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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2019, together with comparative figures for the six months ended June 30, 2018.

FINANCIAL HIGHLIGHTS OF THE GROUP

- Revenue from new vehicle sales was RMB24,482 million for the six months ended June 30, 2019, a 17.3% increase from RMB20,876 million for the six months ended June 30, 2018.

- Revenue from after-sales services was RMB4,244 million for the six months ended June 30, 2019, a 14.7% increase from RMB3,700 million for the six months ended June 30, 2018.

- Comprehensive revenue including revenue from finance and insurance agency services was RMB29,633 million for the six months ended June 30, 2019, a 16.8% increase from RMB25,371 million for the six months ended June 30, 2018.

- Comprehensive gross profit including revenue from finance and insurance agency services was RMB3,299 million for the six months ended June 30, 2019, a 8.6% increase from RMB3,037 million for the six months ended June 30, 2018.

- Net profit was RMB782 million for the six months ended June 30, 2019, a 1.6% increase from RMB770 million for the six months ended June 30, 2018. This also represents an increase of 41.0% as compared to RMB555 million for the second half of 2018.

- Net profit attributable to the owners of the Company was RMB734 million for the six months ended June 30, 2019, a 1.5% increase from RMB723 million for the six months ended June 30, 2018. This also represents a 38.6% increase as compared to RMB530 million for the second half of 2018.

MARKET REVIEW

In the first half of 2019, according to the data from China Automobile Dealers Association (中國汽車流通協會), sales volume of luxury passenger vehicles in China continued to grow steadily, with total sales reaching 1.53 million units, representing an increase of 15.6% year-on-year, of which sales of BMW increased by 28.0% year-on-year and sales of Porsche increased by 39.0% year-on-year. However, due to the impact of factors including slowdown in macroeconomic growth and Sino-US trade tension, the overall production and sales of passenger vehicles are still under pressure. According to the data from China Association of Automobile Manufacturers (中國汽車工業協會), the sales volume of passenger vehicles in China in the first half of 2019 was 10.127 million units, a decrease of 14.0% year-on-year. The overall performances of passenger vehicles and luxury vehicles differed, mainly due to the continuous consumption upgrade demand in China, the continuous extension of luxury brand product lines and the enrichment of automobile finance products. After the VAT was lowered in April this year, OEMs of most luxury vehicle brands have lowered their sales reference prices, which has stimulated the demand of car buyers to a certain extent. It is believed that with the introduction of various domestic automobile consumption policies and the continuous deepening of tax reduction policy, the decline in passenger vehicle sales in China year-on-year in the second half of 2019 will be alleviated. We expect that the sales of luxury vehicles will continue to grow by approximately 10%.

In the first half of 2019, the main models of major luxury vehicle brands have entered into a stage of updating and upgrading, which is expected to help various luxury vehicle brands to stabilize their sales structure and improve sales quality. In the first half of 2019, with its main model (such as Macan) gradually completed the updating and upgrading, and the normal supply of Cayenne of national stage VI emission standards （國六排放標準）, the sales of Porsche brand achieved rapid growth while maintaining good profit performance. As for the BMW brand, due to the increase in sales of domestically produced X3 and the launch of new Series 3 vehicles, it is expected that the profitability of domestically produced vehicles will be further improved. As for the Audi brand, the successive launch of the new A6L vehicles and Audi Q3 vehicles also helped to improve the brand's sales structure and reduce the terminal sales discount. Luxury brands such as Volvo, Lincoln and Cadillac will also launch certain mid-range new SUV vehicles, which will also help improving the sales structure and profitability of these brands and be expected to achieve relatively significant growth opportunities in 2019. Compared with other mature markets, the proportion of sales of new vehicles of luxury brands out of the overall passenger car sales is still low in China, and it is believed that luxury vehicles sales will continue to grow well in the next few years.

According to the data from China Association of Automobile Manufacturers, sales of new energy vehicles in the first half of 2019 increased by 49.6% year-on-year to 617,000 units, of which pure electric vehicles accounted for 79.0%. With the launch of new energy vehicles by major automobile manufacturers, the mass production of the competitive models by the innovative new energy vehicle enterprises, and the continuous improvement of the infrastructures related to new energy vehicles, we expect that new energy vehicles will show great potential for development.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the People's Republic of China ("**PRC**") (中國公安部交通管理局), as at June 30, 2019, the motor vehicle ownership in China has reached 340 million units, among which are 250 million automobiles, including a total of 198 million private vehicles (small passenger cars and mini passenger cars registered in the name of an individual). As at June 30, 2019, the motor vehicle ownership in 66 cities nationwide exceeded 1 million, with 29 cities having more than 2 million motor vehicle ownership and 11 cities having more than 3 million motor vehicle ownership. With the rising number of passenger vehicles and the aging of vehicles, it is expected that the future after-sales service market for passenger vehicles in China, especially luxury passenger vehicles, will continue to grow rapidly.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 6.86 million units in the first half of 2019, representing a year-on-year increase of 3.9%. The average transaction price of pre-owned vehicles of the PRC in the first half of 2019 was RMB63,200, while vehicles with an age of 6 years or less accounted for 67.9% 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, there is a relatively large room for the future pre-owned vehicle transaction market in China in 2019.

According to the data from "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 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%.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, our revenue and gross profit achieved steady growth in the first half of 2019. Our comprehensive revenue and comprehensive gross profit taking into account the revenue from finance and insurance agency services, in the first half of 2019, amounted to RMB29,633 million and RMB3,299 million respectively, representing an increase of 16.8% and 8.6% respectively compared with the same period in 2018. In the first half of 2019, our net profit and net profit attributable to owners of the Company were RMB782 million and RMB734 million respectively, representing an increase of 1.6% and 1.5% respectively over the same period in 2018, and also representing an increase of 41.0% and 38.6% respectively compared with the second half of 2018. Set forth below is a summary of our business development in the first half of 2019:

Rapid Growth in New Vehicle Sales

In the first half of 2019, our sales volume of new vehicles increased by 17.9% over the same period in 2018 to 94,763 units, of which sales of new vehicles of luxury brands increased by 24.2% year-on-year to 60,981 units. The sales volume of new vehicles of various luxury brands which we are authorized by manufacturers has grown rapidly. Among which, sales of Porsche brand increased by 51.1% year-on-year, sales of BMW brand increased by 32.8% year-on-year, and sales of Volvo brand increased by 24.3% year-on-year, sales of new vehicles and sales of multiple luxury brands have achieved faster growth than the same period in the market.

In the first half of 2019, sales revenue of new vehicles reached RMB24,482 million, an increase of 17.3% over the same period in 2018. Among which, our sales revenue from new vehicles of luxury brands increased by 19.3% over the same period in 2018 to RMB20,169 million. The proportion of sales revenue from new vehicles of luxury brands of the overall sales revenue of new vehicles has further increased to 82.4%.

In the first half of 2019, our gross profit margin of new vehicle sales was 2.39%, an increase of 0.56 percentage point compared to the second half of 2018. Many of our authorized luxury brands have entered a period of rapid development, such as BMW, Porsche and Volvo. We have launched a number of new models with market competitiveness, and our market share has further expanded, which further strengthened our brand portfolio and further optimized our product structure. Besides, benefiting from the good market environment brought by favorable policies such as the reduction of VAT and the promotion of automobile consumption in the first half of 2019, and our active communication and cooperation with the various manufacturers, we have expanded the scale of new vehicle sales and fully obtained the best business policy support, which has effectively promoted the increase in gross profit margin of our new vehicle sales.

In the first half of 2019, the turnover day of our new vehicle was 36.2 days, a decrease of 18.0 days compared to the same period in 2018. Through the establishment of an integrated inventory management system, we have taken initiatives to accelerate the pace of new car sales. We strengthen management on purchase to ensure that the product structure meets market demand. We limited the funds occupied by inventory, which ensured a substantial increase in our inventory turnover efficiency and effectively controlled our financial costs.

