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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2019, together with comparative figures for the year ended December 31, 2018. For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of the Group will require additional time to complete.

GROUP FINANCIAL HIGHLIGHTS

- Comprehensive revenue including revenue from finance and insurance agency services was RMB63,801 million in 2019, a 13.3% increase from RMB56,293 million in 2018.
- Comprehensive gross profit including revenue from finance and insurance agency services was RMB6,957 million in 2019, a 12.6% increase from RMB6,181 million in 2018.
- Sales volume of new vehicles of luxury brands was 128,628 units in 2019, a 15.5% increase from 111,323 units in 2018.
- Net profit was RMB1,569 million in 2019, a 18.4% increase from RMB1,325 million in 2018.
- Net profit attributable to the owners of the Company was RMB1,473 million in 2019, a 17.5% increase from RMB1,253 million in 2018.
- Net cash generated from operating activities was RMB4,109 million in 2019, a 141.9% increase from RMB1,699 million in 2018.
- Basic earnings per share was RMB0.80 in 2019 (2018: RMB0.68).

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

According to the sales volume data officially published by luxury vehicles companies (豪華車企), sales volume of luxury passenger vehicles in China reached 3.143 million units in 2019, representing a year-on-year increase of 9.7%, of which, sales of BMW increased by 13.1% year-on-year, sales of Porsche increased by 8.0% year-on-year, sales of Mercedes-Benz increased by 6.2% year-on-year and sales of Lexus increased by 25.0% year-on-year. 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 was 21.444 million units in 2019, representing a year-on-year decrease of 9.6% compared with 2018. The rapid growth in sales volume of luxury vehicles is mainly due to the continuous demand of consumption upgrade in China, the constant extension of luxury brand product lines and the enrichment of automobile finance products. It is believed that with the introduction of various domestic automobile consumption policies and the continuous deepening of tax reduction policies, sales of major luxury brands in 2020 will still maintain a trend of positive growth.

According to the data from China Association of Automobile Manufacturers, sales of new energy vehicles in 2019 was 1.206 million units, of which pure electric vehicles accounted for 80.6%. In 2019, the overall sales of new energy vehicles did not record any increase, mainly due to the impact of the decline of the national new energy subsidy policies on the one hand, and the gap between the major new energy models currently available on the market in terms of brands and products versus the needs of end consumers on the other hand. With the launch of new energy vehicle models by major automobile manufacturers, mass production of competitive vehicle models by innovative new energy vehicle companies, and the continuous improvement of the infrastructures related to new energy vehicles, we expect that the 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 (中國公安部交通管理局), as at the end of 2019, the motor vehicle ownership in China has reached 350 million units, of which 260 million are automobiles, including a total of 210 million private vehicles (small passenger cars and mini passenger cars registered in the name of an individual). Compared with the motor vehicle ownership in the markets of developed regions, our motor vehicle ownership is still in a high-growth stage. According to the rate of vehicle ownership per 1,000 people released by the World Bank for the year of 2019, the rate of vehicle ownership per 1,000 people was 837 units in the United States, 591 units in Japan, 589 units in Germany and 173 units in China. Based on the historical data analysis of the automobile market development in developed countries, even after the sales of new vehicles reach a relatively stable level, the vehicle ownership will still continue to grow for a long period of time. It is believed that with the continuous growth of the stock in automobile market in China, the after-sales service market for passenger vehicles, especially luxury passenger vehicles, will sustain rapid growth in the future.

According to the data from China Automobile Dealers Association (中國汽車流通協會), the transaction volume of pre-owned vehicles in China reached 14.923 million units in 2019, representing a year-on-year increase of 8.0%. The average transaction price of pre-owned vehicles in China in 2019 was RMB62,700, while vehicles with an age of 6 years or less accounted for 66.0% of the total transaction volume. Overall, with the further relaxation of the pre-owned vehicles relocation restriction policies and the optimization of and adjustment to tariff policies, there is a relatively large room for development in the future pre-owned vehicle transaction market in China.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, our revenue and gross profit achieved rapid growth in 2019. In 2019, our comprehensive revenue and comprehensive gross profit taking into account the revenue from finance and insurance agency services amounted to RMB63,801 million and RMB6,957 million respectively, representing an increase of 13.3% and 12.6% respectively compared with 2018. In 2019, our net profit and net profit attributable to owners of the Company amounted to RMB1,569 million and RMB1,473 million respectively, representing an increase of 18.4% and 17.5% respectively compared with 2018. Set forth below is a summary of our business development in 2019:

Rapid Growth in New Vehicle Sales

In 2019, our sales volume of new vehicles increased by 11.6% over the same period in 2018 to 197,382 units, of which, sales of new vehicles of luxury brands increased by 15.5% year-on-year to 128,628 units. Various luxury brands which we are authorized by manufacturers have entered into a stage of rapid growth. With the introduction of a number of competitive new vehicles, the market share has further expanded, among which, sales of Porsche brand increased by 25.4% year-on-year and sales of BMW brand increased by 13.5% year-on-year. This strongly promoted the rapid growth of our new vehicles sales.

In 2019, sales revenue of new vehicles reached RMB52,935 million, representing an increase of 13.3% compared with 2018. Our gross profit margin of new vehicle sales was 2.35%, which remained basically flat compared to 2.37% of 2018. Among the sales revenue of our new vehicle, sales revenue from new vehicles of luxury brands increased by 14.5% over the same period in 2018 to RMB43,769 million. The proportion of sales revenue from new vehicles of luxury brands of the overall sales revenue of new vehicles has further increased to 82.7% and our brand portfolio has been further optimized.

In 2019, through the assessment and management model focusing on the comprehensive gross profit of sales for each operating outlet and the establishment of benchmarking management of key KPIs, we continued to realize profit enhancement and follow-up guidance. We ensured the increase in penetration rate of extended services such as automobile finance agency business, automobile insurance business, automobile supplies business and maintained steady growth in our comprehensive profitability per vehicle. Besides, benefiting from the good market environment brought by favorable policies such as the reduction of VAT and the promotion of automobile consumption, together with our active communication and cooperation with various manufacturers, we have fully utilized the business policy support.

In 2019, the inventory turnover day of our new vehicle was 36.5 days, representing a decrease of 6.6 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 strengthened management on the purchase end to ensure that the product structure meets market demand. We limited the funds used in inventories, which ensured an increase in our inventory turnover efficiency of our new vehicles, effectively controlling our financial costs and substantially improving the efficiency of our asset operations.

In terms of management innovation of new vehicle sales, in response to the trends of younger users, diversified channels of receiving information and fragmented timing of purchase we noticed, we constantly improve the "new retail" customer service experience model. In 2019, by focusing on acquiring customers through emerging channels such as vertical network platforms, self-media communication and group buying platforms, we established a professional external development and service team for "store customers without showroom" and developed information tools that provide customers with interactive experiences throughout the entire new car selling process, in order to comprehensively satisfy customers' purchase experiences and constantly improve business development efficiency. Meanwhile, we continued to reinforce our strengths in television sales channels by expanding our new model of vehicle sales on televisions to many provinces with rapid economic development in China, thus bringing fresh vehicle purchase experience to customers as well as enhancing our brand influence and awareness.

