1.23% in 2018.

Profit before Tax

As a result of the foregoing, the profit before tax was RMB1,752.6 million in 2018, a 12.7% decrease from RMB2,007.5 million in 2017.

Income Tax Expense

Income tax expenses were RMB427.5 million in 2018, a 5.4% increase from RMB405.7 million in 2017. Our actual income tax rate increased from 20.2% in 2017 to 24.4% in 2018.

Profit

As a result of the foregoing, the profit was RMB1,325.0 million in 2018, a 17.3% decrease from RMB1,601.8 million in 2017.

Profit attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company was RMB1,253.1 million in 2018, a 17.0% decrease from RMB1,509.9 million in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, expanding our proprietary finance business and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, issuance of bonds, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

In 2018, our net cash generated from operating activities was RMB1,698.5 million, among which, net cash generated from operating activities of automobile sales and services business was RMB2,159.6 million, and net cash used in operating activities of proprietary finance business was RMB461.1 million. In 2017, our net cash used in operating activities was RMB1,107.8 million, among which, net cash generated from operating activities of automobile sales and services business was RMB1,534.8 million, and net cash used in operating activities of proprietary finance business was RMB2,642.6 million. As compared to that in 2017, our net cash generated from operating activities of automobile sales and services business increased by RMB624.8 million, and our net cash used in operating activities of proprietary finance business decreased by RMB2,181.5 million, which was attributable to the control on total amount of newly-added interest-bearing assets.

In 2018, our net cash used in investment activities was RMB1,682.9 million, which mainly included the amounts for purchase of fixed assets, land use rights and intangible assets of RMB1,754.6 million, the amount for acquisition of subsidiaries of RMB303.4 million, which was partially offset by the proceeds from the disposal of property, plant and equipment, land use rights and intangible assets of RMB519.8 million. In 2017, our net cash used in investing activities was RMB2,007.0 million.

In 2018, our net cash generated from financing activities was RMB322.9 million, which mainly included the proceeds from bank loans and other borrowings of RMB27,836.2 million, the proceeds from the issue of super short-term commercial papers of RMB2,300.0 million, which was partially offset by the repayment of bank loans and other borrowings of RMB24,824.2 million, the repayment of super short-term commercial papers of RMB3,600.0 million, the payment of interest of RMB727.6 million, and the payment of dividends of RMB520.4 million. In 2017, our net cash generated from financing activities was RMB3,060.7 million.

Inventories

Our inventories mainly include passenger vehicles and spare parts and accessories.

Our inventories were RMB5,829.5 million as of December 31, 2018, a 4.6% decrease from RMB6,111.8 million as of December 31, 2017. The following table sets forth our average inventory turnover days for the periods indicated:

	For the year ended December 31,	
	2018	2017
Average inventory turnover days[1]	**43.5**	41.7

Note:

(1) Average inventory turnover days is the average of opening and closing inventories balances divided by the cost of sales and services for that period and multiplied by 365 days.

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of fixed assets, land use rights, intangible assets (vehicle licence plates) and acquisition of subsidiaries, which was partially offset by the proceeds from the disposal of property, plant and equipment. In 2018, our net capital expenditures were RMB1,538.2 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the year ended December 31, 2018 ***(RMB million)***
Expenditures on purchase of property, plant and equipment – test-drive automobiles, substitute mobility vehicles and vehicles for automobile rental and travelling services purposes)	**1,103.3**
Expenditures on purchase of property, plant and equipment – primarily used for establishing new automobile sales and service outlets	**526.7**
Expenditures on purchase of land use rights	**46.3**
Expenditures on purchase of intangible assets (vehicle licence plates)	**78.3**
Expenditures on acquisition of subsidiaries	**303.4**
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles, substitute mobility vehicles and vehicles for automobile rental purposes)	**(519.8)**
Total	**1,538.2**

Borrowings and Bonds

We obtained borrowings consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers, and bonds issued to fund our working capital and network expansion. As of December 31, 2018, the outstanding amount of our borrowings and bonds amounted to RMB13,389.0 million, a 15.4% increase from RMB11,604.2 million as of December 31, 2017. The following table sets forth the maturity profile of our borrowings and bonds as of December 31, 2018:

	As of December 31, 2018 *(RMB million)*
Within one year	**12,552.9**
One year to two years	**828.5**
Two to five years	**7.6**
Total	**13,389.0**

As of December 31, 2018, our gearing ratio (being total debt divided by total assets) was 69.3% (December 31, 2017: 68.6%).

As of December 31, 2018, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2018 consisted of (i) inventories of RMB773.1 million; (ii) property, plant and equipment of RMB214.2 million; (iii) land use rights of RMB140.0 million; and (iv) equity interests of our subsidiaries of RMB764.0 million.

Contingent Liabilities

As of December 31, 2018, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the benchmark rates of the People's Bank of China, HIBOR and LIBOR. Increases in interest rates could result in an increase in our cost of borrowing, which in turn could adversely affect our finance costs, profit and our financial condition. We currently use certain derivative financial instruments to hedge some of our exposure to interest rate risk.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of December 31, 2018, certain of our financial liabilities were denominated in foreign currencies, and considering the fluctuation of foreign currency rate, we used derivative financial instruments to hedge our exposure to foreign exchange risk.

FUTURE OUTLOOK AND STRATEGIES

In 2018, under the influence of multiple factors such as macroeconomic and international situation, China's passenger car retail market experienced the first annual negative growth since 1990. However, driven by the continuous upgrading of consumption in the first- and second-tier cities and the continuous improvement of the penetration rate of automobile finance, the luxury automobile brands grew against trend and maintained a relatively high growth rate throughout the year, of which the market share has increased year by year. Meanwhile, under the guidance of environmental and industrial dual policy factors, the sales of new energy vehicles grew strongly, and pure electric vehicles became the main driving force for the growth of new energy vehicle market.

