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中 升 集 團 控 股 有 限 公 司

Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 881)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Zhongsheng Group Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**" or "**we**") for the year ended 31 December 2018 (the "**Reporting Period**"), together with comparative figures for the year ended 31 December 2017 as follows:

GROUP FINANCIAL HIGHLIGHTS

- New automobile sales volume for the year of 2018 increased by 20.7% to 412,017 units as compared to the year of 2017;
- Total revenue for the year of 2018 increased by 24.9% to RMB107,735.7 million as compared to the year of 2017. Among which revenue from new car sales increased by 24.8% to RMB93,221.6 million while revenue from after-sales and accessories business increased by 25.2% to RMB14,514.0 million as compared to the year of 2017;
- Net income from value added services for the year of 2018 increased by 34.4% to RMB2,404.4 million as compared to the year of 2017;
- Profit attributable to owners of the parent for the year of 2018 was RMB3,636.6 million. However, the adjusted profit attributable to owners of the parent under Non-HKFRSs measures for the year of 2018 was RMB3,799.4 million, increased by 12.0% as compared to the year of 2017. Please refer to the section headed "Non-HKFRSs Measures — adjusted profit attributable to owners of the parent" for detail; and
- Earnings per share for the year of 2018 was RMB1.60 (corresponding period of 2017: RMB1.52). The proposed final dividend for the year of 2018 is HK$0.37 (approximately RMB0.32) per ordinary share, subject to the approval of the shareholders at the forthcoming annual general meeting.

MARKET REVIEW

In 2018, as affected by uncertainties such as geopolitical risks, Brexit and Federal Reserve monetary policy, the global economy was slackened with downward pressure. Against the backdrop of both complicated international and domestic environments, China's further deepening reform and opening-up has entered into its critical year. According to the information published by National Bureau of Statistics, for the first time, China's annual gross domestic product ("**GDP**") in 2018 had exceeded RMB9.0 trillion, registering another record high in terms of economic output, and ranked second in the world. The overall economic performance achieved a stable, solid and high-quality progress. In 2018, the number of new urban employment in China reached 13.61 million and has maintained at over 13 million for the sixth consecutive year. The added value of tertiary industry for the year accounted for 52.2% of GDP, contributing 76.2% to the economic development, which further demonstrated that consumption is the main driver of the economy.

As a global major car maker and seller, China has been the world's number one for nine consecutive years. In 2018, the national car production and sales volume dropped by 4.2% and 2.8% respectively as compared to the same period in 2017, which was resulted from multiple impacts such as macro-environment and policy. Total sales volume of the leading first and second-tier luxury brands still maintained a double-digit growth despite a decline in overall production and sales volume in 2018, among which the retail sales volume of Mercedes-Benz (including Smart and commercial vehicle) reached approximately 700,000 units, representing a year-on-year increase of 11%. The annual sales volume of BMW (including Mini) and Audi amounted to approximately 660,000 units and 659,000 units respectively, representing a year-on-year increase of 13.7% and 10%, respectively. By benefiting from the cut in automobile import tariffs, the 2018 sales volume of Lexus, our fully imported automobile brand, went beyond 160,000 units, representing a significant year-on-year increase of 21%. All of these reflected the strong demand brought by improved resident consumption capability. It is expected that the trend in consumption upgrading for automobile replacement will continue. At present, the sales volume of luxury brands accounted for approximately 12.5% of the overall sales volume of passenger vehicles, which is lower compared to matured markets. However, it will provide a tremendous development potential for the continuous growth in luxury brands. We believe that the product competitiveness of superior brands will continue to manifest in the future.

On 22 May 2018, the Tariff Policy Committee of the Chinese State Council announced the reduction of automobile import tariffs to 3%–15% from their original rates. China's initiative to lower the automobile import tariffs was to respond to the needs of further expansion in reform and opening-up, which will be beneficial to increasing imports and promoting the high-quality development of the automobile industry under a more open environment. Cutting down automobile import tariffs will further stimulate domestic demand to meet the needs of consumption upgrading, thereby bringing more vitality and dynamics to the economic development.

According to the 2018 National Automobile Ownership statistics released by Ministry of Public Security of China, there were 31.72 million newly registered motor vehicles nationwide in 2018. The national automobile ownership reached 240 million units, representing an increase of 22.85 million units, or 10.51%, over the same period in 2017. In terms of vehicle types, private cars (private small-to-mini-sized passenger vehicles) continued to grow rapidly. In 2018, non-automobile ownership reached 189 million units, representing an average increase of 19.52 million units over the past 5 years, constituting an important part of the automobile ownership growth.