With respect to the optimization of internal management in our new vehicle sales, we further enhanced the assessment and management model centering on the comprehensive gross profit of sales, comprehensively carried out benchmarking management of key KPIs of operating outlets and enhanced their profitability. We ensured the penetration rate of automobile finance agency business, automobile insurance business, automobile supplies business and other extended businesses, maintained steady profitability growth per vehicle in our extended businesses and enhanced the overall 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 through efficient and interconnected information tools, we changed the traditional service process, reduced waiting time for customers while improving efficiency, and on this basis, constantly conducted research and improved a set of "new retail sales" 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.

Steady Growth in After-sales Services

In the first half of 2019, our after-sales services, including maintenance services and automobile extended products and services, achieved steady growth, reaching a revenue of RMB4,244 million, an increase of 14.7% over the same period in 2018. In the first half of 2019, the gross profit margin of our after-sales service was 46.09%, which was basically the same as in the same period of 2018.

In the first half of 2019, the number of customers under management and repaired vehicles continued to rise. It is due to the rapid growth of local retail sales of new vehicles and the Group's active cross-industry cooperation, which have increased the attraction channels for external after-sales customers. It is also due to our enhanced data analysis to continuously improve the number and accuracy of leads, and success rate of acquiring new customers.

In terms of upgrading the maintenance and repairing business, we have increased the investigation of hidden problems for all maintenance vehicles for the electromechanical business, and at the same time, with the corresponding targeted marketing activities, the revenue per vehicle of our electromechanical business has been improved. For the accident car business, we have strengthened the links between the insurance business and the accident car business, and obtained more accident car business resources with the advantage of the insurance business scale. At the same time, the proportion of luxury brand vehicles out of maintenance vehicles has continuously increased, which has further enhanced our maintenance revenue and profitability per vehicle. While increasing the shop absorption rate, we continuously optimized maintenance business structure to ensure the sustainable improvement of the maintenance business.

In terms of cost control, we carried out regular invitation for bids for large quantities of maintenance products, lubricants and decorating supplies capitalizing on our business scale, thereby further reducing our procurement costs while ensuring the quality of products and services. Besides, to ensure punctuality of products supply delivery, we continuously optimize inventory structure of spare parts and decorating supplies.

In terms of improving skills of maintenance technicians, we regularly organized various automobile repairing expertise training programs and adjusted the content of training, 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, by strengthening cooperation between schools and the Group, we discussed and optimized teaching materials and training methods with schools to ensure that graduates entering the Group can meet the requirements of our maintenance jobs.

Stable Growth of Pre-owned Vehicle Business

In the first half of 2019, the sales volume of pre-owned vehicles for which we acted as an agent was 19,784 units, representing an increase of 2.8% as compared to 19,251 units in the same period in 2018. We continued to deepen lean management, actively built 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 of 126 pre-owned vehicle retail outlets across China, including 113 4S dealerships officially certified by OEM brands and 13 "Yongda Pre-owned Vehicle" officially certified chain outlets covering East China, North China, Southwest China, South China, etc. The Group was ranked among the Top 100 pre-owned vehicle dealers in the industry by the China Automobile Dealers Association in terms of sales volume of pre-owned vehicles.

In the first half of 2019, facing the impact of new car price fluctuation and other factors on pre-owned vehicles business, we continued to strengthen the updating in pre-owned vehicles showrooms of 4S dealership channels and the upgrading and updating of retained customers to achieve stable and sustainable growth of the business. We actively promoted the retail strategy of officially certified pre-owned vehicle brands, and exerted the long tail effect to bring significant increase in after-sales value and repurchase opportunities. We disposed non-retail vehicles in a quick and efficient manner through our independent B2B auction platform. We continuously upgraded the pre-owned vehicles ERP management system, realizing business and financial efficient integrated management of pre-owned vehicles business. We continued to strengthen the pre-owned vehicles teams, improved evaluation, testing and pricing capabilities, and implemented standardized business management and control. We strictly controlled inventory turnover management of pre-owned vehicles and established a "forced liquidation" system to ensure healthy inventory and operation.

"Yongda Pre-owned Vehicle" is an independent pre-owned vehicle new retail chain brand of the Group, and has attained good reputation in the industry for the five years since its establishment. We actively developed chain outlets by way of independent construction, cooperation, franchise, etc., and formed a standardized and chained operation system with efficient management system. Our e-commerce platform "Yongda Pre-owned Vehicle" came into operation in the first half of 2019, initially fulfilling the functions of online display, inventory sharing and national sales, and used the advantage of low-cost customer gaining of channels to conduct online attraction, offline experience and delivery.

Leveraging our good cooperation relationship with OEMs, we were granted the first independent authorization outside the system of officially certified showrooms by Das Welt Auto and SAIC-GM in China; through linking new vehicle sales to consolidate supply chain finance, we actively promoted the vehicle residual value management and disposal business to ensure stable and high quality retail resource supply of pre-owned vehicle. 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 characterized with product standardization and process management. We offer 30-day after-sales return policy and 1 year/20,000 km quality guarantee to establish brand reputation. Meanwhile, based on the development trend of the industry, we continuously explore the Company's sustainable development strategy and actively promoted the platform-focused, allied and light-asset business model.

Steady Progress of Automobile Finance

In the first half of 2019, the automobile finance and insurance business of the Group maintained a steady development. For the six months ended June 30, 2019, the revenue of full-caliber finance and insurance business of the Group amounted to RMB779 million, representing an increase of 9.3% over the same period last year, among which, the revenue derived from our proprietary finance business amounted to RMB246 million; the overall revenue of agency business amounted to RMB533 million, presenting a trend of steady progress.

In the first half of 2019, with respect to the agency business, the Group was more focused with linking with partner institutions. Through the cooperation of financial and insurance institutions, we carried out customer sharing deeply, and realized cross-selling profits with professional services. With respect to proprietary finance business, we actively changed the business philosophy and used finance as a sales tool to integrate into every aspect of automobile sales service.

In the first half of 2019, we actively promoted the implementation of the strategy of "Platform Sharing, Channel Alliance". With comprehensive budget management as the starting point, through the establishment and improvement of product system, risk system and network management system, we extended the finance and insurance service of the automobile industry chain to the whole country by the division and cooperation of the front, middle and back office.

Sustained Growth in Automobile Rental

In the first half of 2019, our automobile rental services recorded a revenue of RMB224 million, representing an increase of 17.7% compared to the same period in 2018.

In the first half of 2019, with respect to the long-term rental business, we maintained our current advantages as always, with an increasing number of customers with long-term rentals 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 successively secured long-term rental business orders from a number of major customers, such as Brilliance Auto Rental, Atlas Copco and FAW Trading.

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 "2019 Rolls-Royce Grand Ceremony" (2019勞斯萊斯至尊盛典), "2019 Formula 1 Chinese Grand Prix Shanghai Station" (2019年F1中國大獎賽上海站), "2019 Shanghai International Auto Show" (2019上海國際車展), "2019 China International Arts Festival" (2019年中國國際藝術節), "2019 International Cruise Terminal VIP Conference" (2019國際郵輪碼頭貴賓大會), "2019 International Conference & Exhibition on Liquefied Natural Gas" (2019國際液化天然氣會議), "Global Exhibition CEO Shanghai Summit 2019" (2019年國際會展業CEO上海峰會) and "2019 Global Mobile Telecommunication Conference" (2019世界移動通信大會), and attained positive marketing effects.

In the first half of 2019, in response to the public service vehicle reform policy of the Shanghai municipal government, we continued to provide rental protection for vehicles and the "Vehicle Steward Service" for the socialization for vehicles for public affairs, which covers many district governments and Public Security Bureau branches of Shanghai. The services provided included vehicle purchase, maintenance, accident rescue, automobile insurance, vehicle inspection and old vehicle repurchase etc. The launch of this project would further strengthen our leading position in the sphere of public service vehicle rental services in Shanghai.

In the first half of 2019, we adopted new multi-dimensional performance evaluation mechanism for automobile rental related personnel, which further mobilized their enthusiasm to serve customers and develop business. Signing contracts with a number of vehicle brand manufacturers directly reduced procurement costs. Under the premise of complying with regulatory policies and ensuring profitability, we started to rent vehicles from third parties for operation, which reduced the cost of capital.

