This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2018, together with comparative figures for the six months ended June 30, 2017.

FINANCIAL HIGHLIGHTS OF THE GROUP

- Comprehensive revenue including revenue from finance and insurance agency services was RMB25,371 million for the six months ended June 30, 2018, a 12.5% increase from RMB22,556 million for the six months ended June 30, 2017.
- Comprehensive gross profit including revenue from finance and insurance agency services was RMB3,037 million for the six months ended June 30, 2018, a 14.9% increase from RMB2,642 million for the six months ended June 30, 2017.
- Comprehensive gross profit margin including revenue from finance and insurance agency services was 11.97% for the six months ended June 30, 2018, a 0.26 percentage point increase from 11.71% for the six months ended June 30, 2017.
- Operating profit was RMB1,301 million for the six months ended June 30, 2018, a 15.2% increase from RMB1,128 million for the six months ended June 30, 2017.
- Net profit was RMB770 million for the six months ended June 30, 2018, a 10.3% increase from RMB698 million for the six months ended June 30, 2017.
- Net profit attributable to the owners of the Company was RMB723 million for the six months ended June 30, 2018, a 10.9% increase from RMB652 million for the six months ended June 30, 2017.

MARKET REVIEW

In the first half of 2018, the sales volume of passenger vehicles in China continued to grow as compared to the same period in 2017. According to the information of China Association of Automobile Manufacturers, the sales volume of passenger vehicles in China was 11.78 million units in the first half of 2018, representing an increase of 4.6% as compared to the same period in 2017, among which, the sales volume of luxury brand passenger vehicles amounted to 1.33 million units, representing a year-on-year growth of 12.4%. In the first half of 2018, under the influence of automobile tariff adjustment and other comprehensive factors, the domestic passenger vehicle market still achieved a higher growth rate than last year, reflecting the fact that the domestic market maintained a good momentum of growth in consumer demand. As monthly sales data reveals, in the second quarter, especially in April, passenger vehicles sales volume achieved a double-digit growth. In the following two months, especially in June, the year-on-year sales growth was narrowed as affected by the tariff cuts which resulted in consumers adopting a wait-and-see approach when purchasing imported vehicles. However, in end of June, the overall market sales have begun to recover significantly, and the inventory level has been further reduced. It is expected that in the second half of 2018, as various policies gradually stabilized, the overall passenger vehicle market will continue to rise. Despite the higher growth base in the second half of 2017, we still expect that the overall passenger vehicle sales to maintain a stable growth at a higher rate than that of last year throughout 2018, among which, luxury vehicles sales will continue to maintain a double-digit growth.

The new tariff adjustment policy for automobile and vehicle parts and components implemented on July 1, 2018 is an important industrial policy in the first half of this year. We believe that this policy will bring benefits to domestic automobile, especially luxury brand vehicle consumer market, in the medium- and long-term. From late May this year, all manufacturers of relevant brands have adjusted their official guidance prices of all imported for-sale models in accordance with the latest tariff policy, and implemented a comprehensive inventory price subsidy for all vehicles already declared. At the same time, due to the downward adjustment of tariffs, the customs clearance of major brand vehicles imported slowed down and the quantity supplied of imported vehicles in the second quarter decreased significantly as compared to that in the previous quarter. After more than one month of market adjustment period, consumer demand began to pick up, and the turnover of tax-related imported vehicles increased significantly. We expect that with the implementation of the new policies, the sales volume of imported vehicles will rebound significantly in the second half of the year.

Certain luxury brand manufacturers, led by brands such as Porsche and BMW, are still in the process of product upgrading and updating. Although affected by the tariff adjustment policy of imported vehicles, the sales of luxury brand passenger vehicles have maintained a steady growth. We expect the sales growth of luxury brand passenger vehicles will be further enhanced in the second half of 2018. In the first half of 2018, the sales of luxury brand passenger vehicles accounted for 11.3% of the overall passenger vehicle market. From the medium- and long-term perspective, as the luxury vehicle sales volume accounted for a low proportion of the overall passenger vehicle sales volume at present, and benefited from strong demand for upgrading and more convenient automobile consumption finance products, we expect that luxury and ultra-luxury brand passenger vehicle sales in China will still maintain a relatively high growth rate for a fairly long period of time.

According to the information of China Association of Automobile Manufacturers, during the first half of 2018, sales volume of new energy passenger vehicles reached 355,000 units, a year-on-year increase of 70%, among which, the proportion of pure electric vehicle sales reached 63%. In China, the overall passenger vehicle market trend is usually higher at the beginning of the year, and then declines continuously, reaching the bottom in the summer. Despite this trend, the new energy passenger vehicle market showed a tenacious monthly upward trend. The growth momentum of new energy vehicles started to shift from led by purchase limits and subsidies policies to led by market. With the launch of new energy vehicles by major automobile manufacturers, the mass production of competitive models by innovative new energy vehicle enterprises, and the continuous improvement of infrastructures which facilitate the use of new energy vehicles, we believe that new energy vehicles will show great potential for development.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC, vehicle ownership in China reached 185 million units by the end of 2017. With the rising passenger vehicle ownership and the aging of vehicles in China, the after-sales services market for passenger vehicles in China will maintain a fast growing pace in the first half of 2018. The composition of revenue and gross profit of Chinese automobile dealers experienced a preliminary structural transformation from new vehicle sales to after-sales service, which would have a continuous positive effect on the profitability of automobile dealers.

According to the information from China Automobile Dealers Association, the transaction volume of preowned vehicles in China reached 6.6 million units in the first half of 2018, representing a year-on-year increase of 13.1%. We noted that with the application of Internet technology, a number of iconic second-hand car platform companies such as Youxin (優信) and Guazi (瓜子) have emerged, further promoting the transformation and upgrading of the overall industry. In the future, with the constant optimization and regulation of the pre-owned vehicle industrial and taxation policies in China, the market resources will start to become concentrated as compared with the then dispersed state, and we believe that the integration of all sales channels both online and offline will become increasingly obvious.

According to the data of China Industrial Research Institute Database, the overall scale of automobile finance market in China has reached RMB1.16 trillion in 2017, and the finance penetration rate has reached 39%. Meanwhile, we noted that as there was an increasing number of younger vehicle buyers and that the credit system had been improved, the "hire-purchase" (以租代購) model under the finance leasing business enjoyed growing popularity in the market. A large number of innovative retail models have emerged and it is expected that the compound annual growth rate (CAGR) of the automobile finance leasing market in China will remain at over 50% in the coming few years and the penetration rate will reach 6% by 2020.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we achieved a strong growth in the first half of 2018. In the first half of 2018, our comprehensive revenue and comprehensive gross profit, taking into account the revenue from finance and insurance agency services amounted to RMB25,371 million and RMB3,037 million, respectively, representing an increase of 12.5% and 14.9%, respectively, compared to the same period in 2017. Taking into account the revenue from finance and insurance agency services, our comprehensive gross profit margin for the first half of 2018 was 11.97%, representing an increase of 0.26 percentage point compared to 11.71% for the same period in 2017. In the first half of 2018, our operating profit was RMB1,301 million, representing an increase of 15.2% compared with the same period in 2017. Meanwhile, our net profit and net profit attributable to owners of the Company were RMB770 million and RMB723 million, respectively, representing an increase of 10.3% and 10.9%, respectively, as compared to the same period in 2017. Set forth below is a summary of major developments of our business in the first half of 2018:

Steady Growth in New Vehicle Sales

In the first half of 2018, our new vehicle sales maintained a steady growth, increased by 10.7% to 80,377 units compared to the same period in 2017, among which, the new vehicle sales of luxury brands increased by 14.3% to 49,082 units compared to the same period in 2017. Sales volume of several luxury vehicles brands achieved rapid growth, among which, the sales volume of Porsche brand and Calladic brand increased by 50.2% and 38.9% year-on-year respectively, which strongly supported the increase of new vehicle sales. During the same period, BMW brand sales volume increased by 11.2% on a year-on-year basis.