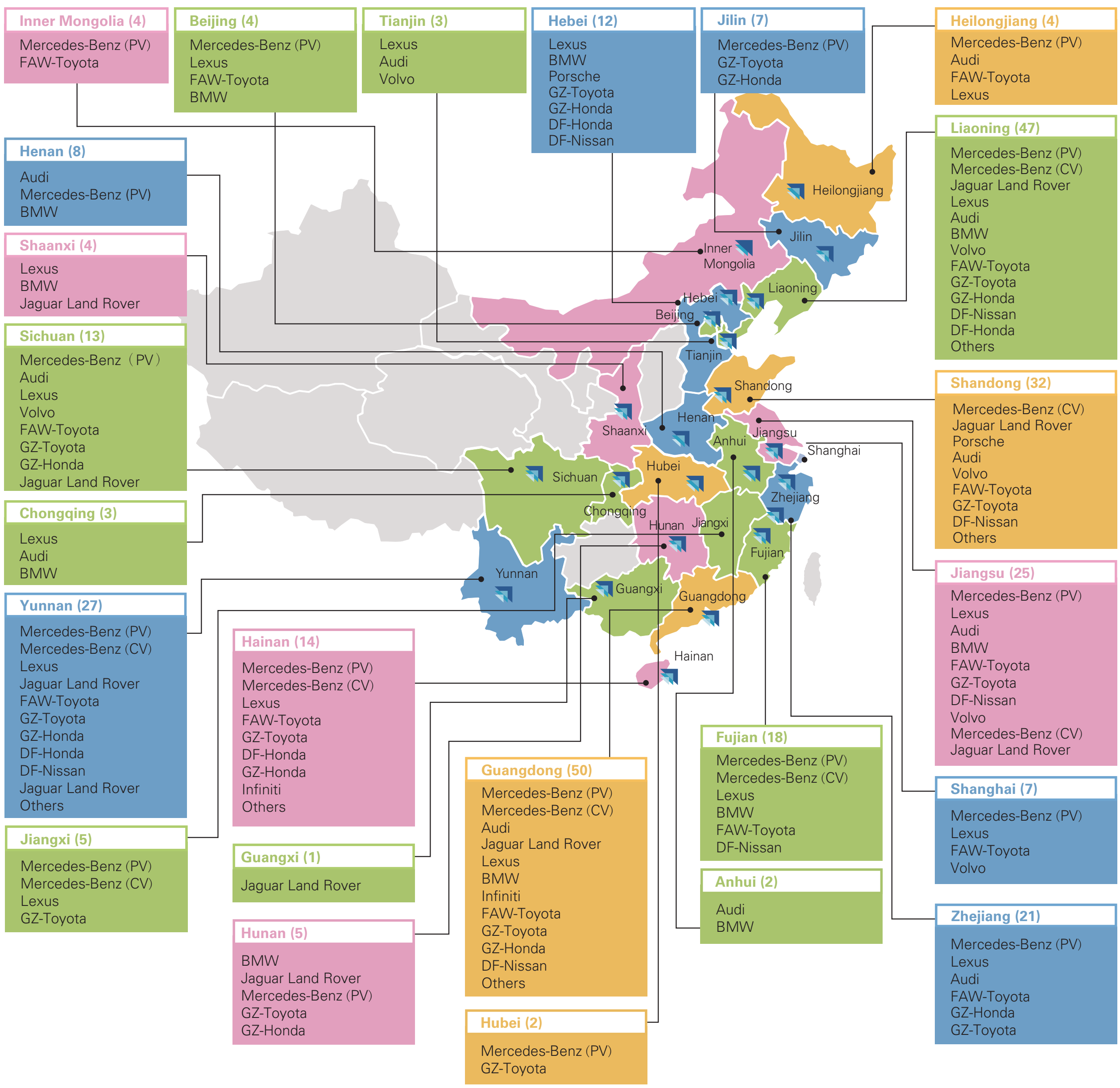
On the other hand, transactions in second-hand automobile market were flourishing. The statistics showed that the total transactions in second-hand automobile market nationwide reached 13.8219 million units in 2018, representing a year-on-year increase of 11.5%. The development of second-hand automobile market in China would further hit new highs if supported by better and faster industry policy introduction and implementation in the future.

BUSINESS REVIEW

Further push forward the portfolio strategy of "Brand plus Region" and improve network layout

By looking at the automobile ownership distribution in 2018, the number of automobile ownership in 61 cities had exceeded 1 million, with 27 cities having automobile ownership of over 2 million units. Among which, 8 cities including Beijing, Chengdu, Chongqing, Shanghai, Suzhou, Zhengzhou, Shenzhen and Xi'an exceeded over 3 million units, while Tianjin, Wuhan and Dongguan, nearly reached 3 million units.

The Group has always been adhering to the strategy of "Brand plus Region", strongly optimising its current brand portfolio, and continuing to expand new regions based on our enlarged inherent regional advantages at the same time. As of 31 December 2018, the total number of dealerships of the Group increased to 318, including 175 luxury brand dealerships and 143 mid-to-high-end brand dealerships, covering 24 provinces, municipalities and regions, and nearly 90 cities across China. The coverage of the Group's dealerships as of 31 December 2018 was as follows:



	Luxury brands	Mid-to-high-end brands	Total
Northeastern and Northern China regions	31	46	77
Eastern and Central China regions	63	31	94
Southern China region	46	36	82
Southwestern and Northwestern mainland regions	35	30	65
Total	175	143	318

Currently, the Group's brand portfolio covers luxury brands such as Mercedes-Benz, Lexus, Audi, BMW, Volvo, Jaguar Land Rover and Porsche, as well as mid-to-high-end brands such as Toyota, Nissan and Honda.