In the first half of 2019, 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. Meanwhile, we continued to actively explore opportunities for cooperation with companies and agencies with advantages in terms of customer base and license resources in domestic cities with potential automobile rental market.

Accelerated Development of New Energy Vehicle Business

In early 2019, we established a new energy vehicle group. The industry orientation is firstly to strengthen brand authorization cooperation with domestic and foreign mid-to-high end new energy vehicle, secondly to develop new energy vehicle chain maintenance service, and thirdly to conduct new energy vehicles travelling services business. The new energy automobile industry has become an important strategic direction for our business development.

In the first half of 2019, our sales of new energy vehicles amounted to 4,104 units, representing an increase of 62.5% compared to the same period in 2018, the proportion of which in overall sales of new vehicles further increased to 4.3%.

We paid more attention to the rapid development trend of new energy vehicles in mainland China, and intensified marketing and customer acquiring of new energy vehicles in various authorized brands. We continued to strengthen cooperation with domestic renowned innovative new energy vehicle enterprises. In the first half of 2019, the authorized outlets for which we cooperate with WM Motor in Shanghai, Guangzhou and other cities were in good operation. At the same time, we were in close discussions with other new energy vehicle brands such as Xiaopeng, BYTON and ENOVATE to speed up the network layout of brand authorized outlets in first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen. It is expected that around 8 authorized outlets will be in operation by the end of this year, which will lay a good foundation for us to further expand the scale of new energy vehicle sales and service business

In the first half of 2019, we began to plan and develop new energy vehicle chain maintenance service outlets, focused on new energy vehicle after-sales service, and integrated new energy vehicle maintenance, electromechanical maintenance, sheet metal painting, and charging, etc. We discussed cooperation opportunities with retained customers of self-owned new energy authorized brands, as well as automobile brands that adopt direct selling model such as Tesla and NIO, to provide after-sales service for their customers and service support for new energy vehicles of travelling business.

In the first half of 2019, we established new outlets in Changsha, Wuxi, Shaoxin, Jiaxing, Huzhou and other regions, and continued to expand the coverage of new energy vehicle travelling service business with 11 cities in which we established outlets of travelling service business. We insisted on continuing to optimize operation and service level, strengthen the integration of all links of the industry chain, and achieve strategic cooperation with OEMs such as BAIC and BYD, and platforms such as DiDi and CAOCAO, and continued to accumulate the basis for expanding travelling service market share and enriching the ways of travelling service.

Continuous Optimization and Improvement of Network

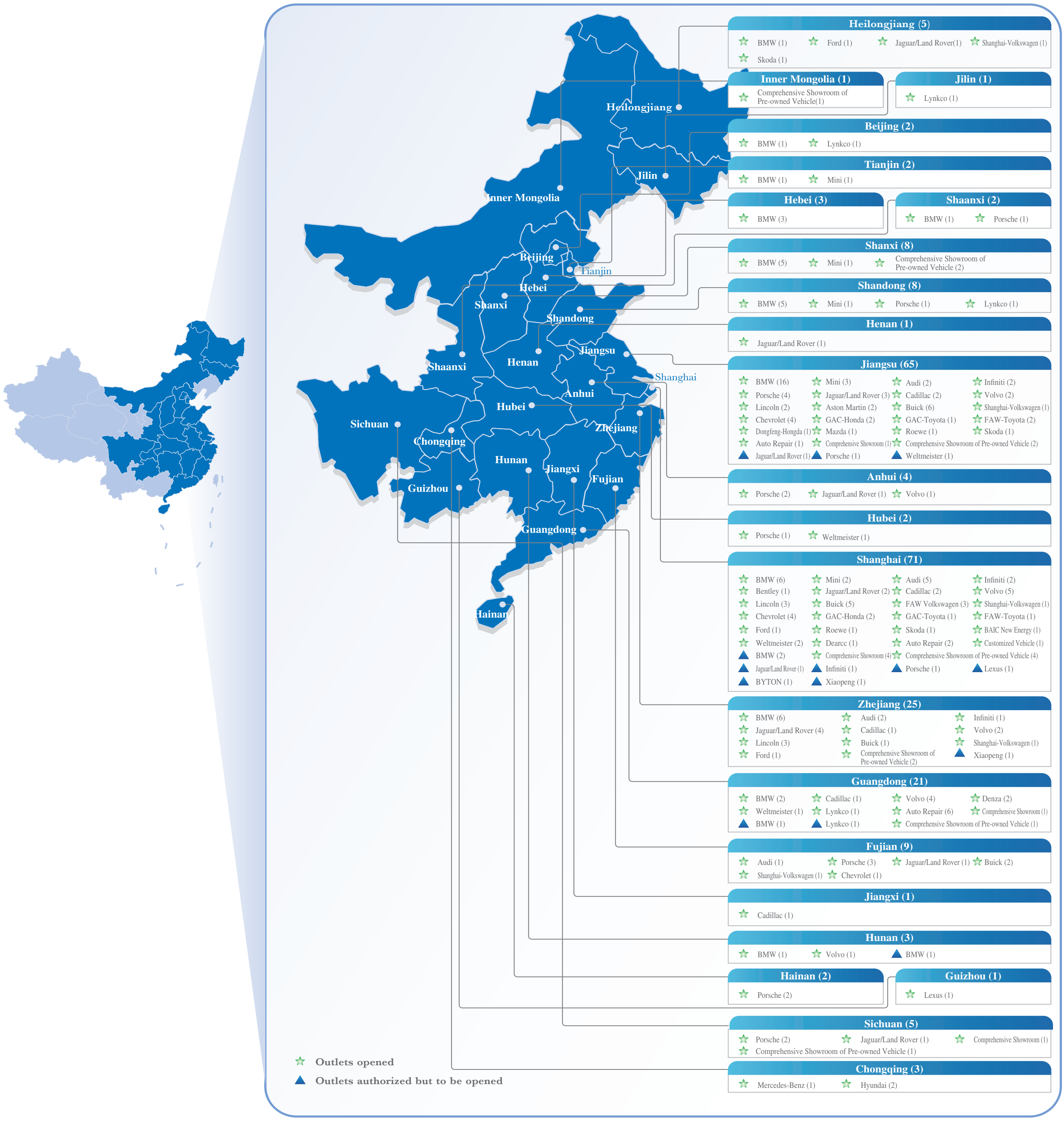
In the first half of 2019, in respect of developing self-built outlets authorized by manufacturers, the Group continuously implemented the principle of "streamlining, modularization and intensification" and constantly optimized the brand portfolio in key areas. We focused on the functionality and scalability of outlets while further controlling the cost of investments in store establishment.

In the first half of 2019, we opened 8 new passenger vehicles sales and services outlets focusing on luxury and ultra-luxury brands, including two Porsche 4S dealerships, three Volvo 4S dealerships, one Lincoln 4S dealership, one Lynkco 4S dealership and one Porsche city showroom.

In the first half of 2019, in respect of new outlets authorizations, we obtained authorization to open 8 new passenger vehicles sales and services outlets focusing on luxury and ultra-luxury brands, including one Porsche 4S dealership, three BMW 4S dealerships, one Jaguar/Land Rover 4S dealership, one BYTON 4S dealership and two Xiaopeng 4S dealerships.