In the first half of 2018, the revenue from new vehicle sales of our passenger vehicle sales and service segment amounted to RMB20,876 million, representing a 10.5% increase compared to the same period in 2017. Among which, the revenue from new vehicle sales of luxury brands increased to RMB16,906 million, representing an increase of 12.3% compared to the same period in 2017. Affected by tariff reduction and other policies, consumers adopt a wait-and-see attitude, which in turn caused short-term fluctuations in the transaction price of new vehicles. In the first half of 2018, the gross profit margin of new vehicle sales of our passenger vehicle sales and service segment was 3.03%, representing a decrease compared to 3.78% in the first half of 2017.

After the introduction of the tariff reduction policy for imported vehicles in the second quarter of 2018, there was a significant fluctuation in the market. We maintained communication with the manufacturers and adjusted our sales strategy in a timely manner, thus avoiding the risks caused by the adjustment of the end retail price; we also actively communicated with the customers by speeding up the order conversion, thereby ensuring that our new vehicle sales maintained a steady growth; meanwhile, we made use of marketing hotspots to strengthen marketing publicity, accumulated a large number of potential buyers, and prepared for further sales growth in the second half of the year.

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

With respect to the optimization of sales models for our new vehicles, we further enhanced the service experience of customers in the process of car purchase, and launched a new experience sales model of "smart retail" to improve the efficiency of services and reduce the waiting time of customers. On this basis, we constantly research and improve the customer service experience of the new retail model. Meanwhile, we reinforced our advantages in television sales channels and expanded our new model of vehicle sales on televisions to many provinces with rapid economic development in China, thus bringing fresh vehicle purchase experience to our consumers as well as enhancing our brand influence and awareness.

With regard to the changes in the pace of importing new vehicles and the market retail price of new vehicles caused by national policy adjustment to "tariff on imported vehicles", we timely adjusted our sales strategy and well communicated with customers. Such effective solutions ensured our healthy and reasonable inventory level, increased efficiency of use of working capital and controlled cost of sales effectively. We thoroughly carried out an effective integration and sharing of our enterprise resources within the Group, built our resource sharing model for new vehicle inventories, launched centralized multi-brand marketing activities, intensified the development and effective utilization of customer resources and achieved the growth of new vehicle sales in the first half of 2018 through improving coordinated management of sales.

Rapid and Healthy Growth in After-sales Services

In the first half of 2018, our after-sales services business (including repair and maintenance services and automobile extended products and services) achieved a healthy and rapid growth, and the revenue from our after-sales services reached RMB3,700 million, representing an increase of 20.5% compared to the same period in 2017. In the first half of 2018, the gross profit margin of our after-sales services was 46.41%, which remained basically flat as compared to 46.76% of the same period in 2017.

In terms of maintaining customer solicitation, we attempted to establish an interactive system for customers under management based on an Internet platform to provide our customers with convenient and multi-channel application tools such as online reservation and instant customers satisfaction survey. By virtue of setting up mobile service systems, customers' experience has been improved via enhancing the precision of customer solicitation, which led to a continuous increase in the number of customers under management.

In terms of improving the repair and maintenance services, on one side, we have formulated specific business upgrading proposals to ensure the continuing growth of sales of regular maintenance parts and consumable parts, which effectively raised the unit price of electromechanical repair maintenance services. On the other side, while we dedicating to improving the repair and maintenance rate in the referral repair business and increase the loss ratio, we constantly made adjustments for customers under management, optimized the exclusive guaranteed services and products, guided customers to repair tiny damages or losses of their vehicles on their own cost, so as to continuously extend the scale of sheet metal painting business.

In terms of improving the extended services business, we paid close attention to the trends of development of various extended services businesses, and introduced unique extended services and products according to the demands of different brands and regional customers in a timely manner. Meanwhile, we recommended different types of extended services and products targeting different phases of new car sales and after-sales customers, with an aim to create more sales opportunities. As such, the revenue and gross profit from after-sales service have been effectively increased, and our competitiveness has been enhanced.

In terms of cost control, we increased our sales of maintenance products under our proprietary “QUICKACT” brand, meanwhile, we carried out centralized invitation for bids for many products with high universality and high volume of procurement capitalized on our economies of scale, thereby further reducing our procurement costs while ensuring the quality of products and services.

In terms of internal management optimization, we adjusted and optimized the business appraisal system and management structure according to the business development needs. We perfected our maintenance capacity appraisal system, and periodically collected our maintenance capacity and operating data, as well as formulated and implemented capacity upgrade proposals for entities of saturated or to be saturated maintenance business, so as to ensure continuous rapid improvement of our maintenance business.

In terms of expertise upgrading, we persisted to adjust and optimize the content and system of training in compliance with the development trend of vehicle technology, and irregularly organized various expertise contest, motivating our employees’ initiative on improving their expertise and capability, so that we could not only identify and retain professional talents in a better and faster manner, but also stabilize our maintenance team, ensuring our leading position in the industry in respect of expertise.

High-speed Growth of Our Pre-owned Vehicle Business

In the first half of 2018, the sales volume of pre-owned vehicles effected by us was 19,251 units, representing an increase of 19.0% as compared to 16,171 units in the same period in 2017. We continued to accelerate the building of our business model of “new retail sales” for pre-owned vehicles and saw preliminary results of a brand new business landscape of “pre-owned vehicles + Internet + physical store + finance + logistics”. Currently, we have built a network with 112 pre-owned vehicle retail outlets across China, including 83 business outlets officially certified by OEM brands and 29 “Yongda Pre-owned Vehicle Mall” chain outlets.

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

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

Strong and Upward Growth Momentum of Automobile Finance

In the first half of 2018, the automobile financing and insurance business of the Group maintained a growth trend, with penetration ratio improving steadily and profitability growing rapidly. In the first half of 2018, the gross profit of financing and insurance business amounted to RMB630 million, representing a 32.2% increase as compared to the same period of last year, and its contribution to the gross profit of our Group also rose from 18.0% of the same period of last year to 20.7%. The penetration ratio of the Group's finance reached 50.0%, up by 3.8 percentage points from 46.2% for the same period last year.