Continuous development in various businesses with stable increase in profitability

Leveraging on our favorable brand portfolio and regional distribution, in 2018, the Group achieved new automobile sales volume of 412,017 units, representing a year-on-year increase of 20.7%. Among which, luxury brand sales volume achieved 192,557 units, accounting for 46.7% of the Group's total sales volume, representing a further increase over the same period in 2017 and the continuous upgrade of its product structure. The annual revenue from new automobile sales amounted to RMB93,221.6 million, representing a year-on-year increase of 24.8%.

The development of the automotive after-sales market is closely related to the growth of automobile ownership, in which the rapid growth of ownership will spur the fast development of the automotive after-sales market in China. With the outburst of automotive after-sales market, automobile users are becoming more and more mature, and the tendency of increasing professionalism and branding in automotive after-sales market is becoming more apparent, so as to satisfy the personal, exquisite and differentiated needs of customers. In 2018, revenue from after-sales and accessories business of the Group reached RMB14,514.0 million, representing a year-on-year increase of 25.2% and accounted for 13.5% of the Group's total revenue.

In 2018, the Group continued its growth in the value-added service sector including car insurance, car finance and second-hand automobiles, and achieved an income from value added service of RMB2,404.4 million for the year, representing a year-on-year increase of 34.4%. The trade volume of second-hand automobiles reached 54,924 units during the year, representing a year-on-year increase of 42.7%. In the fourth quarter of 2018, our financial penetration of new car sales had exceeded 50%, which demonstrated an enormous development potential in the future.

FUTURE STRATEGIES AND OUTLOOK

Despite a decline in national automobile sales volume in 2018 and the fact that the market has encountered various challenges and difficulties, China's population, economic scale and resident income will, however, maintain their growth and urbanization would continue to speed up in the medium-to-long term. The automobile ownership ratio is around 170 units per 1,000 people at present, which is still far below developed countries. Therefore, total automobile consumption volume and scale still have tremendous potential for improvement since rigid demands from customers still exist. In the future, the competence of industry participants will be challenged, focusing not only their production capacity and volume, but the inclination to the integration of technologies and services as well as more intensive management and effective operation.

The Group will uphold the people-oriented and customer-first principles, and enhance cooperation with industry chain participants to continuously improve customer satisfaction as our goal, strengthen operation and management efficiency and per capita effectiveness, propel refined management and improve distribution networks. Moreover, we will be market-oriented to consider the tremendous development potential of the after-sales market in a bid to maintain the long-term development potentials and competitive edges of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

The following table sets forth our consolidated statement of profit or loss for the years indicated:

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	4	**107,735,655**	86,290,288
Cost of sales and services provided	5	**(97,812,525)**	(77,606,286)
Gross profit		**9,923,130**	8,684,002
Other income and gains, net	4	**2,561,221**	1,842,863
Selling and distribution expenses		**(4,310,827)**	(3,294,302)
Administrative expenses		**(1,745,100)**	(1,347,069)
Profit from operations		**6,428,424**	5,885,494
Finance costs		**(1,230,522)**	(1,076,712)
Share of profits of joint ventures		**2,856**	4,595
Profit before tax	5	**5,200,758**	4,813,377
Income tax expense	6	**(1,505,440)**	(1,337,523)
Profit for the year		**3,695,318**	3,475,854
Attributable to:			
Owners of the parent		**3,636,636**	3,350,413
Non-controlling interests		**58,682**	125,441
		3,695,318	3,475,854
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For profit for the year (RMB)	7	**1.60**	1.52
Diluted			
— For profit for the year (RMB)	7	**1.56**	1.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

The following table sets forth our consolidated statement of comprehensive income for the years indicated:

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**3,695,318**	3,475,854
Other comprehensive (loss)/income		
Exchange differences on translation of foreign operations	**(362,630)**	309,921
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(362,630)**	309,921
Other comprehensive (loss)/income for the year, net of tax	**(362,630)**	309,921
Total comprehensive income for the year	**3,332,688**	3,785,775
Attributable to:		
Owners of the parent	**3,274,006**	3,660,334
Non-controlling interests	**58,682**	125,441
	3,332,688	3,785,775

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

The following table sets forth our consolidated statement of financial position as at the dates indicated:

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**11,506,929**	10,055,748
Land use rights		**2,977,418**	2,495,923
Prepayments		**1,013,004**	984,591
Intangible assets		**6,330,872**	5,737,441
Goodwill		**4,563,686**	3,940,056
Investments in joint ventures		**45,470**	42,614
Deferred tax assets		**269,297**	278,923
Total non-current assets		**26,706,676**	23,535,296
CURRENT ASSETS			
Inventories	*8*	**10,980,498**	7,509,806
Trade receivables	*9*	**1,341,740**	1,082,746
Prepayments, other receivables and other assets		**10,110,948**	8,644,378
Amounts due from related parties		**850**	555
Available-for-sale investments		**—**	19,100
Financial assets at fair value through profit or loss		**141,190**	—
Pledged bank deposits		**1,312,577**	1,405,646
Cash in transit		**431,044**	356,063
Cash and cash equivalents		**6,142,664**	5,027,202
Total current assets		**30,461,511**	24,045,496
CURRENT LIABILITIES			
Bank loans and other borrowings		**17,072,705**	16,828,479
Convertible bonds, current portion		**—**	1,883,958
Trade and bills payables	*10*	**4,814,761**	3,470,593
Other payables and accruals		**2,996,549**	2,935,400
Other liabilities		**245,000**	245,000
Amounts due to related parties		**1,119**	577
Income tax payable		**1,470,353**	1,373,395
Dividends payable		**9**	9
Total current liabilities		**26,600,496**	26,737,411
NET CURRENT ASSETS/(LIABILITIES)		**3,861,015**	(2,691,915)
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,567,691**	20,843,381