In the first half of 2019, 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 June 30, 2019, our total number of outlets that were opened and authorized outlets to be opened amounted to 245. Such outlets spread all over 4 municipalities and 19 provinces in China, including 201 opened manufacturer authorized outlets, 29 opened non-manufacturer authorized outlets and 15 manufacturer authorized outlets to be opened. Set out below are the details of our outlets as at June 30, 2019:

	Opened outlets	**Authorized outlets to be opened**	**Total**
4S dealerships of luxury and ultra-luxury brands	117	10	127
4S dealerships of mid- to high-end brands	62	5	67
City showrooms of luxury brands	17	0	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	**201**	**15**	**216**
"Auto Repair" maintenance centers of luxury automobiles	9	–	9
Comprehensive showrooms of passenger vehicles	7	–	7
Yongda Pre-owned Vehicle Malls	13	–	13
Subtotal of non-manufacturer authorized outlets	**29**	**–**	**29**
Total outlets	**230**	**15**	**245**



Heilongjiang
Jilin
Inner Mongolia
Beijing
Tianjin
Hebei
Shanxi
Shandong
Shaanxi
Henan
Jiangsu
Shanghai
Anhui
Sichuan
Hubei
Zhejiang
Chongqing
Hunan
Jiangxi
Fujian
Guizhou
Guangdong
Hainan
Heilongjiang (5)
BMW (1) Ford (1) Jaguar/Land Rover(1) Shanghai-Volkswagen (1)
Skoda (1)
Inner Mongolia (1)
Comprehensive Showroom of Pre-owned Vehicle(1)
Jilin (1)
Lynkco (1)
Beijing (2)
BMW (1) Lynkco (1)
Tianjin (2)
BMW (1) Mini (1)
Hebei (3)
BMW (3)
Shaanxi (2)
BMW (1) Porsche (1)
Shanxi (8)
BMW (5) Mini (1) Comprehensive Showroom of Pre-owned Vehicle (2)
Shandong (8)
BMW (5) Mini (1) Porsche (1) Lynkco (1)
Henan (1)
Jaguar/Land Rover (1)
Jiangsu (65)
BMW (16) Mini (3) Audi (2) Infiniti (2)
Porsche (4) Jaguar/Land Rover (3) Cadillac (2) Volvo (2)
Lincoln (2) Aston Martin (2) Buick (6) Shanghai-Volkswagen (1)
Chevrolet (4) GAC-Honda (2) GAC-Toyota (1) FAW-Toyota (2)
Dongfeng-Hongda (1) Mazda (1) Roewe (1) Skoda (1)
Auto Repair (1) Comprehensive Showroom (1) Comprehensive Showroom of Pre-owned Vehicle (2)
Jaguar/Land Rover (1) Porsche (1) Weltmeister (1)
Anhui (4)
Porsche (2) Jaguar/Land Rover (1) Volvo (1)
Hubei (2)
Porsche (1) Weltmeister (1)
Shanghai (71)
BMW (6) Mini (2) Audi (5) Infiniti (2)
Bentley (1) Jaguar/Land Rover (2) Cadillac (2) Volvo (5)
Lincoln (3) Buick (5) FAW Volkswagen (3) Shanghai-Volkswagen (1)
Chevrolet (4) GAC-Honda (2) GAC-Toyota (1) FAW-Toyota (1)
Ford (1) Roewe (1) Skoda (1) BAIC New Energy (1)
Weltmeister (2) Dearcc (1) Auto Repair (2) Customized Vehicle (1)
BMW (2) Comprehensive Showroom (4) Comprehensive Showroom of Pre-owned Vehicle (4)
Jaguar/Land Rover (1) Infiniti (1) Porsche (1) Lexus (1)
BYTON (1) Xiaopeng (1)
Zhejiang (25)
BMW (6) Audi (2) Infiniti (1)
Jaguar/Land Rover (4) Cadillac (1) Volvo (2)
Lincoln (3) Buick (1) Shanghai-Volkswagen (1)
Ford (1) Comprehensive Showroom of Pre-owned Vehicle (2) Xiaopeng (1)
Guangdong (21)
BMW (2) Cadillac (1) Volvo (4) Denza (2)
Weltmeister (1) Lynkco (1) Auto Repair (6) Comprehensive Showroom (1)
BMW (1) Lynkco (1) Comprehensive Showroom of Pre-owned Vehicle (1)
Fujian (9)
Audi (1) Porsche (3) Jaguar/Land Rover (1) Buick (2)
Shanghai-Volkswagen (1) Chevrolet (1)
Jiangxi (1)
Cadillac (1)
Hunan (3)
BMW (1) Volvo (1) BMW (1)
Hainan (2)
Porsche (2)
Guizhou (1)
Lexus (1)
Sichuan (5)
Porsche (2) Jaguar/Land Rover (1) Comprehensive Showroom (1)
Comprehensive Showroom of Pre-owned Vehicle (1)
Chongqing (3)
Mercedes-Benz (1) Hyundai (2)
Outlets opened
Outlets authorized but to be opened

Continuously Improved Management

In recent years, the domestic automobile sales service industry entered into a new phase along with the new changes in the market situation. Facing the new industry trends, new consumer groups and new technologies, and by virtue of more than 20 years of experience in the automobile service industry, the Company has kept pace with the times, optimized and adjusted operation and management strategies timely according to the market situation, actively responded to various changes and challenges, and sought enhancement and breakthrough in innovations in management.

Customer Orientation: The Company upholds the belief that all business operations in the future should put customers first and based on the demands of customers. On the one hand, during the course of business operation, management was shifted for supporting front-line team to better serve customers, the management procedures have been optimized for improving the service quality; on the other hand, customized brand service was introduced to our customers, realizing worry-free service from automobile usage, maintenance to upgrading and updating after acquisition. By virtue of the foregoing measures, the Company will further implement the strategic orientation with customers as focus in the future, and prepare for the transformation and upgrade of the industry.

Organization Development: In terms of management, the Company delegated authorization of operation and management to brand department and entities and empowered the front-line business team to enable it to more flexibly respond to the ever-changing market. For those entities located in different districts and of different types, the Group adopted differentiated management mode to fully motivate the initiative of operation and management teams of the entities. Meanwhile, the Company has constantly increased the cultivation of echelon management teams in recent years, initially built the management echelon array with generations after 70s, 80s and 90s by virtue of echelon building of our young talents, especially the ones after 90s, satisfying the young characteristics and consumption trend of our customer base, which laid a good foundation for our future business development.

Brand Building: The Company has firmly upheld our position as a dealership group of luxury automobiles in the PRC and committed to building Yongda Automobiles as the domestic leading automobile service brand. With our industry experience of over 20 years and persistence in conducting business with integrity, we provide consumers the best quality products and services, gaining good recognition in the industry; additionally, we persistently improve the internal compliance governance and integrity construction, build a shining, fair and good operation and management culture, form an operation and management team with good integrity and take customers as the core, to strive to build our brand image as "an automobile services expert by your side".

Digital Reform: The Company's digital construction entered into a substantial phase this year, the digital operation platform was formally entered into the promotion phase and the smart retail sales will also achieve connection with digital operation platform and comprehensive promotion. By developing a smart retail system to build a high-speed and smooth bridge between enterprises and customers, the Company will utilize the convenient mobile interaction to enhance users' experience; respond to each customer's demand for vehicle usage in real time through the member operation system; secure the business and operation safety and ensure the stable operation through the integrated business and finance platform; and manage and analyze all data and business processes through the Yongda big data center, to finally realize the Company's digital management transformation and upgrade.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	NOTES	**Six months ended June 30,** **2019** *RMB'000* **(Unaudited)**	2018 *RMB'000* (Unaudited)
Revenue			
Goods and services	*3A*	**28,640,792**	24,490,711
Rental		**224,286**	188,660
Interests		**240,721**	240,313
Total revenue	*3B*	**29,105,799**	24,919,684
Cost of sales and services		**(26,333,711)**	(22,333,932)
Gross profit		**2,772,088**	2,585,752
Other income and other gains and losses	*4*	**580,266**	476,316
Distribution and selling expenses		**(1,216,925)**	(1,147,771)
Administrative expenses		**(729,880)**	(613,795)
Profit from operations		**1,405,549**	1,300,502
Share of profits of joint ventures		**5,354**	3,010
Share of profits of associates		**21,995**	21,327
Finance costs		**(376,536)**	(312,389)
Profit before tax	*5*	**1,056,362**	1,012,450
Income tax expense	*6*	**(274,105)**	(242,280)
Profit for the period		**782,257**	770,170
Profit for the period attributable to:			
Owners of the Company		**734,132**	723,372
Non-controlling interests		**48,125**	46,798
		782,257	770,170
Earnings per share – basic	*8*	**RMB0.40**	RMB0.39
Earnings per share – diluted	*8*	**RMB0.40**	RMB0.39