In the first half of 2018, the revenue from automobile finance and insurance business of our Group totaled RMB712 million, representing a 40.7% increase as compared to the same period in 2017, of which, the revenue derived from proprietary finance business was RMB245 million, representing a 113.6% increase from RMB115 million for the same period last year, and the revenue of our proprietary finance business as a percentage of the revenue of our finance and insurance business significantly increased to 34.5%. Our finance and insurance agency business continued to keep healthy growth, and achieved revenue of RMB467 million, representing a 19.3% increase compared to the same period last year, among which, the agency revenue derived from our finance business amounted to RMB282 million, representing a 16.3% increase, and the agency revenue derived from our insurance business amounted to RMB185 million, representing an increase of 24.1%.

This year, affected by the macro-economic trend and the global capital environment, with the principle of prudent investment in interest-bearing assets in the proprietary finance business, we totally invested RMB2,570 million, slower than that of the same period last year. Additionally, we kept a closer eye on development and persisting promotion of products combining industry and financing, to bring new momentum for the growth of performance of the Group via product innovation. In addition, the adherence to prevention against financial risks in a long run enabled us always maintaining good quality of asset operation. As of the first half of 2018, our overdue rate was 0.43%, and the overdue rate more than six months was 0.06%. Because of our moderate investment amount and good management and control, our net profit from proprietary finance business increased by 78.9% to RMB90 million from RMB50 million of the same period last year, and its proportion of total net profit of the Group reached 11.6%.

Sustainable Growth in Automobile Rental

In the first half of 2018, our automobile rental services recorded a revenue of RMB191 million, representing an increase of 2.9% compared to the same period in 2017.

In the first half of 2018, with respect to the long-term rental business, we maintained our current advantages as always, with an increasing number of long-term rental contract customers from the world's top 500 and large state-owned enterprises and private enterprises in finance, manufacturing, public services, media entertainment and high-tech sectors. We successively secured long-term rental businesses from a number of large customers, such as SAIC-GM, Samsung Semiconductor and Honeywell (China), and the total amount of orders increased by 7.4% from the same period of last year.

Meanwhile, with respect to the short-term rental business for high-end businesses and conferences, we kept forging ahead to become the designated service provider of numerous influential international and domestic conferences, major sports and cultural events, such as the "2018 National Press Release of New Collections of Blue Moon" (藍月亮2018年全國新品發佈會), "2018 Dior High-end Channel Award" (Dior 2018年高端渠道年終盛典), "2018 Formula 1 Chinese Grand Prix" (2018年F1中國大獎賽), "2018 Longines Global Champions Tour" (2018年浪琴環球馬術冠軍賽), "2018 Global Mobile Telecommunication Conference" (2018年全球移動通信大會), "United Innovation Summit 2018" (2018年聯影醫療全球創新大會), and "Global Exhibition CEO Shanghai Summit 2018" (2018年國際會展業CEO上海峰會) and attained positive marketing effects.

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

In the first half of 2018, we continued to deploy our rental network in China. Currently, we have invested in and established more than 30 rental service outlets in more than ten cities nationwide, and successively acquired an automobile leasing company with license resources in Shenzhen. Meanwhile, we actively explored opportunities for cooperation with companies and agencies with advantages in terms of customer base and license resources in Chinese cities.

Stable Development of New Energy Vehicle Business

In the first half of 2018, we set up a designated new energy automobile business department, highlighted the strategic position of the development of new energy automobile industry, and further clarified the strategic direction of the development of new energy automobile business. We continued to expand the cooperation with different emerging new energy automobile brands, and broadly conducted the network layout. We paid close attention to the direction of convenience on demand of travelling service in the market and of clean energy on the travelling field, and formed a specialized travelling service company, realizing and extending the integration of new energy automobile business and travelling service business.

In the first half of 2018, we also obtained the authorization from domestic renowned innovative new energy vehicle enterprises such as WM Motor (威馬汽車) and Dearcc (電咖汽車) to prepare to open authorized outlets in Shanghai, Guangzhou and Wuhan, of which the construction of Shanghai outlet of Dearcc new energy was officially completed, and the construction of the sales and service outlets of WM Motor new energy in the foresaid three cities will be completed in September 2018. At the same time, we are cooperating with the above and other new energy vehicle brands, and we are closely negotiating the outlet authorization in other cities, laying a good foundation for us to further expand the scale of sales and services business of new energy vehicles.

In the first half of 2018, our travelling business platform of new energy vehicles in Shanghai was under healthy operation, and new outlets were established in Guangzhou, Shenzhen and Hangzhou, etc., to provide travelling service business of new energy vehicles. With number of outlets and scale gradually increasing, it continuously accumulated our experience in the travelling service business.

Continuous Optimization and Improvement of Our Network

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

In the first half of 2018, we opened 8 new passenger vehicles sales and services outlets which focused on luxury and ultra-luxury brands, including one Porsche 4S dealership, one Cadilac 4S dealership, three Volvo 4S dealerships, one Dearcc 4S dealership and two Porsche city showrooms.

In respect of new outlets authorizations, in the first half of 2018, we obtained authorization to open 12 new passenger vehicles sales and services outlets which focused on luxury and ultra-luxury brands, including one BMW 4S dealership, one Lexus 4S dealership, one Volvo 4S dealership, one Infiniti 4S dealership, four WM 4S dealerships, one Dearcc 4S dealership, two BMW motorcycle showrooms and one Aston Martin city showroom.

We continuously placed merger and acquisition as the focus of the development of the network authorized by our manufacturers since 2016 by seizing the opportunity of industrial integration, while constantly optimizing and improving the strategy of self-built network authorized by manufacturers. With respect to the merger and acquisition strategy, we focused on luxury brands and sought for opportunities to break into regions to be developed and strengthened existing regions. More importantly, we controlled the acquisition price within a reasonable range by mainly considering the existing and future profitability of the acquisition targets. In the first half of 2018, we completed the acquisition of two Lynkco 4S dealerships, and are actively negotiating with several potential acquisition targets.

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

We continued to operate our extensive network with the Yangtze River Delta as the center and have expanded our network to other regions in China, such as Northern China, Central China, Southwest China and Southern China. As of June 30, 2018, our total number of outlets that are opened and outlets with authorisation to be opened amounted to 254. Such outlets spread all over 4 municipalities and 18 provinces in China, including 181 opened outlets with manufacturers' authorization, 55 outlets without manufacturers' authorization and 18 outlets with authorizations to be opened. Set out below are the details of our outlets as at June 30, 2018:

	Opened outlets	**Outlets with authorizations to be opened**	**Total**
4S dealerships of luxury and ultra-luxury brands	110	10	120
4S dealerships of mid- to high-end brands	53	4	57
City showrooms of luxury brands	13	4	17
Authorized service centers of luxury brands	3	–	3
Authorized certified pre-owned vehicle center of luxury brands	2	–	2
Subtotal of the outlets authorized by the manufacturers	**181**	**18**	**199**
"Auto Repair" maintenance centers of luxury automobiles	15	–	15
Comprehensive showrooms of passenger vehicles	11	–	11
Yongda Pre-owned Vehicle Malls	29	–	29
Subtotal of non-manufacturer authorized outlets	**55**	**–**	**55**
Total outlets	**236**	**18**	**254**

Continuously Improved Management

We firmly adhered to management with integrity and excellence-pursuing cultural traditions, and closely combined our automobile industry experience of over 20 years with the demand of current industry development as well as utilized up-to-date digital technology, so as to constantly achieve breakthroughs and innovations in management enhancement.