Steady Growth in After-sales Services

In 2019, our after-sales business, including maintenance services and automobile extended products and services, achieved steady growth, reaching a revenue of RMB 8.897 billion, representing an increase of 13.5% over the same period in 2018. In 2019, we adjusted the strategies of the bulk wholesale sales of parts. Excluding this factor, the actual after-sales services business increased by 15.6% over the same period in 2018. In 2019, the gross profit margin of our after-sales service was 46.37%, slightly increased compared with 46.20% in the same period of 2018.

In 2019, the number of customers in our after-sales management continued to rise. The continuous growth of local new vehicle retail sales and our after-sales customer development work attributed to the continuous increase of the number of new after-sales customers. Further, through information tools, the number and accuracy of leads and success rate of acquiring after-sales customers have been continuously improved. Meanwhile, we actively carried out sales of various products to increase customer loyalty and effectively controlled the loss of after-sales customers.

In terms of upgrading the maintenance and repairing business, we have strengthened the vehicle condition check on all the vehicles under maintenance and repair, eliminated the troubles hidden in the customers' vehicles in a timely manner, improved the customer experience and also increased the revenue and profit of our mechanical and electrical business and warranty business. In terms of accident car business, we have actively strengthened communication with insurance companies to strive for better claims policies. Besides, we have stepped up the acquisition and development of accident vehicle business and as a result, the revenue of our accident car business in 2019 increased by 14.5% as compared to the same period in 2018. In addition, the proportion of luxury brands in our after-sales maintenance business in 2019 was 83.9%, representing an increase of 2.2 percentage points compared to 2018, further improving our maintenance revenue and profitability.

In terms of cost control, we continued to optimize the inventory structure of spare parts and decorating supplies. To ensure punctuality of supply delivery, the number of days of our inventory turnover decreased from 50.8 days at the end of 2018 to 43.2 days at the end of 2019. At the same time, capitalizing on our economies of scale, we have continued to increase the intensity of centralized invitation for bid and increased the types of products under centralized bidding. While ensuring quality, we further reduced our procurement costs.

In terms of improving the skills of maintenance technicians, we regularly carry out various types of automobile maintenance skills training courses and timely develop and introduce new energy technology training courses, ensuring our leading position in the industry in respect of our maintenance technicians' expertise. Meanwhile, by strengthening school-enterprise cooperation, we help schools optimize teaching materials and training methods to ensure that graduates who enter the Group can meet the requirements of those maintenance positions.

Continuous Improvement of Profitability of Pre-owned Vehicle Business

In 2019, the sales volume of pre-owned vehicles for which we acted as an agent was 41,295 units, among which, the sales volume of 4S dealership channels was 33,830 units, representing a year-on-year increase of 10.8%. We achieved continuous improvement in business scale and profit through lean management. The Group was ranked among the top three in the industry by the China Automobile Dealers Association in terms of our pre-owned vehicles sales volume.

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 sustainable growth of business. We disposed non-retail vehicles in a quick and efficient manner through the B2B auction platform we invested in and we continuously upgraded the pre-owned vehicles ERP management system, realizing business and financial efficient integrated management of pre-owned vehicles business.

We drew on the experience and practices of outstanding global companies in developed markets such as CARMAX and AUTONATION and proactively established the "new retail" business model for pre-owned vehicles, preliminarily realizing full pipeline business structure by combining online and offline channels. 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 to ensure healthy inventory and operation. Our e-commerce platform came into operation in the first half of 2019, initially fulfilling the functions of online display, inventory sharing and cross-store sales, and leveraging the advantage of its low-cost customer acquiring channels to conduct online attraction, offline experience and delivery operation.

Currently, we have built a network of 126 pre-owned vehicle retail outlets across China, including 113 outlets officially certified by original equipment manufacturer (OEM) and 13 "Yongda Pre-owned Vehicle" officially certified chain outlets covering regions such as East China, North China, Southwest China. The two channels complement one another, resulting in the increase in after-sales value and repurchase opportunities. Leveraging our good cooperation with OEMs, we developed the first officially certified showrooms with independent authorization outside the system of Das Welt Auto and SAIC-GM in China. Through our independent pre-owned vehicle new retail chain brand "Yongda Pre-owned Vehicle", we independently developed chain outlets nationwide by way of independent construction, cooperation, franchise, etc. with self-developed efficient management system.

Steady Progress of Automobile Finance

In 2019, our finance and insurance business developed steadily. Taking into account comprehensive factors such as the economy, we adjusted our financial business strategy to focus on the synergy between main business and finance while maintaining high financial permeability rate. In accordance with this principle, we moderately slowed down the investment in proprietary finance and actively encouraged product and marketing innovation with financial institutions. As at the end of this year, we achieved total revenue of RMB1.617 billion, representing a 4.5% increase compared to the same period of 2018. Among which, the revenue derived from proprietary finance business amounted to RMB511 million, representing a year-on-year decrease of 6.0% and the revenue of our finance and insurance agency business amounted to RMB1.106 billion, representing a year-on-year increase of 10.2%.

In terms of proprietary finance business, we appropriately controlled the growth of financial assets and the overall cash flow was positive. As at the end of the year, the scale of our newly invested assets was RMB4,244 million, and the balance of assets under management was RMB3,934 million, representing a decrease of 4.9% from RMB4.136 billion in the same period of 2018. Meanwhile, we continued to pay attention to the quality of assets and strengthened post-lease management of financial assets, especially the management on overdue customers. As at the end of the year, the ratio of overdue outstanding principal to the balance of assets under management is within reasonable range.

With respect to the asset finance integration, we were more focused on linking with partner institutions. On the one hand, our product coverage is not limited to vehicle sales and we began to explore post-market product; on the other hand, we also established cross-selling mechanism for customers through partner institutions and carried out deep-level customer activities. As at the end of the year, we have carried out a total of 14 activities with partner institutions, attracting more than 3,000 people and reaching transaction volume of RMB320 million.

Sustained Growth in Automobile Rental

In 2019, our automobile rental services recorded revenue of RMB528 million, representing an increase of 29.2% compared to the same period in 2018.

In 2019, 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 enterprises, 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 China Mobile Information Technology, Lifeng Security Services Group, Brilliance Auto Rental, Atlas Copco, Jaguar/Land Rover and FAW Trading. The number of long-term rental contract customer base has increased steadily overall.

Meanwhile, with respect to the short-term rental business for high-end conferences, we kept forging ahead to become the designated service provider of numerous influential international and domestic major conferences, sports events and cultural events, such as the "Second China International Import Expo" (第二屆中國國際進口博覽會),"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) and "2019 Global Mobile Telecommunication Conference" (2019世界移動通信大會), attaining positive marketing effects.

In 2019, we moderately expanded the coverage of new energy vehicle travelling service business to reach 11 cities in which we established outlets, and the total scale of operations amounted to 4,500 units. We insisted on cultivating and developing independent operating capabilities, continued to optimize management and service level, and established good cooperation with upstream platforms such as DiDi and CAOCAO. We strengthened the integration of all links of the industry chain, and achieve cooperation with OEMs such as BAIC, Geely and BYD. In addition, we made full use of our competitiveness in dealership group in brand agency, after-sales maintenance and financial insurance to better control operating costs.