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**782,257**	770,170
Other comprehensive expense		
Item 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")	**(1,314)**	(6,668)
Total comprehensive income for the period	**780,943**	763,502
Total comprehensive income for the period attributable to:		
Owners of the Company	**732,818**	716,704
Non-controlling interests	**48,125**	46,798
	780,943	763,502

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019

	NOTES	**June 30, 2019** *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**5,817,536**	5,402,463
Prepaid lease payments		**–**	1,329,129
Right-of-use assets	*9*	**2,724,235**	–
Goodwill		**977,146**	977,146
Other intangible assets		**1,562,696**	1,576,695
Deposits paid for acquisition of property, plant and equipment		**93,419**	78,832
Deposits paid for acquisition of land use rights		**59,894**	59,894
Deposits paid for acquisition of an associate		**525**	525
Equity instruments at FVTOCI		**8,013**	9,327
Financial assets at fair value through profit or loss ("FVTPL")		**363,254**	403,632
Interests in joint ventures		**93,977**	97,083
Interests in associates		**448,061**	441,070
Finance lease receivables	*10*	**1,103,937**	1,744,000
Loan receivables	*11*	**51,230**	86,175
Amounts due from a related party		**37,199**	35,471
Deferred tax assets		**210,713**	195,858
Other assets	*13*	**30,000**	30,000
		13,581,835	12,467,300
Current assets			
Prepaid lease payments		**–**	42,762
Inventories	*12*	**4,757,129**	5,829,495
Finance lease receivables	*10*	**2,146,250**	1,877,661
Loan receivables	*11*	**282,743**	427,866
Trade and other receivables	*13*	**6,030,896**	6,186,355
Amounts due from related parties		**104,254**	117,995
Cash in transit		**308,072**	216,968
Time deposits		**6,713**	38,600
Restricted bank balances		**2,006,032**	1,754,453
Bank balances and cash		**2,865,335**	2,056,208
		18,507,424	18,548,363

	NOTES	**June 30, 2019** *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Current liabilities			
Trade and other payables	*14*	**5,410,502**	5,503,881
Amounts due to related parties		**4,528**	4,113
Income tax liabilities		**609,816**	477,152
Borrowings		**8,168,807**	9,259,896
Contract liabilities		**1,552,616**	1,565,693
Corporate bonds	*16*	**1,997,769**	1,994,422
Lease liabilities		**163,163**	–
Super short-term commercial papers	*15*	**–**	1,298,665
Derivative financial liabilities		**980**	10,984
		17,908,181	20,114,806
Net current assets (liabilities)		**599,243**	(1,566,443)
Total asset less current liabilities		**14,181,078**	10,900,857
Non-current liabilities			
Borrowings		**2,483,706**	836,033
Lease liabilities		**1,399,076**	–
Other liabilities	*14*	**50,812**	67,304
Deferred tax liabilities		**512,388**	477,533
Derivative financial liabilities		**48,143**	–
		4,494,125	1,380,870
Net assets		**9,686,953**	9,519,987
Capital and reserves			
Share capital		**15,069**	15,063
Reserves		**9,108,861**	8,972,850
Equity attributable to owners of the Company		**9,123,930**	8,987,913
Non-controlling interests		**563,023**	532,074
Total equity		**9,686,953**	9,519,987

1. GENERAL INFORMATION AND BASIS OF PREPARATION

China Yongda 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 "**Stock Exchange**"). 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 proprietary finance business services, and distribution of automobile insurance products and automobile financial products in the People's Republic of China ("**PRC**"). The Company and its subsidiaries are collectively referred to as the "**Group**".

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

In addition, the condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	*Leases*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to IFRSs	*Annual Improvements to IFRSs 2015-2017 Cycle*

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position as at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018 *RMB’000*	Adjustments *RMB’000*	Carrying amounts under IFRS 16 at January 1, 2019 *RMB’000*
Non-current Assets			
Prepaid lease payments	1,329,129	(1,329,129)	–
Right-of-use assets	–	2,794,185	2,794,185
Current Assets			
Prepaid lease payments	42,762	(42,762)	–
Trade and other receivables – prepayments and rental deposits on properties	57,679	(10,733)	46,946
Current Liabilities			
Lease liabilities	–	163,485	163,485
Non-current liabilities			
Lease liabilities	–	1,442,571	1,442,571
Capital and Reserves			
Reserves	8,972,850	(194,495)	8,778,355

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of passenger vehicles:		
– Luxury and ultra-luxury brands *(note a)*	**20,106,864**	16,864,231
– Mid- to high-end brands *(note b)*	**4,289,581**	3,926,699
	24,396,445	20,790,930
Services		
– After-sales services	**4,244,347**	3,699,781
	28,640,792	24,490,711
Types of Goods or services		
Mainland China	**28,640,792**	24,490,711
Types of Goods or services		
A point in time	**24,396,445**	20,790,930
Over time	**4,244,347**	3,699,781
	28,640,792	24,490,711

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 six months ended June 30, 2019		For the six months ended June 30, 2018	
	Sale of passenger vehicles *RMB'000*	**After-sales services** *RMB'000*	Sale of passenger vehicles *RMB'000*	After-sales services *RMB'000*
Revenue disclosed in segment information				
External customers	**24,396,445**	**4,244,347**	20,790,930	3,699,781
Inter-segment	**85,956**	**–**	85,526	–
Total	**24,482,401**	**4,244,347**	20,876,456	3,699,781
Eliminations	**(85,956)**	**–**	(85,526)	–
Revenue from contracts with customers	**24,396,445**	**4,244,347**	20,790,930	3,699,781

3B. OPERATING SEGMENTS

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

For the six months ended June 30, 2019

	Passenger vehicle sales and services *RMB'000* **(Unaudited)**	**Automobile rental services** *RMB'000* **(Unaudited)**	**Proprietary finance business** *RMB'000* **(Unaudited)** *(note d)*	**Elimination** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
External revenue	**28,640,792**	**224,286**	**240,721**	**–**	**29,105,799**
Inter-segment revenue	**85,956**	**–**	**5,652**	**(91,608)**	**–**
Segment revenue *(note a)*	**28,726,748**	**224,286**	**246,373**	**(91,608)**	**29,105,799**
Segment cost *(note b)*	**26,185,554**	**163,190**	**91,420**	**(106,453)**	**26,333,711**
Segment gross profit	**2,541,194**	**61,096**	**154,953**	**14,845**	**2,772,088**
Service income	**532,260**	**–**	**–**	**(5,449)**	**526,811**
Segment result	**3,073,454**	**61,096**	**154,953**	**9,396**	**3,298,899**

	Passenger vehicle sales and services *RMB'000* (Unaudited)	Automobile rental services *RMB'000* (Unaudited)	Proprietary finance business *RMB'000* (Unaudited) *(note d)*	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Other income and other gains and losses *(note c)*					**53,455**
Distribution and selling expenses					**(1,216,925)**
Administrative expenses					**(729,880)**
Share of profits of joint ventures					**5,354**
Share of profits of associates					**21,995**
Finance costs					**(376,536)**
Profit before tax					**1,056,362**

For the six months ended June 30, 2018

	Passenger vehicle sales and services *RMB'000* (Unaudited)	Automobile rental services *RMB'000* (Unaudited)	Proprietary finance business *RMB'000* (Unaudited) *(note d)*	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
External revenue	24,490,711	188,660	240,313	–	24,919,684
Inter-segment revenue	85,526	1,851	5,175	(92,552)	–
Segment revenue *(note a)*	24,576,237	190,511	245,488	(92,552)	24,919,684
Segment cost *(note b)*	22,225,571	140,846	82,355	(114,840)	22,333,932
Segment gross profit	2,350,666	49,665	163,133	22,288	2,585,752
Service income	466,954	–	–	(15,900)	451,054
Segment result	2,817,620	49,665	163,133	6,388	3,036,806
Other income and other gains and losses *(note c)*					25,262
Distribution and selling expenses					(1,147,771)
Administrative expenses					(613,795)
Share of profits of joint ventures					3,010
Share of profits of associates					21,327
Finance costs					(312,389)
Profit before tax					1,012,450