Channel Reforms: We continually promoted channel reforms which focused on customer and strived to build a new retail system of all channels in the field of vehicle sales and services. We also expanded the monotonic offline physical automobile sales and service outlets into channel outlets which consist of automobile related industrial chains such as automobile sales and services, pre-owned vehicles, automobile finance and automobile lifestyle commodities, so that our customers could enjoy comprehensive one-stop auto-life services. Meanwhile, the front end of our channel efficiently captured customer demand through digital precise marketing, and the middle and back end provided consumers with a transparent and real-time trading experience and service monitoring mechanism through online and offline integration.

Industry Convergence: Relying on our current competitive edge in the automobile industry, on one hand, we rapidly expanded and strengthened our automobile services business while maintaining a rapid growth of our vehicle services business as we provided sales and service enterprises and end-customers with competitive finance products along the automobile industrial chain so as to create a leading domestic automobile finance services brand. On the other hand, through a differentiated positioning of the pre-owned vehicle's sourcing and retail model, we aim to become a leading domestic pre-owned vehicle retail service brand. We relied on the platform of channel enterprises and strive to achieve full life cycle coverage of vehicle products focused on vehicle consumers through multi-dimensional deep integration and customization in the areas of whole vehicle procurement, financial product design, sales and services, and pre-owned vehicle repurchase.

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

Organization Optimization: We continuously strengthened our efforts in the introduction of external talents and enhanced the cultivation of internal talents to satisfy business management needs of our Company resulting from our industrial chain expansion. We also satisfied the young characteristics and consumption trend of our customer base through echelon building of our young talents. Meanwhile, we combined industrial scale advantages and diversified characteristics of the Group, sub-brand division or regional management mode according to circumstances. With the coordination of remuneration and performance management and capital management, we reduced operation costs and improved management efficiency. On the basis of the aforesaid, we developed an organization form and response mechanism where enterprise and group management serves as our anchor and we present ourselves as the forerunner of a top-tier service team.

Digital Management: With rapid advancement in information and Internet technology, as a traditional automobile dealership group, we have initiated thorough improvement in the management of our industrial entities by digitalized means, constructed our clear digital management mode through consolidating customer, business and financial data by utilizing the data center, realized agile operation of businesses leveraging on the flexible allocation of resources and control, thus eventually promoting the transformation and upgrading of businesses by constant innovations driven by data.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

		Six months ended June 30,	
	NOTES	**2018**	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**24,919,684**	22,170,757
Cost of sales and services		**(22,333,932)**	(19,913,990)
Gross profit		**2,585,752**	2,256,767
Other income and other gains and losses	*4*	**476,316**	415,168
Distribution and selling expenses		**(1,147,771)**	(1,012,274)
Administrative expenses		**(613,795)**	(531,184)
Profit from operations		**1,300,502**	1,128,477
Finance costs		**(312,389)**	(238,338)
Share of profits of joint ventures		**3,010**	4,948
Share of profits of associates		**21,327**	19,533
Profit before tax	*5*	**1,012,450**	914,620
Income tax expense	*6*	**(242,280)**	(216,342)
Profit for the period		**770,170**	698,278
Profit for the period attributable to:			
Owners of the Company		**723,372**	652,017
Non-controlling interests		**46,798**	46,261
		770,170	698,278
Earnings per share – basic	*8*	**RMB0.39**	RMB0.43
Earnings per share – diluted	*8*	**RMB0.39**	RMB0.41

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018

		Six months ended June 30,	
	NOTES	**2018**	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit for the period		**770,170**	698,278
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(6,668)**	–
Total comprehensive income for the period		**763,502**	698,278
Total comprehensive income for the period attributable to:			
Owners of the Company		**716,704**	652,017
Non-controlling interests		**46,798**	46,261
		763,502	698,278

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018

	NOTES	**June 30, 2018** *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**4,990,822**	4,729,155
Prepaid land lease payments		**1,126,444**	1,111,600
Goodwill		**908,484**	903,791
Intangible assets		**1,525,236**	1,526,558
Deposits paid for acquisition of property, plant and equipment		**97,042**	91,514
Deposits paid for acquisition of land use rights		**62,634**	85,610
Deposits paid for acquisition of a subsidiary		**-**	3,000
Available-for-sale investments		**-**	250,429
Equity instruments at – FVTOCI		**17,820**	–
Financial assets at fair value through profit or loss ("**FVTPL**")		**363,672**	–
Interests in joint ventures		**95,255**	101,628
Interests in associates		**416,859**	391,032
Finance lease receivables	*9*	**1,599,549**	1,337,893
Loan receivables	*10*	**180,868**	132,522
Amounts due from a related party		**31,435**	31,435
Deferred tax assets		**169,629**	139,434
Other assets	*12*	**30,000**	30,000
		11,615,749	10,865,601
Current assets			
Prepaid land lease payments		**34,564**	34,354
Inventories	*11*	**7,141,766**	6,111,751
Finance lease receivables	*9*	**1,669,007**	1,657,715
Loan receivables	*10*	**393,430**	735,260
Trade and other receivables	*12*	**5,187,948**	4,807,162
Amounts due from related parties		**182,582**	189,008
Cash in transit		**208,247**	211,096
Pledged bank deposits		**1,213,808**	1,597,166
Bank balances and cash		**1,961,650**	1,717,675
		17,993,002	17,061,187

	NOTES	June 30, 2018 RMB'000 (Unaudited)	December 31, 2017 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*13*	**4,987,820**	6,710,155
Amounts due to related parties		**415,314**	6,610
Income tax liabilities		**454,415**	357,478
Borrowings		**8,232,509**	6,596,271
Advances and deposits from customers		**1,222,845**	–
Super short-term commercial papers	*14*	**1,498,991**	2,598,926
		16,811,894	16,269,440
Net current assets		**1,181,108**	791,747
Total asset less current liabilities		**12,796,857**	11,657,348
Non-current liabilities			
Borrowings		**1,339,634**	416,572
Corporate bonds	*15*	**1,993,422**	1,992,394
Other liabilities	*13*	**147,679**	126,393
Deferred tax liabilities		**335,333**	340,555
		3,816,068	2,875,914
Net assets		**8,980,789**	8,781,434
Capital and reserves			
Share capital		**15,055**	15,033
Reserves		**8,470,671**	8,273,278
Equity attributable to owners of the Company		**8,485,726**	8,288,311
Non-controlling interests		**495,063**	493,123
Total equity		**8,980,789**	8,781,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile rental services, provision of proprietary finance business, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied for the first time, the following new amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2018 for the preparation of the Group's condensed consolidated financial statements:

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

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

3. REVENUE FROM GOODS AND SERVICES

3A. Disaggregation of revenue under IFRS 15

	For the six months ended June 30, 2018 Total Revenue *RMB'000* (Unaudited)
Types of Goods or Services	
Sale of passenger vehicles:	
– Luxury and ultra-luxury brands *(note a)*	16,864,231
– Mid- to high-end brands *(note b)*	3,926,699
	20,790,930
Services	
– After-sales services	3,699,781
Total	24,490,711
Geographical markets	
Mainland China	24,490,711

Notes:

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

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

3B. Segment Information

The following is an analysis of the Group's revenue and results by reportable segments reported to the board of directors, the Group's chief operating decision maker, for allocating resources and assessing performance:

For the six months ended June 30, 2018

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

For the six months ended June 30, 2017

	Passenger vehicle sales and services *RMB'000* (Unaudited)	Automobile rental services *RMB'000* (Unaudited)	Proprietary finance business *RMB'000* (Unaudited) *(note d)*	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
External revenue	21,900,338	185,083	85,336	–	22,170,757
Inter-segment revenue	69,283	–	29,586	(98,869)	–
Segment revenue *(note a)*	21,969,621	185,083	114,922	(98,869)	22,170,757
Segment cost *(note b)*	19,819,164	138,888	29,614	(73,676)	19,913,990
Segment gross profit	2,150,457	46,195	85,308	(25,193)	2,256,767
Service income	391,334	–	–	(5,733)	385,601
Segment result	2,541,791	46,195	85,308	(30,926)	2,642,368
Other income and other gains and losses *(note c)*					29,567
Distribution and selling expenses					(1,012,274)
Administrative expenses					(531,184)
Finance costs					(238,338)
Share of profits of joint ventures					4,948
Share of profits of associates					19,533
Profit before tax					914,620

Notes:

a. The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2018 was approximately RMB24,576,237,000 (for the six months ended June 30, 2017: RMB21,969,621,000) which included the sales of passenger vehicles amounting to approximately RMB20,876,456,000 (for the six months ended June 30, 2017: RMB18,899,901,000) and the after-sales services income amounting to approximately RMB3,699,781,000 (for the six months ended June 30, 2017: RMB3,069,720,000).

b. The segment cost of passenger vehicles sales and services for the six months ended June 30, 2018 was approximately RMB22,225,571,000 (for the six months ended June 30, 2017: RMB19,819,164,000) which included the cost of sales of passenger vehicles amounting to approximately RMB20,242,884,000 (for the six months ended June 30, 2017: RMB18,184,718,000) and the cost of after-sales services amounting to approximately RMB1,982,687,000 (for the six months ended June 30, 2017: RMB1,634,446,000).

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

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

The accounting policies of the operating segments are 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, distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the board of directors.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income comprises:		
Service income *(note a)*	**451,054**	385,601
Government grants *(note b)*	**6,135**	18,162
Interest income on bank deposits	**8,853**	10,170
Interest income from a related party	**1,728**	–
Others	**1,152**	846
	468,922	414,779
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	**5,283**	8,917
Gain on fair value change of financial assets at FVTPL	**1,448**	–
Impairment loss on available-for-sale investments	**–**	(1,285)
Impairment loss of loan receivables	**(178)**	(1,105)
Impairment loss of finance lease receivables	**(305)**	(1,001)
Others	**1,146**	(5,137)
	7,394	389
Total	**476,316**	415,168

Notes:

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

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

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**241,120**	227,767
Release of prepaid land lease payments	**16,162**	16,336
Amortization of intangible assets	**20,331**	11,431
Share-based payment expenses	**8,696**	3,890
Gain on fair value change of financial assets at FVTPL	**(1,448)**	–
Impairment loss on available-for-sale investments	**–**	1,285
Impairment loss of finance lease receivables	**305**	1,001
Impairment loss of loan receivables	**178**	1,105

6. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**272,111**	224,793
Under provision of PRC EIT in prior years	**1,967**	975
	274,078	225,768
Deferred tax		
Current period	**(31,798)**	(9,426)
	242,280	216,342

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

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

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

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

7. DIVIDENDS

During the current interim period, a final dividend of HK$0.336 (equivalent to RMB0.27) per share in respect of the year ended December 31, 2017 (2016: RMB0.17 per share) was declared and paid out of share premium to the owners of the Company in Hong Kong dollars (the "**HK$**"). The aggregate amount of the 2017 final dividend declared and paid in the interim period amounted to approximately RMB520,425,000 (for the six months ended June 30, 2017: RMB276,222,000).

The board of directors of the Company has determined that no dividend will be paid in respect of the interim period for the six months ended June 30, 2018 (for the six months ended June 30, 2017: nil).

8. EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**723,372**	652,017
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**–**	33,531
Earnings for the purpose of diluted earnings per share	**723,372**	685,548
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,835,613**	1,522,311
Effect of dilutive potential ordinary shares:		
Share options	**9,794**	11,504
Convertible bonds	**–**	158,455
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,845,407**	1,692,270

9. FINANCE LEASE RECEIVABLES

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

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Analysed as:		
Current	**1,669,007**	1,657,715
Non-current	**1,599,549**	1,337,893
	3,268,556	2,995,608

	Minimum lease payments		Present value of minimum lease payments	
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance lease receivables comprise:				
Within one year	**1,875,054**	1,839,684	**1,669,007**	1,657,715
In more than one year but not more than two years	**1,283,687**	879,674	**1,106,235**	786,456
In more than two years but not more than five years	**671,126**	615,278	**500,423**	558,241
	3,829,867	3,334,636	**3,275,665**	3,002,412
Less: unearned finance income	**(554,202)**	(332,224)	**N/A**	N/A
Less: allowance for impairment loss	**(7,109)**	(6,804)	**(7,109)**	(6,804)
Present value of minimum lease payment receivables	**3,268,556**	2,995,608	**3,268,556**	2,995,608

As at June 30, 2018, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB147,679,000 (2017: RMB126,393,000) and RMB178,704,000 (2017: RMB204,586,000) were recognized as – other non-current liabilities and current liabilities, respectively.

10. LOAN RECEIVABLES

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guaranteed but unsecured loans	**266,340**	365,317
Collateralised but unguaranteed loans	**312,560**	506,889
Gross loan receivables	**578,900**	872,206
Less: Allowances for impairment losses		
– Collectively assessed	**(4,602)**	(4,424)
Net loan receivables	**574,298**	867,782
Analysed as:		
Current	**393,430**	735,260
Non-current	**180,868**	132,522
	574,298	867,782

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

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

	June 30, 2018 *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Fixed-rate loan receivables:		
Within one year	**393,430**	735,260
In more than one year but not more than two years	**114,189**	84,768
In more than two years but not more than three years	**66,679**	47,754
	574,298	867,782

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

11. INVENTORIES

	June 30, 2018 *RMB'000* **(Unaudited)**	December 31, 2017 *RMB'000* (Audited)
Motor vehicles	**6,512,160**	5,509,866
Spare parts and accessories	**629,606**	601,885
	7,141,766	6,111,751

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.