In 2019, we continued to provide rental protection for vehicles and the "Vehicle Steward Service" for the socialization for vehicles for public affairs which covers Shanghai Municipal Government, district governments and Public Security Bureau branches of Shanghai. Our market share and operating income continued to increase, which further strengthened our leading position in the sphere of public service vehicle rental services in Shanghai.

In 2019, we continued to deploy our rental network nationwide. Meanwhile, we are actively exploring opportunities for cooperation with companies and agencies with advantages in terms of customer base and license resources in the cities in China with potential automobile leasing market.

Exploration and Promotion of New Energy Vehicle Business

In 2019, we paid more attention to researching the development trend of new energy vehicles and actively responded to the impact of various policy changes such as government subsidies, double scoring system and emission standards. We intensified marketing of new energy vehicles in various authorized brands in major cities and new energy vehicles of major authorized brands achieved different growth rates. Throughout the year, our sales of new energy vehicles reached 9,023 units, representing a year-on-year increase of 33.7%, the proportion in overall sales of new vehicles further increased to 4.6% from 3.8% in 2018.

We have set up a special business segment to explore the development of new energy vehicle business, and at the same time, to empower new energy vehicles of existing authorized brands with sales and service business. We accelerated the development of agency cooperation with domestic and foreign mid-to-high end new energy vehicle brands, researched and developed new models for after-sales service of new energy vehicles, and tried out integrated chain service of new energy vehicles. The new energy vehicle industry has become an important exploration direction of our business development.

We continued to promote cooperation with domestic renowned innovative new energy vehicle enterprises. We cooperated with the authorized outlets of WM Motor in Shanghai, Wuxi, Guangzhou and other cities and recorded good earnings performance. We also maintained ongoing conversations with other new energy vehicle brands such as Xiaopeng, Lotus, BYTON and ENOVATE. We newly opened two showrooms for Xiaopeng new energy vehicles in Shanghai and Hangzhou, obtained authorization in Shanghai and Wuxi and set up one outlet of each of BYTON brand and Lotus brand, which laid a solid foundation for us to further capture the upcoming new energy vehicle business opportunities.

In 2019, we began to plan and develop new energy vehicle chain service outlets, attempted to undertake the after-sales business authorization of different new energy vehicle brands at the same outlets, focused on new energy vehicle after-sales services and integrating delivery, repair and service functions covering new energy vehicle maintenance, electromechanical maintenance, sheet metal painting, and charging. We have been actively communicating and discussing cooperation opportunities with brands that adopt direct selling model such as Tesla and NIO. The first new energy vehicle chain service outlet with comprehensive authorization in Shanghai has begun trial operation while the Tesla authorized sheet metal painting center in Nanchang City, Jiangxi Province, was in good operation.

Continuous Optimization and Improvement of Network

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

In 2019, our newly opened self-built outlets comprise of 13 passenger vehicles sales and service outlets of luxury and ultra-luxury brands and new energy brands, including 2 Porsche 4S dealerships, 1 Porsche city showroom, 3 Volvo 4S dealerships, 1 WM Motor 4S dealership and 2 Xiaopeng city showrooms.

In 2019, in respect of new outlets authorizations, we obtained authorizations to open 10 passenger vehicles sales and services outlets focusing on luxury and ultra-luxury brands, including 1 Porsche 4S dealership, 3 BMW 4S dealerships, 1 Aston Matin 4S dealership, 1 BYTON city showroom, 2 Xiaopeng city showrooms and 1 Lotus city showroom.

In addition to the self-built network authorized by manufacturers, merger and acquisition is also an important alternate for our network expansion. We proactively kept an eye on the opportunities for industry integration and continued to strengthen our key brand layout in key regions through merger and acquisition. In respect of merger and acquisition strategy, we mainly considered the brand value, regional advantage and existing and future profitability, making sure the acquisition price is kept within a reasonable range. In 2019, we completed the acquisitions of a Porsche 4S dealership in Nanchang City, Jiangxi Province, a Mercedes-Benz 4S dealership in Jiujiang City, Jiangxi Province, a Mercedes-Benz 4S dealership in Shanghai, a Lexus 4S dealership in Shaoxing City, Zhejiang Province, a Lincoln 4S dealership in Shanghai and a Tesla licensed metal sheet painting and maintenance center in Nanchang City, Jiangxi Province.

In 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 December 31, 2019, our total number of outlets that were opened and outlets with authorization to be opened amounted to 246. Such outlets spread across 4 municipalities and 18 provinces in China, including 208 opened manufacturer authorized outlets, 26 opened non-manufacturer authorized outlets and 12 manufacturer authorized outlets to be opened. Set out below are the details of our outlets as at December 31, 2019:

	Opened outlets	**Authorized outlets to be opened**	**Total**
4S dealerships of luxury and ultra-luxury brands	119	10	129
4S dealerships of mid- to high-end brands	55	0	55
4S dealerships of new energy brands	9	0	9
City showrooms of luxury brands	17	0	17
City showrooms of new energy brands	2	2	4
Authorized service centers of luxury brands	4	0	4
Authorized certified pre-owned vehicle center of luxury brands	2	0	2
Subtotal of outlets authorized by the manufacturers	**208**	**12**	**220**
"Auto Repair" maintenance centers of luxury automobiles	6	–	6
Comprehensive showrooms of passenger vehicles	7	–	7
Yongda Pre-owned Vehicle Malls	13	–	13
Subtotal of non-manufacturer authorized outlets	**26**	–	**26**
Total outlets	**234**	**12**	**246**

Continuously Improved Management

In recent years, new characteristics arose in the domestic automobile sales service industry along with changes in market trends. It has gradually evolved from high quantity growth into quality growth. The application of big data on the Internet has changed the traditional marketing approach, and the new generation of consumer groups has gradually stepped into the stage of history. Facing the new industry trends, the Company always keeps pace with the times, optimizes and adjusts operation and management strategies timely according to the market situation, actively responds to various changes and challenges, and seeks enhancement and breakthrough in innovations in management.

Facing the slowdown of market growth and the trend evolving from quantity growth into quality growth, the Company always prioritizes maintaining stable cash flows as a key task of operation and management. In 2019, by linking both stock management and capital management, the Company further improved the efficiency of the stock management. While reducing the inventory turnover days, the application of the stock structure and financing instruments has also been significantly optimized, laying a solid foundation for the Company in terms of operating cash flow output.

With the transformation and updates in the industry, there are demands in terms of new Internet technology. As a result, the Company is vigorously promoting the construction of Digital Yongda, which will become a new business pattern with "vehicle" as the carrier and "customers" as the center in the future. Internally, we established a well-managed and efficient digital team that managed, analyzed and made decisions promptly based on complete, transparent and real-time business data; externally, we made use of advanced technologies such as big data and artificial intelligence to achieve precise marketing and improve customer satisfaction. We have developed loyal Yongda supporters fully based on our customer base, vigorously explored cross-industry cooperation, realized online and offline linkages, and built an interconnected, professional and efficient leading digital automotive service ecosystem in China.