	31 December 2018 RMB'000	31 December 2017 RMB'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**1,909,282**	1,679,590
Bank loans and other borrowings	**5,575,464**	2,494,628
Convertible bonds	**4,046,722**	—
Total non-current liabilities	**11,531,468**	4,174,218
NET ASSETS	**19,036,223**	16,669,163
EQUITY		
Equity attributable to owners of the parent		
Share capital	**197**	197
Reserves	**18,239,418**	15,912,794
	18,239,615	15,912,991
Non-controlling interests	**796,608**	756,172
Total equity	**19,036,223**	16,669,163

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The Company has established a principal place of business in Hong Kong which is located at Rooms 1803–09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2010.

During the year, the Group was principally engaged in the sale and service of motor vehicles.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate controlling shareholders of the Company are Mr. Huang Yi and Mr. Li Guoqiang.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together below aspects of the accounting for financial instruments: classification and measurement and impairment.

Based on the assessment by the Group, there was no significant cumulative effect of the initial application of HKFRS 9 at 1 January 2018 in accordance with the transition requirement. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the financial instruments, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts of the financial instruments under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	Note	**HKAS 39 measurement Amount** *RMB'000*	**Re-classification** *RMB'000*	**HKFRS 9 measurement Amount** *RMB'000*
Financial assets				
Financial assets at fair value through profit or loss		—	19,100	19,100
From: Available-for-sale investments	(i)	19,100	(19,100)	—

(i) The Group has classified its financial products issued by financial institutions previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these investments did not pass the contractual cash flow characteristics test in HKFRS 9.

Impairment

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39. The Group applies the new ECL model to the financial assets measured at amortised cost. The aggregate opening impairment allowances had no significant financial effect under HKAS 39 to the ECL allowances under HKFRS 9.

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has assessed the effects of adoption of HKFRS 15 on the financial statements and identified the following areas that have been affected:

HKFRS 15 requires separate presentation of contract liabilities. Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15 and, accordingly, advances received from customers of RMB1,721,995,000 were reclassified from advances from customers under other payables and accruals to contract liabilities.

Taking into account the impact disclosed above, the Group considers that the adoption of HKFRS 15 did not have significant impact on our financial position and performance during the year.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's non-current assets other than deferred tax assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue and other income and gains is as follows:

(a) Revenue

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or service		
Revenue from sales of motor vehicles	**93,221,612**	74,696,340
Revenue from after-sales service	**14,514,043**	11,593,948
Total revenue from contracts with customers	**107,735,655**	86,290,288
Timing of revenue recognition		
At a point in time	**107,735,655**	86,290,288

(b) Other income and gains, net:

	2018	2017
	RMB'000	*RMB'000*
Commission income	**2,404,411**	1,788,556
Rental income	**22,016**	23,730
Interest income	**57,048**	26,375
Government grants	**37,232**	10,063
Net loss on disposal of items of property, plant and equipment	**(27,579)**	(67,596)
Net loss on disposal of subsidiaries	**(2,711)**	(18,186)
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss		
— listed equity investments	**(5,039)**	—
— financial products	**613**	—
Others	**75,230**	79,921
	2,561,221	1,842,863

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018 *RMB'000*	2017 *RMB'000*
(a) Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	**2,938,704**	2,346,934
Pension scheme contributions	**458,063**	327,339
Other welfare	**247,019**	175,699
Equity settled share option expense	**33,367**	—
	3,677,153	2,849,972
(b) Cost of sales and services provided:		
Cost of sales of motor vehicles	**90,359,798**	71,684,639
Others	**7,452,727**	5,921,647
	97,812,525	77,606,286
(c) Other items:		
Depreciation and impairment of property, plant and equipment	**855,503**	751,906
Amortization of land use rights	**74,173**	57,674
Amortization of intangible assets	**245,225**	183,907
Auditor's remuneration	**5,800**	5,800
Lease expenses	**364,700**	276,286
Promotion and advertisement	**763,980**	722,759
Office expenses	**314,819**	225,527
Logistics expenses	**119,647**	113,924
Impairment of trade receivables	**5,279**	—
Write-down of inventories to net realizable value	**2,099**	1,573
Net loss on disposal of items of property, plant and equipment	**27,579**	67,596
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
— listed equity investments	**5,039**	—
— financial products	**(613)**	—
Impairment of goodwill	**—**	32,257
Impairment of intangible assets	**—**	15,164
Net loss on disposal of subsidiaries	**2,711**	18,186

6. INCOME TAX EXPENSE

(a) Tax in the consolidated statement of profit or loss represents:

	2018	2017
	RMB'000	*RMB'000*
Current Mainland China corporate income tax	**1,513,179**	1,302,753
Deferred tax	**(7,739)**	34,770
	1,505,440	1,337,523

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the British Virgin Islands are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the British Virgin Islands.