We will firmly uphold our position as a dealership group of luxury automobiles and continue to develop the business of the sales and services of luxury and ultra-luxury automobiles brands. In recent years, major luxury brands, such as BMW, Porsche and Audi, have continued to strengthen the product release and update iterations in China. Volvo, Cadillac and Lincoln, which are in the second echelon of luxury brands, also recorded fast growth of sales. Therefore, the continued increasing market share and rising ownership of luxury brand vehicles is expected to promote the sustainable growth of our sales and post-market business. At the same time, we will also strengthen the investment in resources for the new energy vehicle industry, and closely cooperate with the current global major brand vehicle manufacturers and the emerging independent brand new energy vehicle manufacturers to jointly explore and increase market share in the sales and services business of new energy vehicles.

We will continue to steadily build our national outlet network by expanding the outlets of major luxury brands such as BMW, Porsche, Audi with selection between self-built outlets or merger and acquisition. For existing operating outlets, we will enhance the operational quality and energy efficiency of existing outlets by optimizing the brand structure, strengthening various refined management measures, and the Internet's "smart retail" technology transformation. In addition, our production capacity of the after-sales services will be continuously improved through the reform of the workshop capacity and the expansion of satellite service outlets.

With respect to our pre-owned vehicle business, we will use B2C as the main entry point, and actively implement synergy and empowerment strategies with OEMs, dealer groups, operating automobile leasing companies and financial leasing companies, and will master multi vehicle source and strengthen the operation capacity of offline outlets by professional service solutions of vehicle residue value management and disposal, and strengthen online drainage to form a business model of "pre-owned vehicles + Internet + chain outlet + finance".

With respect to our finance business, we are considering to introduce strategic investors to potentially carry forward the finance business restructuring plan. As a finance platform with a profound industry background, we will consider automobile dealership empowerment as a strategic implementation focus, promoting the alliance business model, bringing together the resources of the society and industry, positioning to help dealers to promote the development of their main business via finance, further developing new profit growth points in the finance and insurance business and building a professional automobile finance service platform. We will continue to adhere to the concept of sound asset management, promote the innovative product strategy of asset-finance integration and insist on the investment of research and development in finance technology, forming a new finance development model in line with the future trend of the automobile industry.

We noted that the market of mobility on demand is facing rapid growth in China, and the new generation of consumer groups' demand for travelling services is increasing. Therefore, we will vigorously develop the travelling service industry through team entrepreneurship model. On one side, we will rely on the Group's nationalized network advantage to rapidly deploy our business in key cities, and on the other side, we will speed up the expansion of automobile fleet operation scale in certain major cities and enhance operational management capabilities. We are expected to cooperate strategically with the Internet travel platforms and certain new energy vehicle brand manufacturers, thereby satisfying the need for safe, convenient and comfortable travelling services through professional, intelligent, compliant and efficient operation management on automobile fleet.

We will adhere to the principle of cultural inheritance and innovation. We are always positioned to deepen China's automobile sales service market, and adhere to the strategic development concept of taking customers as our most important asset, forming an internally and externally integrated digital new retail system by smartly utilizing big data and putting customer experience as our focus, and are committed to building service professionalism and reputation in the industry via maintaining management level improvement. Meanwhile, in line with the electric, networking and smart development trends in the automobile industry, through continuous innovation and the implementation of entrepreneurial mechanisms, we will actively participate in the development of new energy vehicle and travelling service industry, realizing the upgrading and transformation of the industry, so as to ensure the increase in profitability and sustainable development of the business as well as to realize a multi-win situation among our shareholders, employees, customers and the community.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has complied with the code provisions in the CG Code during the year ended December 31, 2018.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the year ended December 31, 2018.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2018.

Audit and Compliance Committee

The audit and compliance committee of the Company (the "**Audit and Compliance Committee**") has three members comprising three independent non-executive directors, being Ms. ZHU Anna Dezhen (chairlady), Mr. LYU Wei and Mr. Mu Binrui, with terms of reference in compliance with the Listing Rules.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2018 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The auditor of the Company, Deloitte Touche Tohmatsu, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2018 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company in the forthcoming annual general meeting on May 31, 2019 (Friday) for the distribution of a final dividend of RMB0.225 per share for the year ended December 31, 2018. The final dividend is expected to be paid on or about June 28, 2019 (Friday) to the shareholders of the Company whose names are listed in the register of members of the Company on June 11, 2019 (Tuesday). On the basis of the total issued share capital of 1,838,111,463 shares of the Company as of December 31, 2018, it is estimated that the aggregate amount of final dividend would be approximately RMB413.5 million. The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the shareholders at the forthcoming annual general meeting of the Company.

RECORD DATE FOR ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on May 27, 2019 (Monday) (the "**Record Date**") will be entitled to attend the forthcoming annual general meeting to be held on May 31, 2019 (Friday) (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 6, 2019 (Thursday) to June 11, 2019 (Tuesday), both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 5, 2019 (Wednesday).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.ydauto.com.cn***).

The annual report for the year ended December 31, 2018 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
China Yongda Automobiles Services Holdings Limited
Cheung Tak On
Chairman

PRC, March 26, 2019

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheung Tak On, Mr. Cai Yingjie, Mr. Wang Zhigao, Mr. Xu Yue and Ms. Chen Yi; (ii) one non-executive Director, namely Mr. Wang Liqun; and (iii) three independent non-executive Directors, namely Mr. Lyu Wei, Mr. Mu Binrui and Ms. Zhu Anna Dezhen.