In terms of customer asset management, the membership service platform of the Company launched officially in 2019. The platform allows the deposit and exchange of customers' membership points accumulated from different brands and stores within the Group, vouchers and marketing service products to be consolidated. It also provides convenient online consultation, reservation and other service functions. The Company always upholds the belief that all future business operations should be customer-centric and based on customers' demands. By virtue of the optimization of internal processes and the improvement of service quality, the Company achieved continuous improvement in 2019 in key customer indicators such as customers maintenance rate, retention rate, replacement and repurchase rate, which also laid a good foundation for future aftermarket growth.

The Company has actively engaged youth talents in response to the younger trend in consumer base, 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 the 90s, satisfying the young characteristics and consumption trend of our customer base, which laid a good foundation for our future business development. In terms of management, the Company further authorized the operation and management and empowered the front-line business team, so that they could respond to the rapid market changes more flexibly.

Acquisition of the Entire Issued Shares of Inchcape Asia Pacific Limited

On October 2, 2019, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Inchcape Overseas Limited (the "Seller"), pursuant to which, the Company agreed to acquire, and the Seller agreed to sell, the entire issued shares of Inchcape Asia Pacific Limited with a consideration of RMB830.0 million (being the sum of the adjusted consolidated net assets of the target group as at April 30, 2019 of RMB590.9 million and the acquisition premium of RMB239.1 million, subject to adjustments both at completion and post-completion). The consideration of this acquisition was determined after arm's-length negotiations between the Company and the Seller on normal commercial terms based on the principles of equality and voluntariness with reference to the net assets, profitability and business prospect of Inchcape Asia Pacific Limited and its subsidiaries as well as market conditions. The Directors strongly believe that this acquisition will help strengthen and expand the 4S outlets and network coverage of the Company and further improve the ability to provide customers with comprehensive automobile related services.

All conditions precedent in the Sale and Purchase Agreement have been satisfied and the completion took place on December 12, 2019. Upon completion, the initial consideration determined by both parties according to the Sale and Purchase Agreement was RMB818.5 million (being the sum of the estimated net assets of the target group at completion of RMB579.4 million and the acquisition premium of RMB239.1 million, subject to further adjustments post-completion). The estimated net assets of RMB579.4 million include approximately RMB309.7 million of cash and cash equivalents and there is no borrowing from financial institutions. As the target group paid the agreed amount of compensations to its employees at completion, the estimated net assets were slightly lower than the adjusted consolidated net assets of the target group as at April 30, 2019 of RMB590.9 million.

For further details, please refer to the announcements of the Company dated October 2, 2019 and December 12, 2019.

ANNUAL RESULTS

Unaudited Consolidated Statement of Profit or Loss
FOR THE YEAR ENDED DECEMBER 31, 2019

	NOTES	**2019** ***RMB'000*** **(unaudited)**	2018 *RMB'000* (audited)
Goods and services	*3A*	**61,700,114**	54,399,518
Rental		**517,955**	408,361
Interests		**489,311**	510,607
Revenue	*3B*	**62,707,380**	55,318,486
Cost of sales and services		**(56,843,461)**	(50,111,803)
Gross profit		**5,863,919**	5,206,683
Other income and other gains and losses	*4*	**1,177,263**	1,029,196
Distribution and selling expenses		**(2,732,514)**	(2,479,737)
Administrative expenses		**(1,489,818)**	(1,382,668)
Profit from operations		**2,818,850**	2,373,474
Share of profit of joint ventures		**8,792**	9,566
Share of profit of associates		**26,288**	50,813
Finance costs		**(778,148)**	(681,292)
Profit before tax	*5*	**2,075,782**	1,752,561
Income tax expense	*6*	**(506,728)**	(427,525)
Profit for the year		**1,569,054**	1,325,036
Profit for the year attributable to:			
Owners of the Company		**1,472,984**	1,253,099
Non-controlling interests		**96,070**	71,937
		1,569,054	1,325,036
Earnings per share - basic	*8*	**RMB0.80**	RMB0.68
Earnings per share - diluted	*8*	**RMB0.80**	RMB0.68

Unaudited Consolidated Statement of Profit or Loss And Other Comprehensive Income
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 *RMB'000* (unaudited)	2018 *RMB'000* (audited)
Profit for the year	**1,569,054**	1,325,036
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	**1,331**	(15,161)
Total comprehensive income for the year	**1,570,385**	1,309,875
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,474,315**	1,237,938
Non-controlling interests	**96,070**	71,937
	1,570,385	1,309,875

Unaudited Consolidated Statement of Financial Position
AT DECEMBER 31, 2019

	NOTES	**2019** ***RMB'000*** **(unaudited)**	2018 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**6,105,406**	5,402,463
Prepaid lease payments		**–**	1,329,129
Right-of-use assets	*9*	**3,032,974**	–
Goodwill		**1,236,585**	977,146
Other intangible assets		**2,064,888**	1,576,695
Deposits paid for acquisition of property, plant and equipment		**149,156**	78,832
Deposits paid for acquisition of land use rights		**41,153**	59,894
Deposits paid for acquisition of an associate		**–**	525
Equity instruments at FVTOCI		**10,658**	9,327
Financial assets at fair value through profit or loss ("FVTPL")		**340,542**	403,632
Interests in joint ventures		**97,415**	97,083
Interests in associates		**462,167**	441,070
Finance lease receivables	*10*	**1,385,578**	1,744,000
Loan receivables	*11*	**33,356**	86,175
Amount due from a related party		**–**	35,471
Deferred tax assets		**209,507**	195,858
Other assets	*12*	**30,000**	30,000
		15,199,385	12,467,300
Current assets			
Prepaid lease payments		**–**	42,762
Inventories	*13*	**5,626,803**	5,829,495
Finance lease receivables	*10*	**2,193,384**	1,877,661
Loan receivables	*11*	**321,551**	427,866
Trade and other receivables	*12*	**6,847,000**	6,186,355
Amounts due from related parties		**152,134**	117,995
Cash in transit		**150,872**	216,968
Time deposits		**322,903**	38,600
Restricted bank balances		**2,450,362**	1,754,453
Bank balances and cash		**2,210,423**	2,056,208
		20,275,432	18,548,363

	NOTES	2019 RMB'000 (unaudited)	2018 RMB'000 (audited)
Current liabilities			
Trade and other payables	14	**7,070,534**	5,503,881
Amounts due to related parties		**2,809**	4,113
Income tax liabilities		**729,718**	477,152
Borrowings		**10,129,408**	9,259,896
Contract liabilities		**1,725,445**	1,565,693
Lease liabilities		**174,747**	–
Super short-term commercial papers	15	**–**	1,298,665
Corporate bonds	16	**–**	1,994,422
Derivative financial liabilities		**12,606**	10,984
		19,845,267	20,114,806
Net current assets (liabilities)		**430,165**	(1,566,443)
Total assets less current liabilities		**15,629,550**	10,900,857
Non-current liabilities			
Borrowings		**2,722,575**	836,033
Lease liabilities		**1,658,623**	–
Other liabilities	14	**31,961**	67,304
Deferred tax liabilities		**659,301**	477,533
Derivative financial liabilities		**104,493**	–
		5,176,953	1,380,870
Net assets		**10,452,597**	9,519,987
Capital and reserves			
Share capital		**15,080**	15,063
Reserves		**9,866,460**	8,972,850
Equity attributable to owners of the Company		**9,881,540**	8,987,913
Non-controlling interests		**571,057**	532,074
Total equity		**10,452,597**	9,519,987

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

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 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 People's Republic of China (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.