No Hong Kong tax has been provided as the Group had no assessable profits arising in Hong Kong during the year (2017: Nil).

According to the Corporate Income Tax Law ("**CIT**") of the People's Republic of China, the income tax rates for both domestic and foreign investment enterprises in Mainland China are unified at 25% effective from 1 January 2008.

Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 25% during the reporting period as approved by the relevant tax authorities or operated in designated areas with preferential CIT policies in the People's Republic of China.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the regions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**5,200,758**	4,813,377
Tax at the statutory tax rate (25%)	**1,300,190**	1,203,344
Tax effect of non-deductible expenses	**118,044**	94,827
Income not subject to tax	**(720)**	(330)
Profits attributable to jointly-controlled entities	**(714)**	(1,149)
Lower tax rates for specific provinces or enacted by local authority	**30,672**	13,540
Adjustments in respect of current tax of previous periods	**15,190**	—
Tax losses not recognized	**42,778**	27,291
Tax charge	**1,505,440**	1,337,523

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,269,601,362 (2017: 2,208,602,205) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

Earnings

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**3,636,636**	3,350,413
Interest on convertible bonds	**129,413**	68,065
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**3,766,049**	3,418,478

Shares

	Number of shares	
	2018	2017
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,269,601,362**	2,208,602,205
Effect of dilution — weighted average number of ordinary shares:		
Convertible bonds	**140,912,183**	94,186,747
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,410,513,545**	2,302,788,952

Earnings per share

	2018	2017
	RMB	*RMB*
Basic	**1.60**	1.52
Diluted	**1.56**	1.48

8. INVENTORIES

Inventories in the consolidated statement of financial position represent:

	2018	2017
	RMB'000	*RMB'000*
Motor vehicles	**10,223,680**	6,846,563
Spare parts and others	**764,048**	668,374
	10,987,728	7,514,937
Less: Provision for inventories	**7,230**	5,131
	10,980,498	7,509,806

9. TRADE RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**1,347,019**	1,082,746
Impairment	**(5,279)**	—
	1,341,740	1,082,746

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. 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. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net loss allowance is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**1,290,645**	1,051,824
More than 3 months but less than 1 year	**38,490**	15,553
Over 1 year	**12,605**	15,369
	1,341,740	1,082,746

The movements in provision for impairment of trade receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At the beginning of the year	**—**	—
Impairment losses, net	**5,279**	—
At the end of the year	**5,279**	—

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ageing analysis of the trade receivables as at 31 December 2017 that are were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2017
	RMB'000
Neither past due nor impaired	1,067,377
Over one year past due	15,369
	1,082,746

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

10. TRADE AND BILLS PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**1,607,975**	1,205,263
Bills payable	**3,206,786**	2,265,330
Trade and bills payables	**4,814,761**	3,470,593

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**4,100,991**	3,176,626
3 to 6 months	**694,485**	282,975
6 to 12 months	**12,350**	4,386
Over 12 months	**6,935**	6,606
	4,814,761	3,470,593

The trade and bills payables are non-interest-bearing.

11. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Proposed final — HK$0.37(approximately RMB0.32) (2017: HK$0.36) per ordinary share	**727,327**	680,119

The calculation of the proposed final dividend for the year ended 31 December 2018 is based on the proposed final dividend per ordinary share, and the total number of ordinary shares as at 22 March 2019.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2018, a final dividend of HK$0.36 per ordinary share in respect of the year ended 31 December 2017 was declared and paid to the ordinary equity holders of the Company. The aggregate amount of the final dividend declared and paid in the year ended 31 December 2018 was HK$817,155,000 (equivalent to RMB667,207,000).

12. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 December 2018 and up to the date of approval of these financial statements.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2018 was RMB107,735.7 million, representing an increase of RMB21,445.4 million or 24.9% as compared to the corresponding period in 2017, among which, revenue from new automobile sales amounted to RMB93,221.6 million, representing an increase of RMB18,525.3 million or 24.8% as compared to the corresponding period in 2017. Revenue from after-sales and accessories business amounted to RMB14,514.0 million, representing an increase of RMB2,920.1 million or 25.2% as compared to the corresponding period in 2017. The revenue from new automobile sales business accounted for 86.5% of our total revenue in 2018 (2017: 86.6%), and the portion of revenue from after-sales and accessories business was 13.5% in the year of 2018 (2017: 13.4%).

In terms of new automobile sales revenue in 2018, Mercedes-Benz is our top-selling brand, representing approximately 29.7% of our total new automobile sales revenue (2017: 30.6%).

Cost of Sales and Services

Cost of sales and services for the year ended 31 December 2018 amounted to RMB97,812.5 million, representing an increase of RMB20,206.2 million or 26.0% as compared to the corresponding period in 2017. Cost attributable to our new automobile sales business amounted to RMB90,359.8 million for the year ended 31 December 2018, representing an increase of RMB18,675.2 million or 26.1% as compared to the corresponding period in 2017. Cost attributable to our after-sales and accessories business amounted to RMB7,452.7 million for the year ended 31 December 2018, representing an increase of RMB1,531.1 million or 25.9% as compared to the same period of 2017.