Notes:

a. The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2019 was approximately RMB28,726,748,000 (for the six months ended June 30, 2018: RMB24,576,237,000) which included the sales revenue of passenger vehicles amounting to approximately RMB24,482,401,000 (for the six months ended June 30, 2018: RMB20,876,456,000) and the after-sales services revenue amounting to approximately RMB4,244,347,000 (for the six months ended June 30, 2018: RMB3,699,781,000).

b. The segment cost of passenger vehicles sales and services for the six months ended June 30, 2019 was approximately RMB26,185,554,000 (for the six months ended June 30, 2018: RMB22,225,571,000) which included the cost of sales of passenger vehicles amounting to approximately RMB23,897,552,000 (for the six months ended June 30, 2018: RMB20,242,884,000) and the cost of after-sales services amounting to approximately RMB2,288,002,000 (for the six months ended June 30, 2018: RMB1,982,687,000).

c. The amount excludes the service income generated from the passenger vehicle sales and services segment, which is included in the segment result 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 4), distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits 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 is presented as they are not regularly reviewed by the executive directors of the Company.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income comprises:		
Service income *(note a)*	**526,811**	451,054
Government grants *(note b)*	**10,481**	6,135
Interest income on bank deposits	**14,192**	8,853
Interest income from a related party	**1,728**	1,728
Others	**115**	1,152
	553,327	468,922
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	**5,017**	5,283
Gain on fair value change of financial assets at FVTPL	**21,966**	1,448
Net foreign exchange gains	**47,008**	147
Reversal (provision) of impairment of loan receivables	**1,564**	(178)
Reversal (provision) of impairment of finance lease receivables	**738**	(305)
Net loss on changes in fair value of derivative financial instruments	**(47,955)**	–
Others	**(1,399)**	999
	26,939	7,394
Total	**580,266**	476,316

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.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**304,456**	241,120
Depreciation of right-of-use assets	**121,431**	–
Release of prepaid land lease payments	**–**	16,162
Amortization of intangible assets	**22,190**	20,331
Share-based payment expenses	**10,958**	8,696

6. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**250,759**	272,111
Under provision of PRC EIT in prior years	**3,357**	1,967
	254,116	274,078
Deferred tax		
Current period charge (credit)	**19,989**	(31,798)
	274,105	242,280

The Company and Sea of Wealth International Investment Company Limited, a subsidiary of the Company, are tax exempted companies incorporated in the Cayman Islands and British Virgin Islands, respectively.

Grouprich International Investment Holdings Limited, a subsidiary of the Company, was incorporated in Hong Kong and has had no assessable profits subject to Hong Kong profits tax since its incorporation.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Group's PRC subsidiaries.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. DIVIDENDS

During the current interim period, a final dividend of HK$0.25593 (equivalent to RMB0.225) per share in respect of the year ended December 31, 2018 (2017: RMB0.27 per share) was declared and paid out of share premium to the owners of the Company in Hong Kong dollars (the "HK$"). The aggregate amount of the 2018 final dividend declared and paid in the interim period amounted to approximately RMB413,717,000 (for the six months ended June 30, 2018: RMB520,425,000).

The board of directors of the Company has determined that no dividend will be paid in respect of the interim period for the six months ended June 30, 2019 (for the six months ended June 30, 2018: nil).

8. 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:

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**734,132**	723,372
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,838,434**	1,835,613
Effect of dilutive potential ordinary shares:		
Share options	**3,905**	9,794
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,842,339**	1,845,407

9. RIGHT-OF-USE ASSETS

	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepaid lease payments *(note)*	**1,350,148**	–
Land and buildings	**1,374,087**	–
	2,724,235	–

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments were reclassified to right-of-use assets.

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.

	June 30, 2019 *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Analyze as:		
Current	**2,146,250**	1,877,661
Non-current	**1,103,937**	1,744,000
	3,250,187	3,621,661

	Minimum lease payments		**Present value of minimum lease payments**	
	June 30, 2019 *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)	**June 30, 2019** *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Finance lease receivables comprise:				
Within one year	**2,350,689**	2,063,346	**2,146,250**	1,877,661
In more than one year but not more than two years	**1,060,014**	1,599,508	**886,437**	1,392,834
In more than two years but not more than five years	**302,337**	486,312	**225,124**	359,528
	3,713,040	4,149,166	**3,257,811**	3,630,023
Less: unearned finance income	**(455,229)**	(519,143)	**N/A**	N/A
Less: allowance for impairment loss under expected credit losses ("**ECL**") model	**(7,624)**	(8,362)	**(7,624)**	(8,362)
Present value of minimum lease payment receivables	**3,250,187**	3,621,661	**3,250,187**	3,621,661

As at June 30, 2019, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB50,812,000 (2018: RMB67,304,000) and RMB40,064,000 (2018: RMB76,619,000) were recognized as other non-current liabilities and current liabilities, respectively (Note 14).

11. LOAN RECEIVABLES

	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guaranteed but unsecured loans	**207,529**	226,052
Collateralised but unguaranteed loans	**129,446**	292,555
Gross loan receivables	**336,975**	518,607
Less: allowances for impairment losses	**(3,002)**	(4,566)
Net loan receivables	**333,973**	514,041
Analyzed as:		
Current	**282,743**	427,866
Non-current	**51,230**	86,175
	333,973	514,041

The Group provides fixed-rate loans with a term from three 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:

	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fixed-rate loan receivables:		
Within one year	**282,743**	427,866
In more than one year but not more than two years	**41,454**	64,884
In more than two years but not more than three years	**9,776**	21,291
	333,973	514,041

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

12. INVENTORIES

	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Motor vehicles	**4,227,628**	5,258,890
Spare parts and accessories	**529,501**	570,605
	4,757,129	5,829,495

13. 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; and

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

	June 30, 2019 *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Current		
Trade receivables	**964,165**	809,964
Bill receivables	**300**	–
	964,465	809,964
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**1,696,631**	2,185,651
Deposits to entities controlled by suppliers for borrowings	**179,500**	214,453
Prepayments and rental deposits on properties	**47,635**	57,679
Rebate receivables from suppliers	**2,232,601**	2,134,548
Interest receivables	**4,401**	4,871
Finance and insurance commission receivables	**189,483**	132,256
Staff advances	**15,908**	10,087
Value-added tax recoverable	**462,721**	381,410
Advances to non-controlling interests *(note a)*	**35,300**	35,400
Advances to independent third parties *(note a)*	**15,923**	22,897
Receivables on disposal of a subsidiary	**6,420**	6,420
Others	**186,328**	197,139
Less: allowance for impairment losses	**(6,420)**	(6,420)
	5,066,431	5,376,391
	6,030,896	6,186,355
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 (2018: 4.9%), which was payable upon the maturity with a credit term of 5 years.

Bill receivables held by the Group as at June 30, 2019 will mature within 3 months.

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

	June 30, 2019 *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
0 to 90 days	**964,465**	809,964

None of the trade and bill receivables are past due but not impaired as at the end of the reporting period. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bill receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

14. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	June 30, 2019 *RMB'000* **(Unaudited)**	December 31, 2018 *RMB'000* (Audited)
Current		
Trade payables	**530,424**	640,462
Bills payables	**4,200,180**	4,197,984
	4,730,604	4,838,446
Other payables		
Other tax payables	**157,746**	98,347
Payables for acquisition of property, plant and equipment	**22,593**	80,662
Rental payables	**11,168**	11,919
Salary and welfare payables	**44,497**	37,630
Accrued interest	**93,888**	65,623
Accrued audit fee	**2,200**	4,660
Consideration payables for acquisition of subsidiaries *(note)*	**34,234**	36,509
Advance from non-controlling interests *(note)*	**86,398**	90,484
Deposits received from customers under finance leases *(Note 10)*	**40,064**	76,619
Others	**187,110**	162,982
	679,898	665,435
	5,410,502	5,503,881
Non-current		
Other liabilities		
Deposits received from customers under finance leases *(Note 10)*	**50,812**	67,304

Note: The balances are unsecured, interest-free and repayable within one year from the year 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 the invoice date at the end of the reporting periods:

	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**4,390,624**	4,100,537
91 to 180 days	**339,980**	737,909
	4,730,604	4,838,446

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.