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 16	*Leases*
IFRIC-Int 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 year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The following adjustments were made to the amounts recognized in the 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* (audited)	Adjustments *RMB'000*	**Carrying amounts under IFRS 16 at January 1, 2019** ***RMB'000*** **(unaudited)**
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

(i) Disaggregation of revenue from contracts with customers

	2019 ***RMB'000*** **(unaudited)**	2018 *RMB'000* (audited)
Types of goods or services		
Sale of passenger vehicles:		
– Luxury and ultra-luxury brands *(note a)*	**43,692,364**	38,136,594
– Mid-to-high-end brands *(note b)*	**9,119,237**	8,432,778
	52,811,601	46,569,372
Services		
– After-sales services	**8,888,513**	7,830,146
Total	**61,700,114**	54,399,518
Geographical markets		
Mainland China	**61,700,114**	54,399,518
Timing of revenue recognition		
A point in time	**52,811,601**	46,569,372
Over time	**8,888,513**	7,830,146
Total	**61,700,114**	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, 2019 (unaudited)		For the year ended December 31, 2018 (audited)	
	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	**52,811,601**	**8,888,513**	46,569,372	7,830,146
Inter-segment	**123,077**	**8,109**	169,991	5,274
Total	**52,934,678**	**8,896,622**	46,739,363	7,835,420
Eliminations	**(123,077)**	**(8,109)**	(169,991)	(5,274)
Revenue from contracts with customers	**52,811,601**	**8,888,513**	46,569,372	7,830,146

(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 vehicle sales and after-sales services, a credit period of 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.

3B. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the Group's chief operating decision makers who review 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:

Year ended December 31, 2019

	Passenger vehicle sales and services *RMB'000*	**Automobile rental services** *RMB'000*	**Proprietary finance business** *RMB'000* *(note d)*	**Eliminations** *RMB'000*	**Total** *RMB'000*
For the year ended December 31, 2019 (unaudited)					
External revenue	**61,700,114**	**517,955**	**489,311**	**–**	**62,707,380**
Inter-segment revenue	**131,186**	**9,821**	**21,331**	**(162,338)**	**–**
Segment revenue *(note a)*	**61,831,300**	**527,776**	**510,642**	**(162,338)**	**62,707,380**
Segment cost *(note b)*	**56,460,006**	**393,689**	**166,065**	**(176,299)**	**56,843,461**
Segment gross profit	**5,371,294**	**134,087**	**344,577**	**13,961**	**5,863,919**
Service income	**1,106,346**	**–**	**–**	**(13,171)**	**1,093,175**
Segment results	**6,477,640**	**134,087**	**344,577**	**790**	**6,957,094**
Other income and other gains and losses *(note c)*					**84,088**
Distribution and selling expenses					**(2,732,514)**
Administrative expenses					**(1,489,818)**
Finance costs					**(778,148)**
Share of profit of joint ventures					**8,792**
Share of profit of associates					**26,288**
Profit before tax					**2,075,782**

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Proprietary finance business *RMB'000* *(note d)*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended December 31, 2018 (audited)					
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

Notes:

a. The segment revenue of passenger vehicles sales and services for the year ended December 31, 2019 was RMB61,831,300,000 (2018: RMB54,574,783,000) which included the sales revenue of passenger vehicles amounting to approximately RMB52,934,678,000 (2018: RMB46,739,363,000) and the after-sales services revenue amounting to approximately RMB8,896,622,000 (2018: RMB7,835,420,000).

b. The segment cost of passenger vehicles sales and services for the year ended December 31, 2019 was RMB56,460,006,000 (2018: RMB49,848,858,000) which included the cost of sales of passenger vehicles amounting to approximately RMB51,688,484,000 (2018: RMB45,633,484,000) and the cost of after-sales services amounting to approximately RMB4,771,522,000 (2018: RMB4,215,374,000).

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 4), 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 of the Company.

Geographical information

Substantially all of the Group's revenue is generated 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, 2019 and 2018.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	2019 ***RMB'000*** **(unaudited)**	2018 *RMB'000* (audited)
Other income comprises:		
Service income *(note a)*	**1,093,175**	974,319
Government grants *(note b)*	**12,743**	17,692
Interest income on bank deposits	**22,996**	18,051
Interest income from a related party	**3,456**	3,437
Others	**–**	1,009
	1,132,370	1,014,508
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment and other intangible assets	**22,473**	12,164
Gain on fair value change of financial assets at FVTPL	**22,169**	1,809
Reversal (provision) of impairment of loan receivables	**1,352**	(142)
Reversal (provision) of impairment of finance lease receivables	**143**	(1,558)
Net foreign exchange gains	**113,802**	10,516
Investment income of financial assets at FVTPL	**984**	135
Net loss on changes in fair value of derivative financial instruments	**(117,099)**	(10,984)
Loss on disposal of interest in an associate	**(53)**	–
Loss on disposal of subsidiaries	**(2,885)**	(764)
Others	**4,007**	3,512
	44,893	14,688
Total	**1,177,263**	1,029,196

Notes:

a. Service income was primarily related to agency income derived from distribution of automobile insurance products and automobile financial products in the PRC. It is recognized when the agency services have been completed, which is the point of time being when the services are accepted by customers. The normal credit term is 30 to 60 days upon invoiced. The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of service income as the Group's contract has an original expected duration of less than one year.

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:

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,509,789**	1,452,857
Retirement benefits scheme contributions	**141,816**	140,706
Share-based payments expenses	**22,732**	16,817
Total staff costs	**1,674,337**	1,610,380
Auditors' remuneration:		
– in respect of audit service for the Company	**6,560**	6,560
– in respect of the statutory audits for the subsidiaries of the Company	**2,888**	3,285
Total auditors' remuneration	**9,448**	9,845
Cost of inventories recognized as an expense	**54,752,355**	49,681,592
Depreciation of property, plant and equipment	**685,018**	524,980
Depreciation of right-of-use assets	**247,380**	–
Release of prepaid lease payments	**–**	33,724
Amortization of intangibles assets	**44,529**	41,854

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**468,051**	399,498
Underprovision of PRC EIT in prior years	**2,499**	2,520
	470,550	402,018
Deferred tax:		
Current year charge	**36,178**	25,507
	506,728	427,525

7. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Dividends for ordinary shareholders of the Company recognized as distribution during the year: 2018 final dividends – RMB0.225 (equivalent to HK$0.25593) (2018:2017 final dividends – RMB0.283 (equivalent to HK$0.336))	**413,717**	520,425

No dividend in respect of the year ended December 31, 2019 has been proposed by the directors of the Company at this stage.