	June 30, 2018 *RMB'000* (Unaudited)	December 31, 2017 *RMB'000* (Audited)
Current		
Trade receivables	**1,124,831**	678,968
Bill receivables	**46**	1,288
	1,124,877	680,256
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**1,373,858**	1,267,519
Deposits to entities controlled by suppliers for borrowings	**206,567**	192,299
Prepayments and deposits for rental of properties	**78,745**	38,025
Rebate receivables from suppliers	**1,479,849**	1,756,629
Insurance commission receivables	**155,528**	116,533
Staff advances	**39,462**	7,075
Value-Added Tax recoverable	**489,707**	459,270
Advances to non-controlling shareholders of subsidiaries *(note a)*	**36,434**	43,784
Receivables on disposal of a subsidiary	**6,420**	6,420
Others	**202,921**	245,772
Less: allowance for doubtful debts	**(6,420)**	(6,420)
	4,063,071	4,126,906
	5,187,948	4,807,162
Non-current		
Other assets		
Advances to non-controlling shareholders of subsidiaries *(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%, which was payable upon the maturity with a credit term of 5 years.

Bill receivables held by the Group as at June 30, 2018 will mature within 3 months.

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

	June 30, 2018 *RMB'000* (Unaudited)	December 31, 2017 *RMB'000* (Audited)
0 to 90 days	**1,124,877**	680,256

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

Movement in the allowance for doubtful debts

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
January 1	**(6,420)**	(6,420)
June 30	**(6,420)**	(6,420)

13. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Trade payables	**515,414**	404,143
Bills payables	**3,614,789**	3,942,504
	4,130,203	4,346,647
Other payables		
Other tax payables	**94,176**	127,215
Advances and deposits from customers	**–**	1,282,068
Payables for acquisition of property, plant and equipment	**54,418**	82,024
Payable for acquisition of land use right	**25,054**	25,104
Rental payables	**25,872**	21,644
Salary and welfare payables	**39,994**	76,900
Accrued interest	**86,941**	115,915
Other accrued expenses	**35,371**	17,207
Transaction costs payable for issue of medium-term note	**626**	626
Consideration payable for acquisition of subsidiaries	**50,754**	116,227
Advance from non-controlling shareholders of subsidiaries *(note)*	**108,933**	106,111
Advances from former shareholders of acquired subsidiaries	**–**	35,627
Deposits received from customers under finance leases *(Note 9)*	**178,704**	204,586
Others	**156,774**	152,254
	857,617	2,363,508
	4,987,820	6,710,155
Non-current		
Other liabilities		
Deposits received from customers under finance leases *(Note 9)*	**147,679**	126,393

Note: The balances are unsecured, interest-free and repayable on demand.

Prepayments and deposits are in general required to be paid to suppliers before making purchases. The Group's trade payables mainly relate to the 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 payable primarily relates to the Group's use of bank acceptance notes with a credit period of one to six months to finance its purchase of passenger vehicles.

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

	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 180 days	**4,130,203**	4,346,647

14. SUPER SHORT-TERM COMMERCIAL PAPERS

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

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

The Group paid transaction costs of approximately RMB1,888,000 during the six months ended June 30, 2018 (during the six months ended June 30, 2017: RMB5,639,000).

Movement of the super short-term commercial papers during the six months ended June 30, 2018 was as follows:

	RMB'000
At January 1, 2018	2,598,926
Issued on February 8, 2018	500,000
Issued on April 10, 2018	500,000
Issued on June 28, 2018	500,000
Less: repayment of the 2017 super short-term commercial papers	(2,600,000)
Less: payment of transaction costs in relation to issuance	(1,888)
Add: interest expenses - amortization of transaction costs	1,953
At June 30, 2018	1,498,991

During the six months ended June 30, 2018, interest expenses of approximately RMB39,432,000 (during the six months ended June 30, 2017: RMB14,955,000) was recognized. As at June 30, 2018, unpaid interest expenses of approximately RMB21,862,000 was accrued in other payables (2017: RMB85,214,000).

15. CORPORATE BONDS

On October 12, 2016, Shanghai Yongda Investment has 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 issue.

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

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

Movement of the First Tranche Corporate Bonds during the period ended June 30, 2018 was as follows:

	RMB'000
At January 1, 2018	1,992,394
Add: interest expenses - amortization of transaction costs	1,028
At June 30, 2018	1,993,422

During the period ended June 30, 2018, interest expenses of approximately RMB39,000,000 (during the six months ended June 30, 2017: RMB39,650,000) was recognized. As at June 30, 2018, unpaid interest expenses of approximately RMB52,433,000 was accrued in other payables (2017: RMB13,433,000).

FINANCIAL REVIEW

Revenue

Revenue was RMB24,919.7 million for the six months ended June 30, 2018, a 12.4% increase from RMB22,170.8 million for the six months ended June 30, 2017, which was primarily due to the growth of sales of luxury and ultra-luxury passenger vehicles and after-sales services. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the six months ended June 30,					
	2018			2017		
	Amount *(RMB'000)*	**Sales Volume** *(Units)*	**Average Selling Price** *(RMB'000)*	Amount *(RMB'000)*	Sales Volume *(Units)*	Average Selling Price *(RMB'000)*
Passenger Vehicle Sales						
Luxury and ultra-luxury brands	**16,906,044**	**49,082**	**344**	15,058,591	42,944	351
Mid- to high-end brands	**3,970,412**	**31,295**	**127**	3,841,310	29,639	130
Subtotal	**20,876,456**	**80,377**	**260**	18,899,901	72,583	260
After-sales services	**3,699,781**	**–**	**–**	3,069,720	–	–
Automobile rental services	**190,511**	**–**	**–**	185,083	–	–
Proprietary finance business	**245,488**	**–**	**–**	114,922	–	–
Less: inter-segment eliminations	**(92,552)**	**–**	**–**	(98,869)	–	–
Total	**24,919,684**	**–**	**–**	22,170,757	–	–

The sales volume of passenger vehicles of the passenger vehicle sales and services segment was 80,377 units for the six months ended June 30, 2018, a 10.7% increase from 72,583 units for the six months ended June 30, 2017, among which the sales volume of luxury and ultra-luxury brand passenger vehicles for the six months ended June 30, 2018 was 49,082 units, a 14.3% increase from 42,944 units for the six months ended June 30, 2017.

Revenue of sales of passenger vehicles from the passenger vehicle sales and services segment was RMB20,876.5 million for the six months ended June 30, 2018, a 10.5% increase from RMB18,899.9 million for the six months ended June 30, 2017, among which the revenue from luxury and ultra-luxury brand passenger vehicle sales was RMB16,906.0 million for the six months ended June 30, 2018, a 12.3% increase from RMB15,058.6 million for the six months ended June 30, 2017.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB3,699.8 million for the six months ended June 30, 2018, a 20.5% increase from RMB3,069.7 million for the six months ended June 30, 2017.

Revenue from the automobile rental services segment was RMB190.5 million for the six months ended June 30, 2018, a 2.9% increase from RMB185.1 million for the six months ended June 30, 2017.