Gross Profit

Gross profit for the year ended 31 December 2018 amounted to RMB9,923.1 million, representing an increase of RMB1,239.1 million or 14.3% as compared to the corresponding period in 2017, of which the gross profit from new automobile sales business amounted to RMB2,861.8 million, representing a decrease of RMB149.9 million or 5.0% as compared to the corresponding period in 2017. Gross profit from after-sales and accessories business was RMB7,061.3 million, representing an increase of RMB1,389.0 million or 24.5% as compared to the corresponding period of 2017. For the year ended 31 December 2018, the gross profit from after-sales and accessories business accounted for 71.2% of the total gross profit (2017: 65.3%). Our gross profit margin for the year ended 31 December 2018 was 9.2% (2017: 10.1%), of which the gross profit margin of new automobile sales business was 3.1% (2017: 4.0%). Gross profit margin of after-sales and accessories business was 48.7% (2017: 48.9%).

Profit from Operations

Profit from operations for the year ended 31 December 2018 amounted to RMB6,428.4 million, representing an increase of RMB542.9 million or 9.2% as compared to the corresponding period in 2017. Our operating profit margin for the year ended 31 December 2018 was 6.0% (2017: 6.8%).

Profit for the Year

Our profit for the year ended 31 December 2018 amounted to RMB3,695.3 million, representing an increase of RMB219.4 million or 6.3% as compared to the corresponding period in 2017. Our net profit margin for the year ended 31 December 2018 was 3.4% (2017: 4.0%).

Profit Attributable to Owners of the Parent

Our profit attributable to owners of the parent for the year ended 31 December 2018 was RMB3,636.6 million, representing an increase of RMB286.2 million or 8.5% as compared to the corresponding period in 2017.

Non-HKFRSs Measures — Adjusted profit attributable to owners of the parent

In addition to our consolidated financial statements which are presented in accordance with HKFRSs, we also provide further information based on the adjusted net profit attributable to owners of the parent as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-HKFRSs measures provide additional information to investors and others, helping them to understand and evaluate our consolidated results of operations in the same manner as our management and to compare financial results across accounting periods and with those of our peer companies.

We define adjusted net profit attributable to owners of the parent as net income or loss attributable to owners of the parent excluding the interest expense of convertible bonds recognised under HKFRSs and using the effective interest rate method, excluding the equity-settled share option expense and adding back the interest expense of convertible bonds calculated based on coupon interest rate for the years ended 31 December 2017 and 2018.

	2018	2017
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the parent	**3,636,636**	3,350,413
Add:		
Interest expense of convertible bonds recognised under HKFRSs using the effective interest rate method	**129,413**	68,065
Equity-settled share option expense	**33,367**	—
Less:		
Interest expense of convertible bonds calculated based on coupon interest rate	**—**	24,674
Adjusted profit attributable to owners of the parent	**3,799,416**	3,393,804

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our cash is primarily used to pay for the purchase of new automobiles, spare parts and automobile accessories, repay our indebtedness, fund our working capital and normal operating expenses, establish new dealerships and acquire other dealerships. We finance our liquidity requirements through a combination of cash flows generated from our operating activities and financing activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time in the future.

Cash Flow Generated from Operating Activities

For the year ended 31 December 2018, our net cash generated from operating activities was RMB2,318.0 million, arising from operating profit of RMB7,627.9 million before working capital movement, deducting a net increase in working capital of RMB3,868.8 million and deducting payment of tax of RMB1,441.2 million.

Cash Flow Used in Investing Activities

For the year ended 31 December 2018, our net cash used in investing activities was RMB4,233.1 million, consisting primarily of purchases of property, plant and equipment of RMB2,275.9 million, purchases of land use rights of RMB284.6 million and acquisition of subsidiaries of RMB1,778.0 million, partially offset by proceeds from disposal of items of property, plant and equipment of RMB584.5 million.

Cash Flow Generated from Financing Activities

For the year ended 31 December 2018, our net cash generated from financing activities was RMB3,002.7 million, consisting primarily of proceeds from bank loans and other borrowings of RMB78,577.5 million, net proceeds from issue of convertible bonds of RMB3,778.8 million and increase in notes payable of RMB439.6 million, partially offset by repayment of bank loans and other borrowings of RMB75,627.6 million, redemption of convertible bonds of RMB2,204.0 million, interest paid for bank loans and other borrowings of RMB1,201.4 million.

Capital Expenditure and Investment

Our capital expenditures comprise expenditures on property, plant and equipment, land use rights and business combination. For the year ended 31 December 2018, our total capital expenditures were RMB3,781.4 million.

There were no significant investments held as at 31 December 2018. The Group did not have other plans for material investments and capital assets as at 31 December 2018.

Inventory Analysis

Our inventories primarily consist of new automobiles, spare parts and automobile accessories. Generally, each of our dealerships independently manages the orders for new automobiles and part of the after-sales products. We also coordinate and aggregate orders for automobile accessories and other automobile-related products across our dealership network. We manage our quotas and inventory levels through our ERP system. Our inventories increased by 46.2% from RMB7,509.8 million as at 31 December 2017 to RMB10,980.5 million as at 31 December 2018. The increase of our inventory balance was primarily due to the expansion of the business scale as well as the preparation for the coming sales peak season before the Chinese Spring Festival in February 2019.