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:

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Earnings		
Profit for the year attributable to owners of the Company	**1,472,984**	1,253,099

	2019	2018
	'000	*'000*
	(unaudited)	(audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,839,007**	1,836,663
Effect of dilutive potential ordinary shares:		
Share options	**4,978**	7,796
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,843,985**	1,844,459

9. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
As at January 1, 2019 (unaudited)			
Carrying amount	1,371,891	1,422,294	2,794,185
As at 31 December 2019 (unaudited)			
Carrying amount	1,394,230	1,638,744	3,032,974
For the year ended 31 December 2019 (unaudited)			
Depreciation charge	(44,000)	(203,380)	(247,380)
Expense relating to short-term leases and other leases with lease terms ending within 12 months from the date of initial application of IFRS 16			28,816
Total cash outflow for leases			(262,405)
Additions to right-of-use assets (Note)			486,169

Note: Amount includes right-of-use assets resulting from business combinations and new lease contracts entered.

For both years, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 3 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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.

	2019 ***RMB'000*** **(unaudited)**	2018 *RMB'000* (audited)
Analyzed as:		
Current	**2,193,384**	1,877,661
Non-current	**1,385,578**	1,744,000
	3,578,962	3,621,661

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Finance lease receivables comprise:				
Within one year	**2,366,534**	2,063,346	**2,193,384**	1,877,661
In more than one year but not more than two years	**1,005,465**	1,599,508	**862,543**	1,392,834
In more than two years but not more than five years	**574,236**	486,312	**531,254**	359,528
	3,946,235	4,149,166	**3,587,181**	3,630,023
Less: unearned finance income	**(359,054)**	(519,143)	**N/A**	N/A
Less: allowance for impairment loss under expected credit loss ("**ECL**") model	**(8,219)**	(8,362)	**(8,219)**	(8,362)
Present value of minimum lease payment receivables	**3,578,962**	3,621,661	**3,578,962**	3,621,661

At December 31, 2019, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB31,961,000 (2018: RMB67,304,000) and RMB45,027,000 (2018: RMB76,619,000) were recognized as other non-current liabilities and current liabilities, respectively.

11. LOAN RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Guaranteed but unsecured loans	**193,067**	226,052
Collateralized but unguaranteed loans	**165,054**	292,555
Gross loan receivables	**358,121**	518,607
Less: allowances for impairment losses under ECL model	**(3,214)**	(4,566)
Net loan receivables	**354,907**	514,041
Analyzed as:		
Current	**321,551**	427,866
Non-current	**33,356**	86,175
	354,907	514,041

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:

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Fixed-rate loan receivables:		
Within one year	**321,551**	427,866
In more than one year but not more than two years	**28,708**	64,884
In more than two years but not more than three years	**4,648**	21,291
	354,907	514,041

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.

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current		
Trade receivables	**995,924**	809,964
Bills receivables	**230**	–
	996,154	809,964
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**2,209,191**	2,185,651
Deposits to entities controlled by suppliers for borrowings	**181,131**	214,453
Prepayments and rental deposits on properties	**44,064**	57,679
Rebate receivables from suppliers	**2,454,664**	2,134,548
Interest receivables	**3,874**	4,871
Finance and insurance commission receivables	**187,215**	132,256
Staff advances	**17,758**	10,087
Value-added tax recoverable	**454,151**	381,410
Receivables from former shareholders of acquired subsidiaries	**66,728**	–
Advances to non-controlling interests *(note a)*	**35,300**	35,400
Advances to independent third parties *(note a)*	**15,923**	22,897
Others	**187,267**	203,559
Less: allowance for impairment loss under ECL model	**(6,420)**	(6,420)
	5,850,846	5,376,391
	6,847,000	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, 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:

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**996,154**	809,964

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.

13. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Motor vehicles	**5,068,922**	5,258,890
Spare parts and accessories	**557,881**	570,605
	5,626,803	5,829,495

As at December 31, 2019, vehicle certificates ("車輛合格證") for certain of the Group's inventories with an aggregate carrying amount of RMB1,198,342,000 (2018: RMB773,055,000) were pledged as security for the Group's interest-bearing bank and other borrowings.

As at December 31, 2019, vehicle certificates of the Group's inventories with an aggregate carrying amount of RMB2,588,302,000 (2018: RMB2,588,627,000) were pledged as security for the Group's bills payables.

14. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	2019 *RMB'000* (unaudited)	2018 *RMB'000* (audited)
Current		
Trade payables	**694,997**	640,462
Bills payables	**5,372,084**	4,197,984
	6,067,081	4,838,446
Other payables		
Other tax payables	**157,795**	98,347
Payable for acquisition of property, plant and equipment	**43,341**	80,662
Salary and welfare payables	**83,154**	37,630
Accrued interest	**46,120**	65,623
Accrued audit fee	**4,960**	4,660
Consideration payables for acquisition of subsidiaries *(note)*	**228,160**	36,509
Advance from non-controlling interests *(note)*	**83,902**	90,484
Dividend payables to non-controlling interests	**1,976**	–
Deposits received from customers under finance leases	**45,027**	76,619
Other accrued expenses	**116,422**	53,202
Others	**192,596**	121,699
	1,003,453	665,435
	7,070,534	5,503,881
Non-current		
Other liabilities		
Deposits received from customers under finance leases	**31,961**	67,304

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:

	2019 *RMB'000* (unaudited)	2018 *RMB'000* (audited)
0 to 90 days	**4,404,167**	4,100,537
91 to 180 days	**1,662,914**	737,909
	6,067,081	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 totalling RMB2.3 billion and repayment terms range from 180 days to 270 days. The super short-term commercial papers are unsecured and carry interests at rates range from 6.50% to 7.30% per annum. The super short-term commercial papers were issued to domestic institutional investors in the PRC which are independent third parties. Shanghai Yongda Investment had fully settled the super short-term commercial papers as at December 31, 2019.

Movements of the super short-term commercial papers during the year are as follows:

	RMB'000
As at January 1, 2018 (audited)	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
As at December 31, 2018 (audited)	1,298,665
Less: repayment of the 2018 super short-term commercial papers	(1,300,000)
Less: payment of transaction costs in relation to issuance	(375)
Add: interest expenses – amortization of transaction costs	1,710
As at December 31, 2019 (unaudited)	–

During the year ended December 31, 2019, interest expenses of approximately RMB30,684,000 (2018: RMB77,563,000) were recognized.

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 a 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. The investors have exercised the option to resell all the corporate bonds to Shanghai Yongda in 2019.

Movements of the Corporate Bonds during the year are as follows:

	RMB'000
As at January 1, 2018 (audited)	1,992,394
Add: interest expenses – amortization of transaction costs	2,028
As at December 31, 2018 (audited)	1,994,422
Add: interest expenses – amortization of transaction costs	5,578
Less: repayment of the Corporate Bonds	2,000,000
As at December 31, 2019 (unaudited)	–

During the year ended December 31, 2019, interest expense of approximately RMB65,321,000 (2018: RMB78,000,000) was recognized. As at December 31, 2019, all the interest expense has been paid (2018: RMB12,822,000 interest payable was accrued in other payables).

17. SUBSEQUENT EVENT

2019 Novel Coronavirus impact

The outbreak of the 2019 Novel Coronavirus ("**COVID-19**") in the PRC and the subsequent mandatory quarantine measures imposed by the PRC government have impact on the business and operations of the Group as majority of the Group's operations are located in the PRC. As required by the local government offices in which the Group's operate, some entities of the Group were not allowed to resume operations until the second half of February 2020 in an effort to contain the spread of the epidemic. As at the date of the approval of these consolidated financial statements, COVID-19 has not resulted in material impact to the Group. Pending on the further development and spread of COVID-19, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group. However, the extent of which could not be estimated as of the date of the approval of these consolidated financial statements.