Revenue from the proprietary finance business segment was RMB245.5 million for the six months ended June 30, 2018, a 113.6% increase from RMB114.9 million for the six months ended June 30, 2017.

Cost of Sales and Services

Cost of sales and services was RMB22,333.9 million for the six months ended June 30, 2018, a 12.2% increase from RMB19,914.0 million for the six months ended June 30, 2017, which was generally in line with the growth of our revenue.

Cost of sales for sales of passenger vehicles of the passenger vehicle sales and services segment was RMB20,242.9 million for the six months ended June 30, 2018, a 11.3% increase from RMB18,184.7 million for the six months ended June 30, 2017, which was a higher growth than the growth in our revenue from passenger vehicle sales.

Cost of after-sales services from the passenger vehicle sales and services segment was RMB1,982.7 million for the six months ended June 30, 2018, a 21.3% increase from RMB1,634.4 million for the six months ended June 30, 2017, which was generally in line with the growth in our revenue from after-sales services.

Cost of services for the automobile rental services segment was RMB140.8 million for the six months ended June 30, 2018, a 1.4% increase from RMB138.9 million for the six months ended June 30, 2017, which was a slightly lower than the growth in our revenue from automobile rental services.

Cost of services for the proprietary finance business segment was RMB82.4 million for the six months ended June 30, 2018, a 178.1% increase from RMB29.6 million for the six months ended June 30, 2017, which was higher than the growth in our revenue from the proprietary finance business segment.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB2,585.8 million for the six months ended June 30, 2018, a 14.6% increase from RMB2,256.8 million for the six months ended June 30, 2017. Gross profit margin increased to 10.38% for the six months ended June 30, 2018 from 10.18% for the six months ended June 30, 2017.

Gross profit of sales from the sales of passenger vehicles of the passenger vehicle sales and services segment was RMB633.6 million for the six months ended June 30, 2018, a 11.4% decrease from RMB715.2 million for the six months ended June 30, 2017. Gross profit margin for passenger vehicle sales decreased to 3.03% for the six months ended June 30, 2018 from 3.78% for the six months ended June 30, 2017.

Gross profit of after-sales services from the passenger vehicle sales and services segment was RMB1,717.1 million for the six months ended June 30, 2018, a 19.6% increase from RMB1,435.3 million for the six months ended June 30, 2017. Gross profit margin for after-sales services was 46.41% for the six months ended June 30, 2018, which was generally in line with that of 46.76% for the six months ended June 30, 2017.

Gross profit from the automobile rental services segment was RMB49.7 million for the six months ended June 30, 2018, a 7.5% increase from RMB46.2 million for the six months ended June 30, 2017. For the six months ended June 30, 2018, gross profit margin for automobile rental services increased to 26.07% from 24.96% for the six months ended June 30, 2017.

Gross profit from the proprietary finance business segment for the six months ended June 30, 2018 was RMB163.1 million, a 91.2% increase from RMB85.3 million for the six months ended June 30, 2017. Gross profit margin for proprietary finance business segment was 66.45% for the six months ended June 30, 2018, a decrease from 74.23% for the six months ended June 30, 2017, mainly due to the increase in gearing ratio of the proprietary finance business.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB476.3 million for the six months ended June 30, 2018, a 14.7% increase from RMB415.2 million for the six months ended June 30, 2017. The increase was primarily due to the fact that revenue of our after-market finance and insurance agency related services of the passenger vehicle sales and services segment amounted to RMB467.0 million for the six months ended June 30, 2018, a 19.3% increase from RMB391.3 million for the six months ended June 30, 2017.

Distribution and Selling Expenses

Distribution and selling expenses were RMB1,147.8 million for the six months ended June 30, 2018, a 13.4% increase from RMB1,012.3 million for the six months ended June 30, 2017, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, the percentage of our distribution and selling expenses increased slightly from 4.57% for the six months ended June 30, 2017 to 4.61% for the six months ended June 30, 2018.

Administrative Expenses

Administrative expenses were RMB613.8 million for the six months ended June 30, 2018, a 15.6% increase from RMB531.2 million for the six months ended June 30, 2017, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, the percentage of our administrative expenses slightly increased from 2.40% for the six months ended June 30, 2017 to 2.46% for the six months ended June 30, 2018.

Finance Costs

Finance costs were RMB312.4 million for the six months ended June 30, 2018, a 31.1% increase from RMB238.3 million for the six months ended June 30, 2017, which was primarily due to the increased average balance of financing as a result of the expansion in sales and services network and business scale, as well as the rise in average finance rate. As a percentage of revenue, the percentage of our financial costs increased from 1.08% for the six months ended June 30, 2017 to 1.25% for the six months ended June 30, 2018.

Profit before Tax

As a result of the foregoing, profit before tax was RMB1,012.5 million for the six months ended June 30, 2018, a 10.7% increase from RMB914.6 million for the six months ended June 30, 2017.

Income Tax Expenses

Income tax expenses were RMB242.3 million for the six months ended June 30, 2018, a 12.0% increase from RMB216.3 million for the six months ended June 30, 2017. Our effective income tax rate was 23.9% for the six months ended June 30, 2018, which was generally in line with that of 23.7% for the six months ended June 30, 2017.

Profit

As a result of the foregoing, profit was RMB770.2 million for the six months ended June 30, 2018, a 10.3% increase from RMB698.3 million for the six months ended June 30, 2017.

Profit Attributable to the Owners of the Company

As a result of the foregoing, profit attributable to the owners of the Company was RMB723.4 million for the six months ended June 30, 2018, a 10.9% increase from RMB652.0 million for the six months ended June 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, 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.

For the six months ended June 30, 2018, our net cash from operating activities was RMB461.3 million, of which the net cash generated from operating activities of automobile sales and services business was RMB445.8 million, and the net cash generated from operating activities of proprietary finance business was RMB15.5 million. For the six months ended June 30, 2017, our net cash used in operating activities was RMB1,538.1 million, of which the net cash used in operating activities of automobile sales and services business was RMB18.3 million, and the net cash used in operating activities of proprietary finance business was RMB1,519.8 million. Compared to the same period in 2017, our net cash generated from operating activities of automobile sales and services business increased by RMB464.1 million, and the net cash generated from operating activities of proprietary finance business increased by RMB1,535.3 million.

For the six months ended June 30, 2018, our net cash used in investment activities was RMB755.7 million, which mainly included the amounts for purchase of property, plant and equipment, land use rights and intangible assets of RMB819.7 million and the amount for acquisition of subsidiaries of RMB72.8 million, which was partially offset by the proceeds from the disposal of property, plant and equipment of RMB238.8 million. For the six months ended June 30, 2017, our net cash used in investing activities was RMB903.1 million.

For the six months ended June 30, 2018, our net cash generated from financing activities was RMB538.3 million, which mainly included the proceeds from bank loans and other borrowings of RMB16,092.2 million and the proceeds from the issuance of super short-term commercial papers of RMB1,500.0 million, which was partially offset by the repayment of bank loans and other borrowings of RMB13,532.9 million, the repayment of super short-term commercial papers of RMB2,600.0 million, the payment of interest of RMB338.4 million and the payment of dividends of RMB520.4 million. For the six months ended June 30, 2017, our net cash generated from financing activities was RMB1,860.7 million.