The following table sets forth our average inventory turnover days for the periods indicated:

	Year ended 31 December	
	2018	2017
Average inventory turnover days	**31.2**	29.8

Our average inventory turnover days in 2018 slightly increased to 31.2 days from 29.8 days in 2017, which was normal fluctuation within reasonable inventory level.

Order Book and Prospect for New Business

Due to its business nature, the Group does not maintain an order book as at 31 December 2018. The Group has no planned new services to be introduced to the market.

Bank Loans and Other Borrowings

Our bank loans and other borrowings as at 31 December 2018 were RMB22,648.2 million, and our convertible bonds liability portion amounted to RMB4,046.7 million. The increase in our bank loans and other borrowings and convertible bonds liability during the year was primarily due to the funding for further expansion in the business scale which enabled the Company to develop sustainably in the long-term perspective.

Interest Rate Risk and Foreign Exchange Rate Risk

The Group's interest rate risk arises from its borrowings. Borrowings at variable rates expose the Group to the risk of changes on market interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

Most of the Group's assets and liabilities were denominated in RMB, except for certain cash and cash equivalents, bank loans and other borrowings and the liability component of convertible bonds denominated in Hong Kong dollars, United States dollars and Japanese Yen.

The Group's assets and liabilities denominated in Hong Kong dollars, United States dollars and Japanese Yen were mainly held by certain subsidiaries incorporated outside the Mainland China who used the Hong Kong dollar as their functional currency and the Group did not have material foreign currency transactions in the Mainland China during the year. Therefore, the Group had immaterial foreign currency risk.

The Group does not use any long-term contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employee and Remuneration Policy

As at 31 December 2018, the Group had 26,969 employees (2017: 25,577). The Group strives to offer a good working environment, a diversified range of training programs as well as an attractive remuneration package to its employees. The Group endeavours to motivate its staff with performance-based remuneration. On top of basic salary, the Group will reward staff who had outstanding performances with cash bonuses, share options, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals, and to create long-term incentive for its staff.

Pledge of the Group's Assets

The Group pledged its group assets as securities for bank loans and other borrowings and banking facilities which were used to finance our daily business operation. As at 31 December 2018, the pledged group assets amounted to approximately RMB7.3 billion (2017: RMB7.2 billion).

Contingent Liabilities

As at 31 December 2018, neither the Company nor any member of the Group had any significant contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

As at 31 December 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and associated companies.

Future Plans and Expected Funding

Going forward, the Company will continue to expand its business in the luxury and mid-to-high end passenger vehicle market by capitalizing on the opportunities arising from the market and exploring developing potential. We aim to expand our distribution network through new store establishment and appropriate mergers and acquisitions in the future. We plan to fund our future capital expenditure through cash flows generated from our operating activities and various resources including but not limited to internal funds and borrowings from financial institution, and we currently have sufficient credit facilities granted by banks.

Gearing Ratio

As at 31 December 2018, the gearing ratio of our Group was 58.5% (2017: 55.8%), which was calculated from net debt divided by the sum of net debt and total equity.

CONVERTIBLE BONDS

2018 Convertible Bonds

On 11 October 2017, the Company and J.P. Morgan Securities plc (the "**Manager**") entered into a subscription agreement, according to which the Company agreed to issue, and the Manager agreed to subscribe for (or procure its nominee to subscribe for) zero coupon convertible bonds due 2018 of an aggregate principal amount of HK$2,350 million (the "**2018 Convertible Bonds**").

The 2018 Convertible Bonds were convertible into ordinary shares of HK$0.0001 each in the share capital of the Company at the initial conversion price of HK$20.2860 per conversion share at the option of the holder thereof, at any time on or after the 41st day after the issue date up to the close of business on the date falling ten days prior to the maturity date, being a date falling on or about 25 October 2018. The issue of 2018 Convertible Bonds was completed on 30 October 2017.

On 3 May 2018, the Company entered into a dealer manager agreement with the Manager, pursuant to which the Manager was appointed as the Company's dealer manager (the "**Sole Dealer Manager**") in connection with the repurchase of the 2018 Convertible Bonds. The Company, through the Sole Dealer Manager, repurchased approximately HK$2,256 million in aggregate principal amount of the 2018 Convertible Bonds at a total repurchase price of approximately HK$2,713 million (the "**Repurchase**"). Upon completion of the Repurchase, approximately HK$2,256 million in aggregate principal amount of the 2018 Convertible Bonds were cancelled.

On 25 May 2018, 31 May 2018, 6 June 2018 and 19 June 2018, the Company received conversion notices from holders of the 2018 Convertible Bonds (the "**Bondholders**") in relation to the exercise of the conversion rights attached to the 2018 Convertible Bonds, to convert the 2018 Convertible Bonds in the principal amount of HK$6 million, HK$2 million, HK$49 million and HK$37 million, respectively, at the conversion price of HK$20.2860 per share (the "**Conversion**"). Accordingly, 295,770 shares, 98,590 shares, 2,415,458 shares and 1,823,917 shares of the Company (the "**Conversion Shares**") were allotted to the respective Bondholders on 30 May 2018, 4 June 2018, 12 June 2018 and 20 June 2018, respectively, pursuant to the terms and conditions of the 2018 Convertible Bonds. The Conversion Shares rank pari passu in all respects among themselves and with all other existing shares of the Company in issue. After the Conversion on 20 June 2018, the total number of issued shares of the Company increased to 2,271,697,955 shares and all the outstanding 2018 Convertible Bonds were fully converted in accordance with the terms and conditions of the 2018 Convertible Bonds.