In 2018, Shanghai Yongda Investment issued 5 tranches of the super short-term commercial papers, with an aggregate principal amount of RMB0.5 billion, RMB0.5 billion, RMB0.5 billion, RMB0.5 billion and RMB0.3 billion respectively and 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. Shanghai Yongda Investment had, however, fully settled the super short-term commercial papers as at June 30, 2019.

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 current interim period ended June 30, 2019 was as follows:

	RMB'000
At January 1, 2019	1,994,422
Add: interest expenses – amortization of transaction costs	3,347
At June 30, 2019	1,997,769

During the period ended June 30, 2019, interest expenses of approximately RMB39,000,000 (for the six months ended June 30, 2018:RMB39,000,000) was recognized. As at June 30, 2019, unpaid interest expenses of approximately RMB51,821,000 was accrued in other payables (2018: RMB52,433,000).

FINANCIAL REVIEW

Revenue

Revenue was RMB29,105.8 million for the six months ended June 30, 2019, a 16.8% increase from RMB24,919.7 million for the six months ended June 30, 2018, which was primarily due to the growth of sales of luxury and ultra-luxury 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 six months ended June 30,					
	2019			2018		
	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	**20,169,442**	**60,981**	**331**	16,906,044	49,082	344
Mid- to high-end brands	**4,312,959**	**33,782**	**128**	3,970,412	31,295	127
Subtotal	**24,482,401**	**94,763**	**258**	20,876,456	80,377	260
After-sales services	**4,244,347**	**–**	**–**	3,699,781	–	–
Automobile rental services	**224,286**	**–**	**–**	190,511	–	–
Proprietary finance business	**246,373**	**–**	**–**	245,488	–	–
Less: inter-segment eliminations	**(91,608)**	**–**	**–**	(92,552)	–	–
Total	**29,105,799**	**–**	**–**	24,919,684	–	–

The sales volume of passenger vehicles of the passenger vehicle sales and services segment was 94,763 units for the six months ended June 30, 2019, a 17.9% increase from 80,377 units for the six months ended June 30, 2018, among which the sales volume of luxury and ultra-luxury brand passenger vehicles for the six months ended June 30, 2019 was 60,981 units, a 24.2% increase from 49,082 units for the six months ended June 30, 2018.

Revenue of sales of passenger vehicles from the passenger vehicle sales and services segment was RMB24,482.4 million for the six months ended June 30, 2019, a 17.3% increase from RMB20,876.5 million for the six months ended June 30, 2018, among which the revenue from luxury and ultra-luxury brand passenger vehicle sales was RMB20,169.4 million for the six months ended June 30, 2019, a 19.3% increase from RMB16,906.0 million for the six months ended June 30, 2018.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB4,244.3 million for the six months ended June 30, 2019, a 14.7% increase from RMB3,699.8 million for the six months ended June 30, 2018.

Revenue from the automobile rental services segment was RMB224.3 million for the six months ended June 30, 2019, a 17.7% increase from RMB190.5 million for the six months ended June 30, 2018.

Revenue from the proprietary finance business segment was RMB246.4 million for the six months ended June 30, 2019, a 0.4% increase from RMB245.5 million for the six months ended June 30, 2018.

Cost of Sales and Services

Cost of sales and services was RMB26,333.7 million for the six months ended June 30, 2019, a 17.9% increase from RMB22,333.9 million for the six months ended June 30, 2018, primarily due to the increase in the cost of sales and cost of after-sales service of luxury and ultra-luxury passenger vehicles.

Cost of sales for sales of passenger vehicles of the passenger vehicle sales and services segment was RMB23,897.6 million for the six months ended June 30, 2019, a 18.1% increase from RMB20,242.9 million for the six months ended June 30, 2018, which was a slightly higher growth than the growth in our revenue from passenger vehicle sales.

Cost of after-sales services from the passenger vehicle sales and services segment was RMB2,288.0 million for the six months ended June 30, 2019, a 15.4% increase from RMB1,982.7 million for the six months ended June 30, 2018, which was generally in line with the growth in our revenue from after-sales services.

Cost of services for the automobile rental services segment was RMB163.2 million for the six months ended June 30, 2019, a 15.9% increase from RMB140.8 million for the six months ended June 30, 2018, which was a slightly lower growth than the growth in our revenue from automobile rental services.

Cost of services for the proprietary finance business segment was RMB91.4 million for the six months ended June 30, 2019, a 11.0% increase from RMB82.4 million for the six months ended June 30, 2018, which was a higher growth than the growth in our revenue from the proprietary finance business segment.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB2,772.1 million for the six months ended June 30, 2019, a 7.2% increase from RMB2,585.8 million for the six months ended June 30, 2018. Gross profit margin decreased to 9.52% for the six months ended June 30, 2019 from 10.38% for the six months ended June 30, 2018.

Gross profit from the sales of passenger vehicles of the passenger vehicle sales and services segment was RMB584.8 million for the six months ended June 30, 2019, a 7.7% decrease from RMB633.6 million for the six months ended June 30, 2018. Gross profit margin for the sales of passenger vehicle decreased to 2.39% for the six months ended June 30, 2019 from 3.03% for the six months ended June 30, 2018.

Gross profit for after-sales services of the passenger vehicle sales and services segment was RMB1,956.3 million for the six months ended June 30, 2019, a 13.9% increase from RMB1,717.1 million for the six months ended June 30, 2018. Gross profit margin for after-sales services was 46.09% for the six months ended June 30, 2019, which was generally in line with that of 46.41% for the six months ended June 30, 2018.

Gross profit from the automobile rental services segment was RMB61.1 million for the six months ended June 30, 2019, a 23.0% increase from RMB49.7 million for the six months ended June 30, 2018. For the six months ended June 30, 2019, gross profit margin for automobile rental services was 27.24%, a slight increase from 26.07% for the six months ended June 30, 2018.

Gross profit from the proprietary finance business segment for the six months ended June 30, 2019 was RMB155.0 million, a 5.0% decrease from RMB163.1 million for the six months ended June 30, 2018. Gross profit margin for proprietary finance business segment decreased from 66.45% for the six months ended June 30, 2018 to 62.89% for the six months ended June 30, 2019.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB580.3 million for the six months ended June 30, 2019, a 21.8% increase from RMB476.3 million for the six months ended June 30, 2018. The increase was primarily due to the fact that revenue of our after-market finance and insurance agency related services of the passenger vehicle sales and services segment amounted to RMB532.3 million for the six months ended June 30, 2019, a 14.0% increase from RMB467.0 million for the six months ended June 30, 2018.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB1,946.8 million in total for the six months ended June 30, 2019. In accordance with the International Financial Reporting Standard 16 ("**IFRS 16**"), there was a decrease in distribution and selling expenses and administrative expenses of RMB38.2 million for the six months ended June 30, 2019. After factoring in the impact of IFRS 16, distribution and selling expenses and administrative expenses were RMB1,985.0 million in total for the six months ended June 30, 2019, an increase of 12.7% from RMB1,761.6 million for the six months ended June 30, 2018, which was primarily due to the expansion of our sales and services network and sales scale. In terms of percentage of revenue, after factoring in the impact of IFRS 16, the percentage of our distribution and selling expenses and administrative expenses in total for the six months ended June 30, 2019 decreased to 6.82% from 7.07% for the six months ended June 30, 2018.

Operating profit

As a result of the foregoing, operating profit for the six months ended June 30, 2019 was RMB1,405.5 million, an increase of 8.1% compared with RMB1,300.5 million for the six months ended June 30, 2018.

Finance Costs

Finance costs were RMB376.5 million for the six months ended June 30, 2019. In accordance with IFRS 16, there was an increase in finance cost of RMB47.0 million for the six months ended June 30, 2019. After excluding the impact of IFRS 16, finance costs were RMB329.5 million for the six months ended June 30, 2019 , an increase of 5.5% from RMB312.4 million for the six months ended June 30, 2018, which was primarily due to the increased average finance balance as a result of the expansion in sales and services network and business scale. In terms of percentage of revenue, after excluding the impact of IFRS 16, the percentage of finance costs decreased from 1.25% for the six months ended June 30, 2018 to 1.13% for the six months ended June 30, 2019.