Inventories

Our inventories mainly include passenger vehicles and spare parts.

Our inventories were RMB7,141.8 million as of June 30, 2018, a 18.6% increase from RMB6,020.5 million as of June 30, 2017. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Average inventory turnover days[1]	**54.2**	47.4

Note:

(1) The average inventory turnover days is the average of opening and closing inventories balances divided by the cost of sales and services for that period and multiplied by 365 days and then divided by 2.

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, 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. For the six months ended June 30, 2018, our total capital expenditures were RMB653.7 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the six months ended June 30, 2018 *(in RMB millions)*
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease purposes)	482.4
Expenditures on purchase of property, plant and equipment – primarily used for establishing new automobile sales and service outlets	313.0
Expenditures on purchase of land use rights	5.3
Expenditures on purchase of intangible assets (vehicle licence plates)	19.0
Expenditures on acquisition of subsidiaries	72.8
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for operating lease purposes)	(238.8)
Total	653.7

Borrowings and Bonds

We obtained borrowings consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufactures and issued bonds to fund our working capital and network expansion demand. As of June 30, 2018, the outstanding amount of our borrowings and bonds amounted to RMB13,064.6 million, a 12.6% increase from RMB11,604.2 million as of December 31, 2017. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2018:

	As of June 30, 2018 *(in RMB millions)*
Within one year	9,731.5
One to two years	3,307.1
Two to five years	26.0
Total	13,064.6

As of June 30, 2018, our gearing ratio (being total liabilities divided by total assets) was 69.7% (as of June 30, 2017: 71.9%).

As of June 30, 2018, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2018 consisted of (i) inventories of RMB1,555.5 million; (ii) property, plant and equipment of RMB198.6 million; (iii) land use rights of RMB133.5 million; and (iv) equity interests of the subsidiaries of RMB764.0 million.

Contingent Liabilities

As of June 30, 2018, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were variable-rate borrowings. 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 do not currently use any 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. We believe our operations currently are not subject to any significant direct foreign exchange risk. We do not currently use any derivative financial instruments to hedge our exposure to foreign exchange risk.

FUTURE OUTLOOK AND STRATEGIES

In the first half of 2018, the passenger vehicles market in China maintained a sustainable growth. Tariff adjustment policy on imported automobiles, spare parts and accessories since July 2018 will accelerate the integration of domestic automobile industry and is expected to further speed up the development of luxury brands. Meanwhile, under the guidance of environmental policy, new energy vehicles will also usher in a historical opportunity period.

We will firmly uphold our position as a dealership group of luxury automobiles and continue to develop the business of the sales and services of luxury and ultra-luxury automobiles brands. In recent years, there have been update cycles of major luxury brands, such as BMW, Porsche and Audi. Jaguar and Land Rover, Volvo, Cadillac and Lincoln, which are in the second echelon of luxury brands, also recorded fast growth of sales. Therefore, the market share of luxury brand vehicles continued to increase, which will promote the sustainable growth of our business. Meanwhile, we also focus on the high-speed growth of new energy vehicle industry, so we established a professional team and technical reserves and actively cooperated with the current global major brand vehicle manufacturers and the emerging Internet vehicle enterprises to explore market share in the sales and services business of new energy vehicles.

We will be committed to upgrading the scale and capability of our national sales and services network. Apart from expanding the outlets of major luxury brands such as BMW, Porsche, Audi and increasing rapidly regional market share through merger and acquisition, as for existing outlets in operation, we will break through time and geographical limitations by various means, such as satellite service outlets establishment, “smart retail” model transformation and Internet technology application, to develop more diversified service carrying capacity of existing outlets.

With respect to our pre-owned vehicle business, we will actively push forward the nationwide network expansion of front-end light-asset physical chain outlets , namely "Yongda Pre-owned Vehicle Mall" through building the mid- and background system which have the integration of unified quotation, appraisal and certification, and focus on the pre-owned vehicles Internet E-commerce by using the Online-to-Offline (O2O) business model of the one-stop online mall to build our online exhibition and sales platform integrating direct selling, consignment, order matching and inventory financing.

With respect to our finance and insurance services business, with the principle of "stably developing our proprietary business while actively expanding our agency business", we will uphold asset quality and risk management as the primary basis for development, promote an innovative product strategy of industry-finance integration, adopt a sales model of integrated finance and insurance, implement a partnership program to push forward channel building, further invest in financial technology and continue to explore new finance development model in line with the development of automobile industry.

We noted that the travelling services demand of new generation of consumer groups is increasing, so we established a professional traveling service company with a professional team, and carried out relevant layout and exploitation of travelling service industry. Leveraging on our industrial experience in automobile rental industry and competitive edge of asset operation and management, we established a strategic cooperation with certain new energy vehicle brands relying on Internet platforms. We hope to achieve intelligent, compliant and effective operation of localized fleet of automobiles, satisfying the need for safe, convenient and comfortable travelling services.

We have been adhering to our strategic development concept of taking customers base as one of our most important assets, and realized refined management and standardised operation in automobile sales and services business through continuous in-depth digitalization, thus forming a new internally and externally integrated digital retail system by utilizing mega data smart applications and focusing on customer experience. In addition, we will continue to actively explore strategic cooperation with leading players in various fields and industries to jointly build an automobile industry ecosystem. On the basis of persistently strengthening and actively upgrading and transforming our existing businesses, we will consolidate the advantageous resources of social capital and enhance the strategic layout and development of emerging businesses, so as to ensure the increasing profitability and sustainable development as well as realizing a multi-win situation among our shareholders, employees, customers and the community.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has complied with the code provisions in the CG Code during the six months ended June 30, 2018.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2018.

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

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2018.

Audit and Compliance Committee

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2018. The Audit and Compliance Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2018 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Selection as a Constituent Stock of Certain Indexes of Hang Seng Indexes Company Limited

The Company has been selected as a constituent stock of Hang Seng Composite LargeCap & MidCap Index, Hang Seng Stock Connect Hong Kong Index and some other Indexes by Hang Seng Indexes Company Limited, with effect from September 10, 2018. For further details, please refer to the announcement of the Company dated August 14, 2018.

USE OF PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

The Company confirms that all of the net proceeds from the placing of existing shares and top-up subscription of new shares as disclosed in the announcements dated May 12, 2017 and May 22, 2017 respectively (the "**Placing**") in the amount of HK$879,847,000 million has been fully utilized as at December 31, 2017.

The Company further confirms the net proceeds from the Placing were used according to the intentions previously disclosed in the said announcements, that is, for (1) further expansion of its dealership network, mainly by way of acquisition or establishment of new 4S dealerships; (2) further expansion of the automobile financing business; and (3) general working capital, and there was no material change in the actual use of the net proceeds from the intended use.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2018 (for the six months ended June 30, 2017: nil) to the shareholders of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended June 30, 2018 will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

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

The PRC, August 28, 2018

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. Chen Xianglin and Ms. Zhu Anna Dezhen.