FINANCIAL REVIEW

Revenue

Revenue was RMB62,707.4 million in 2019, a 13.4% increase from RMB55,318.5 million in 2018, 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,					
	2019 (unaudited)			2018 (audited)		
	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	**43,769,195**	**128,628**	**340**	38,233,659	111,323	343
Mid-to-high-end brands	**9,165,483**	**68,754**	**133**	8,505,704	65,596	130
Subtotal	**52,934,678**	**197,382**	**268**	46,739,363	176,919	264
After-sales services	**8,896,622**	**–**	**–**	7,835,420	–	–
Automobile rental services	**527,776**	**–**	**–**	408,361	–	–
Proprietary finance business	**510,642**	**–**	**–**	543,378	–	–
Inter-segment eliminations	**(162,338)**	**–**	**–**	(208,036)	–	–
Total	**62,707,380**	**–**	**–**	55,318,486	–	–

The sales volume of passenger vehicles from the passenger vehicle sales and services segment was 197,382 units in 2019, a 11.6% increase from 176,919 units in 2018, among which, the sales volume of luxury and ultra-luxury brand passenger vehicles in 2019 was 128,628 units, a 15.5% increase from 111,323 units in 2018.

Revenue of passenger vehicle sales from the passenger vehicle sales and services segment was RMB52,934.7 million in 2019, a 13.3% increase from RMB46,739.4 million in 2018, among which, the sales revenue from luxury and ultra-luxury brand passenger vehicles was RMB43,769.2 million in 2019, a 14.5% increase from RMB38,233.7 million in 2018.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB8,896.6 million in 2019, a 13.5% increase from RMB7,835.4 million in 2018.

Revenue from the automobile rental services segment was RMB527.8 million in 2019, a 29.2% increase from RMB408.4 million in 2018.

Revenue from the proprietary finance business segment was RMB510.6 million in 2019, a 6.0% increase from RMB543.4 million in 2018.

Cost of Sales and Services

Cost of sales and services was RMB56,843.5 million in 2019, a 13.4% increase from RMB50,111.8 million in 2018, which was basically consistent with the growth in our revenue.

Cost of sales for sales of passenger vehicles from the passenger vehicle sales and services segment was RMB51,688.5 million in 2019, a 13.3% increase from RMB45,633.5 million in 2018, which was basically consistent with the growth in our revenue from passenger vehicle sales.

Cost of after-sales services from the passenger vehicle sales and services segment was RMB4,771.5 million in 2019, a 13.2% increase from RMB4,215.4 million in 2018, which was basically consistent with the growth in our revenue from after-sales services.

Cost of services for the automobile rental services segment was RMB393.7 million in 2019, a 33.2% increase from RMB295.5 million in 2018. The increase was higher than the increase in our revenue from automobile rental services.

Cost of services for the proprietary finance business segment was RMB166.1 million in 2019, a 15.5% decrease from RMB196.5 million in 2018. The decrease was more than the decrease in our revenue from the proprietary finance business segment.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB5,863.9 million in 2019, a 12.6% increase from RMB5,206.7 million in 2018. Gross profit margin in 2019 was 9.35%, a slight decrease as compared to 9.41% in 2018.

Gross profit of the passenger vehicle sales from the passenger vehicle sales and services segment was RMB1,246.2 million in 2019, a 12.7% increase from RMB1,105.9 million in 2018. Gross profit margin of passenger vehicle sales was 2.35% in 2019, which remained basically flat as compared to 2.37% in 2018.

Gross profit of after-sales services from the passenger vehicle sales and services segment was RMB4,125.1 million in 2019, a 14.0% increase from RMB3,620.0 million in 2018. In 2019, the gross profit margin of our after-sales services was 46.37%, representing a slight increase compared to 46.20% in 2018.

Gross profit from the automobile rental services segment was RMB134.1 million in 2019, a 18.8% increase from RMB112.8 million in 2018. Gross profit margin for automobile rental services was 25.41% in 2019, representing a decrease compared to 27.63% in 2018.

Gross profit from the proprietary finance business segment in 2019 was RMB344.6 million, a 0.6% decrease from RMB346.8 million in 2018. Gross profit margin for the proprietary finance business segment was 67.48% in 2019, representing an increase compared to 63.83% in 2018.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB1,177.3 million in 2019, a 14.4% increase from RMB1,029.2 million in 2018. 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 RMB1,106.3 million in 2019, a 10.2% increase from RMB1,004.4 million in 2018.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB4,222.3 million in total in 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 RMB90.8 million in 2019. After factoring in the impact of IFRS 16, distribution and selling expenses and administrative expenses were RMB4,313.1 million in total in 2019, representing an increase of 11.7% compared to RMB3,862.4 million in 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 in 2019 decreased to 6.87% from 6.98% in 2018.

Operating Profit

As a result of the foregoing, the operating profit was RMB2,818.9 million in 2019, a 18.8% increase from RMB2,373.5 million in 2018.

Finance Costs

Finance costs were RMB778.1 million in 2019. In accordance with IFRS 16, there was an increase in finance cost of RMB102.9 million in 2019. After excluding the impact of IFRS 16, finance costs were RMB675.2 million in 2019, representing a decrease of 0.9% compared to RMB681.3 million in 2018, which was primarily due to the decrease in finance balance as a result of the decrease in turnover days of inventories and the increase in cash generated from operating activities. In terms of percentage of revenue, after excluding the impact of IFRS 16, the percentage of finance costs decreased from 1.23% in 2018 to 1.08% in 2019.

Profit before Tax

As a result of the foregoing, the profit before tax was RMB2,075.8 million in 2019, a 18.4% increase from RMB1,752.6 million in 2018.

Income Tax Expense

Income tax expenses were RMB506.7 million in 2019, a 18.5% increase from RMB427.5 million in 2018. Our actual income tax rate was 24.4% in 2019, which remained consistent with 2018.

Profit

As a result of the foregoing, the profit was RMB1,569.1 million in 2019, a 18.4% increase from RMB1,325.0 million in 2018.

Profit attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company was RMB1,473.0 million in 2019, a 17.5% increase from RMB1,253.1 million in 2018.

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 2019, our net cash generated from operating activities was RMB4,108.7 million, among which, net cash generated from operating activities of automobile sales and services business was RMB3,972.3 million, and net cash generated from operating activities of proprietary finance business was RMB136.4 million. 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. As compared to that in 2018, our net cash generated from operating activities of automobile sales and services business increased by RMB1,812.7 million, and our net cash generated from operating activities of proprietary finance business increased by RMB597.5 million.

In 2019, our net cash used in investment activities was RMB2,131.9 million, which mainly included the amounts for purchase of fixed assets, land use rights and intangible assets of RMB1,760.0 million, the amount for acquisition of subsidiaries of RMB668.9 million, which was partially offset by the proceeds from the disposal of property, plant and equipment of RMB447.8 million. In 2018, our net cash used in investing activities was RMB1,682.9 million.