Profit before Tax

As a result of the foregoing, profit before tax was RMB1,056.4 million for the six months ended June 30, 2019, a 4.3% increase from RMB1,012.5 million for the six months ended June 30, 2018.

Income Tax Expenses

Income tax expenses were RMB274.1 million for the six months ended June 30, 2019, a 13.1% increase from RMB242.3 million for the six months ended June 30, 2018. Our effective income tax rate was 25.9% for the six months ended June 30, 2019, a slight increase compared with that of 23.9% for the six months ended June 30, 2018.

Profit

As a result of the foregoing, profit was RMB782.3 million for the six months ended June 30, 2019, a 1.6% increase from RMB770.2 million for the six months ended June 30, 2018.

Profit Attributable to the Owners of the Company

As a result of the foregoing, profit attributable to the owners of the Company was RMB734.1 million for the six months ended June 30, 2019, a 1.5% increase from RMB723.4 million for the six months ended June 30, 2018.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment 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, expansion of 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.

For the six months ended June 30, 2019, our net cash from operating activities was RMB2,977.0 million, of which the net cash generated from operating activities of automobile sales and services business was RMB2,476.2 million, and the net cash generated from operating activities of proprietary finance business was RMB500.8 million. For the six months ended June 30, 2018, our net cash generated from operating activities was RMB461.3 million, of which the net cash generated from operating activities of automobile sales and services business was RMB445.8 million, and the net cash generated from operating activities of proprietary finance business was RMB15.5 million. Compared to the six months ended June 30, 2018, our net cash generated from operating activities of automobile sales and services business increased by RMB2,030.4 million, and the net cash generated from operating activities of proprietary finance business increased by RMB485.3 million as a result of the total control over the newly added interest-bearing assets.

For the six months ended June 30, 2019, our net cash used in investment activities was RMB644.1 million, which mainly included the amounts for purchase of fixed assets, land use rights and intangible assets of RMB1,026.8 million, which was partially offset by the proceeds from the disposal of property, plant and equipment of RMB234.1 million. For the six months ended June 30, 2018, our net cash used in investing activities was RMB755.7 million.

For the six months ended June 30, 2019, our net cash used in financing activities was RMB1,523.7 million, which mainly included the proceeds from bank loans and other borrowings of RMB14,293.7 million, which was partially offset by the repayment of bank loans and other borrowings of RMB13,699.0 million, the repayment of super short-term commercial papers of RMB1,300.0 million, the payment of interest of RMB298.9 million and the payment of dividends of RMB413.7 million. For the six months ended June 30, 2018, our net cash generated from financing activities was RMB538.3 million.

Inventories

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

Our inventories were RMB4,757.1 million as of June 30, 2019, a 18.4% decrease from RMB5,829.5 million as of December 31, 2018. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30,	
	2019	2018
Average inventory turnover days[1]	**36.7**	54.2

Note:

(1) The 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 and then divided by 2.

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of fixed assets, land use rights and intangible assets (vehicle licences), which was partially offset by the proceeds from the disposal of property, plant and equipment. For the six months ended June 30, 2019, our total capital expenditures were RMB792.7 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the six months ended June 30, 2019 *(in RMB millions)*
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease and travelling services purposes	626.5
Expenditures on purchase of property, plant and equipment – primarily used for establishing new automobile sales and service outlets	392.1
Expenditures on purchase of intangible assets (vehicle licences)	8.2
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for operating lease purposes)	(234.1)
Total	792.7

Borrowings and Bonds

We obtained borrowings consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers and issued bonds to fund our working capital and network expansion demand. As of June 30, 2019, the outstanding amount of our borrowings and bonds amounted to RMB12,650.3 million, a 5.5% decrease from RMB13,389.0 million as of December 31, 2018. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2019:

	As of June 30, 2019 *(in RMB millions)*
Within one year	10,166.6
One to two years	764.2
Two to five years	1,719.5
Total	12,650.3

As of June 30, 2019, our net gearing ratio (being net liabilities divided by total equity) was 101.0% (as of December 31, 2018: 119.0%). Net liabilities represent borrowings, super short-term commercial papers and corporate bonds minus cash and cash equivalents.

As of June 30, 2019, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2019 consisted of (i) inventories of RMB903.7 million; (ii) property, plant and equipment of RMB116.7 million; (iii) land use rights of RMB102.2 million; and (iv) equity interests of the subsidiaries of RMB764.0 million.

Contingent Liabilities

As of June 30, 2019, 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 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 derivative financial instruments to hedge our foreign exchange 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 June 30, 2019, 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 the first half of 2019, the uncertainties of the global political and economic layout further intensified. The overall retail market of China’s passenger vehicles continued to maintain a polarized development trend driven by industrial restructuring and consumption promotion policies, among which luxury brand automobiles maintained a strong and contrarian growth momentum. This indicates that China's automobile market will transform from quantitative growth to qualitative growth for a certain period in the future, and the consumption structure will continue to be upgraded and optimized. The demand for luxury brand automobile upgrade and consumption will become the driving force for the continued quality growth of the automobile market with its market share increasing year by year, thereby also driving a new round of rapid and continuing growth of automobile after-sales, automobile finance service and pre-owned vehicle replacement and sales. As a result, it is expected that the performance of luxury brand automobile dealers in the PRC will be significantly better than the overall industry level. In the short run, the increase in proportion of luxury brand automobile and the new cycle of upgrading of new models will bring significant improvement in the gross profit margin of new vehicles; in the medium to long run, the continuous growth of after-sales service and financial penetration rate will also bring new driving forces of profit growth.

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. We will also foster three potential industry segments of "pre-owned vehicles, automobile finance and new energy" to develop independently in the direction of standardisation and marketization, forming an industrial structure of one plus three, and a layout of mutual complementing, synergy and promotion.

In terms of our automobile sales service business, we will continue to build our national outlet network steadily by selectively self-building or merger and acquisition. For existing operating outlets, we will enhance the operational quality and energy efficiency 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.

In terms of our pre-owned vehicle business, we will take the channel advantages, continuously enhance our capabilities in pre-owned vehicle replacement and branded pre-owned vehicle retails, and actively implement synergy and empowerment strategies with OEMs, dealer groups, operating automobile rental companies and finance leasing companies. We will master our multi-vehicle source and strengthen the operation capacity of offline outlets by professional service solutions of vehicle residue value management and professional disposal, and strengthen online attraction to form a business model of "pre-owned vehicles + Internet + chain outlet + finance".

In terms of our finance business, we will constantly take into consideration of introducing strategic investment institutions to promote the finance business restructuring plan. We will promote the alliance business model, and position 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.

In terms of our new energy business, we will plan to closely cooperate with current global major brand vehicle manufacturers and the emerging independent brands of new energy vehicle manufacturers to increase market share in the sales and services business of new energy vehicles, proactively developing the comprehensive new energy vehicle chain after-sales service outlets and the new energy travel service.

We will adhere to the principle of cultural inheritance and innovation. We are always positioned to deepen China's automobile sales service market. On the one hand, we will adhere to the strategic development concept of taking customers as our most important assets, forming an integrated service system with customer experience as our focus, and are committed to building service professionalism and reputation in the industry; on the other hand, we will energetically push through the digital transformation and smart retail system construction echoing the big data smart application trend, so as to ensure the sustainable development of the business as well as to realize a multi-win situation among our shareholders, employees, customers as well as the community.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted 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 six months ended June 30, 2019.

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**") as 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 six months ended June 30, 2019.

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 of the Company

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2019.

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 (chairman), 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, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2019. The Audit and Compliance Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after the reporting period need to be brought to the attention of the shareholders of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2019 (for the six months ended June 30, 2018: nil) to the shareholders of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended June 30, 2019 will be despatched to the shareholders of the Company and published on the above websites 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

Hong Kong, August 27, 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.