In 2019, our net cash used in financing activities was RMB1,822.6 million, which mainly included the repayment of bank loans and other borrowings of RMB26,933.3 million, the repayment of super short-term commercial papers and Corporate bonds of RMB3,300.0 million, the payment of interest of RMB691.8 million, and the payment of dividends of RMB413.7 million, which was partially offset by the proceeds from bank loans and other borrowings of RMB29,795.5 million. In 2018, our net cash generated from financing activities was RMB322.9 million.

Inventories

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

Our inventories were RMB5,626.8 million as of December 31, 2019, a 3.5% 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 year ended December 31,	
	2019	2018
Average inventory turnover days[1]	**36.8**	43.5

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 2019, our total capital expenditures were RMB1,981.0 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	2019 *(RMB million)* **(unaudited)**
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for automobile rental and travelling services purposes	**1,192.4**
Expenditures on purchase of property, plant and equipment – primarily used for establishing new automobile sales and service outlets	**516.1**
Expenditures on purchase of land use rights	**6.5**
Expenditures on purchase of intangible assets (vehicle licence plates)	**44.9**
Expenditures on acquisition of subsidiaries	**668.9**
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for automobile rental purposes)	**(447.8)**
Total	**1,981.0**

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. As of December 31, 2019, the outstanding amount of our borrowings amounted to RMB12,852.0 million, a decrease of 4.0% from RMB13,389.0 million as of December 31, 2018. The following table sets forth the maturity profile of our borrowings as of December 31, 2019:

	As of December 31, 2019 *(RMB million)* **(unaudited)**
Within one year	**10,129.4**
One to two years	**–**
Two to five years	**2,722.6**
Total	**12,852.0**

As of December 31, 2019, our net gearing ratio (being net liabilities divided by total equity) was 98.7% (as of December 31, 2018: 118.6%). Net liabilities represent borrowings, super short-term commercial papers and corporate bonds minus cash and cash equivalents and time deposits.

As of December 31, 2019, 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, 2019 consisted of (i) inventories of RMB1,198.3 million; (ii) property, plant and equipment of RMB129.3 million; (iii) land use rights of RMB329.4 million; and (iv) equity interests of our subsidiaries of RMB1,256.2 million.

Contingent Liabilities

As of December 31, 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 certain derivative financial instruments to hedge our 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, 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

It is expected that in the next few years, driven by the demand for consumption upgrades and consumption policies, the consumption market of luxury passenger vehicles in China will keep growing. With the good brand image and service reputation as well as the enhanced homemade products with competitive advantages, luxury automobile brands will become the market segment with the most stable growth in the overall passenger vehicle market with an expected annual compound growth rate at around 8-10%. In addition, it is expected that the rising passenger vehicle ownership will also bring more development opportunities to the automotive service aftermarket.

The Company will focus on the main business of automobile sales and services, aiming to maintain a relatively high and constant growth, particularly in concentrating on the development of luxury brand agency business. In 2020, as the new Porsche brand outlets the Company invested in start to gradually commence operation, the sales, production capacity of the after-sales services and profit contribution from the Porsche brand will significantly increase; as to the BMW brand, it will maintain the market share by relying on its main models this year and it is expected that the market will experience a new round of incremental opportunities; it is also planned that several Mercedes-Benz and Lexus outlets the Company invested in will boost the rapid growth; Audi, Jaguar/Land Rover, Lincoln and other luxury brands will hopefully begin to gradually demonstrate a recovery trend in gross profit.

In terms of network development, we will uphold the strategy of prioritizing the development of major luxury brands and expand the outlets of major luxury brands such as Porsche, BMW, Mercedes-Benz and Lexus, seizing the opportunities arising out of the integration phase of the industry. We will build our national outlet network through self-built outlets and high-quality mergers and acquisitions, balancing the importance on scale and quality. For the existing network, we emphasize on improving after-sales services while capacity reforms and expansion will be implemented for existing stores. We will also take full advantage of the potential growth of after-sale services of new stores within five years after commencement of operation, and will take initiatives to close down any outlets with poor profitability in order to revitalize existing assets and optimize the brand structure.

By coordinating and integrating the finance, pre-owned vehicles and new energy automobile businesses, we will fulfil innovate the modes of attracting customers and new retail models as well as empower the principal business of automobile sales and services in terms of professional talent cultivation in order to meet the evolving demands of consumers. We will also fully utilize the favorable changes in the industry policies and continue to explore related potential businesses such as centralized sheet metal painting centers and self-operated vehicle maintenance products, so as to focus our profit structure focus on the aftermarket development.

Looking forward, targeting the rapid growth in the principal business of the automotive services, we will focus on improving operational management and enhancing our competitive advantages through: strengthening the local retail and inventory turnover management of new vehicles, seizing the growth of production capacity of the after-sales services and continuous enhancement of the service absorption rate and maintaining the solid retention customers and services. We will build an internal lean management benchmarking system and an external smart retail system through digital establishment and accelerate the construction of more contacts and marketing channels of online new media. We will also optimize the Company's appraisal management and incentive mechanism, strengthen the team building and future talent reserves of the Company so as to maintain a healthy and stable cash flows and gearing ratio of the Company, refine the Company's capabilities to respond to significant social contingencies, enhance our brand image and proactively implement the ESG development philosophy, fulfilling our corporate social responsibility. Ultimately, we will achieve a higher-quality operation and management, sound returns for the Shareholders as well as sustainable development goals of the Company.

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 year ended December 31, 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**") 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, 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

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, 2019.

Review of Unaudited Annual Results

The annual results contained herein have not been audited or agreed with the Group's auditor, Messrs. Deloitte Touche Tohmatsu.

Because of the epidemic prevention measures implemented by local governments in the PRC to combat the COVID-19 coronavirus outbreak, the auditing fieldwork of auditor has been delayed and limited to a certain extent. Hence, the auditing process for the annual results for the year ended December 31, 2019 will require additional time to complete.

After discussion with the auditor, the Company currently expects the annual results for the year ended December 31, 2019 to be audited and agreed with the auditor no later than April 16, 2020, subject to any further epidemic prevention measures in the PRC. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit and Compliance Committee which comprises our 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, including the review of the unaudited consolidated financial results of the Group for the year ended December 31, 2019. The Audit and Compliance Committee considers that the unaudited annual financial results for the year ended December 31, 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

FINAL DIVIDEND

In view of the outbreak of the novel coronavirus and its global spread in 2019, in the interests of the Company and shareholders as a whole, the Board recommends retaining funds as operating reserves to capture business development opportunities such as mergers and acquisitions and focus on continuing to develop the vehicle sales service business. Therefore, the Board does not recommend the payment of final dividend (2018: RMB0.225) at this stage. The Board will further consider whether to pay dividends before publishing the 2020 interim results.

RECORD DATE FOR ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on June 12, 2020 (Friday) (the "**Record Date**") will be entitled to attend the forthcoming annual general meeting to be held on June 18, 2020 (Thursday) (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.

PUBLICATION OF UNAUDITED 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***).

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended December 31, 2019 as agreed by the Company's auditor and the adjustments (if any) to the unaudited annual results contained herein and (ii) further announcement as and when necessary if there are other material development in the completion of the auditing process.

The annual report for the year ended December 31, 2019 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 25, 2020

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.