New Convertible Bonds

On 4 May 2018, the Company and the Manager entered into a bond subscription agreement, pursuant to which (i) the Company agreed to issue, and the Manager agreed to subscribe and pay for (or procure subscribers to subscribe and pay for) zero coupon convertible bonds due 2023 of an aggregate principal amount of HK$3,925 million (the "**2023 Convertible Bonds**"); and (ii) the Company agreed to grant the Manager an option to subscribe for up to an additional HK$775 million in principal amount of the 2023 Convertible Bonds (the "**Option Bonds**", together with the 2023 Convertible Bonds, the "**New Convertible Bonds**"). On 14 May 2018, the Manager exercised in full the option granted by the Company, pursuant to which the Company is required to issue the Option Bonds in the aggregate principal amount of HK$775 million.

The New Convertible Bonds are convertible into shares of the Company at the initial conversion price of HK$30.0132 per conversion share at the option of the holder thereof, at any time on or after the 41st day after the issue date up to the close of business on the tenth day prior to the maturity date, being a date falling on or about 23 May 2023. The issue of New Convertible Bonds in the aggregate amount of HK$4,700 million was completed on 23 May 2018.

There was no conversion of the New Convertible Bonds as at the date of this announcement. The Company will redeem each New Convertible Bond on the maturity date at its principal amount together with accrued and unpaid interest thereon. Upon full conversion of the outstanding New Convertible Bonds, the Company may issue 156,597,763 shares, increasing the total issued shares of the Company to 2,428,295,718 shares (calculated as at the date of this announcement).

Share Option Scheme

The Share Option Scheme (as defined in the Company's prospectus dated 16 March 2010) was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. The Board may, at its absolute discretion, offer any employee, management member or director of the Company, or any of our subsidiaries and third party service providers the options to subscribe for shares of the Company on the terms set out in the Share Option Scheme. Further details of the Share Option Scheme is set out in the Company's prospectus dated 16 March 2010.

Details of the outstanding options to subscribe for ordinary shares of the Company pursuant to the Share Option Scheme and the movement during the year ended 31 December 2018 are set out below:

			Number of Share Options				
Name of Grantees	**Date granted**	**Exercise price per share**	**Outstanding as at 31 December 2017**	**Granted during the Period**	**Exercised during the period**	**Lapsed/ Cancelled during the period**	**Outstanding as at 31 December 2018**
Mr. Du Qingshan — Executive Director of the Board	26 April 2018	HK$22.60	—	5,500,000[1]	—	—	5,500,000
Mr. Zhang Zhicheng — Executive Director of the Board	26 April 2018	HK$22.60	—	5,500,000[1]	—	—	5,500,000
Total							11,000,000

Note:

(1) On 26 April 2018, the Company offered to grant share options (the "**Share Options**") to Mr. Du Qingshan and Mr. Zhang Zhicheng under the Share Option Scheme, which will entitle them to subscribe for an aggregate of 11,000,000 new ordinary shares of HK$0.0001 each in the capital of the Company. The Share Options will be fully vested from 26 April 2019. The Share Options are exercisable from 26 April 2019 to 25 April 2028 (both dates inclusive) at a price of HK$22.60 per share. The closing price of the shares of the Company immediately before 26 April 2018 is HK$22.35 per share.

Save as disclosed above, during the reporting period and up to the date of this announcement, no other options have been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 31 December 2018, the total number of shares available for issue under the Share Option Scheme was 11,000,000 shares, representing approximately 0.48% of the issued share capital of the Company as at the date of this announcement. As at the date of this announcement, the remaining term of the Share Option Scheme is approximately 11 months.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the year ended 31 December 2018 which is required to be disclosed under the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Throughout the Reporting Period and up to the date of this announcement, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with the 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 enquiry has been made to all the directors of the Company and the directors of the Company have confirmed that they have complied with the Model Code throughout the year ended 31 December 2018.

Purchase, Sale or Redemption of the Company's Listed Securities

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, being Mr. Ying Wei, Mr. Shen Jinjun and Mr. Lin Yong.

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

SCOPE OF WORK OF THE AUDITOR

The figures above in respect of this annual results announcement for the year ended 31 December 2018 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("**Ernst & Young**"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company (the "**Shareholders**") on the forthcoming annual general meeting on 10 June 2019 (the "**AGM**") for the distribution of a final dividend of HK$0.37 per share for the year ended 31 December 2018 payable to the Shareholders whose names are listed in the register of the Company on 18 June 2019, in an aggregate amount of HK$830.1 million (equivalent to RMB727.3 million). It is expected that the final dividend will be paid on 8 July 2019. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining who is entitled to attend the AGM of the Company, the register of members will be closed from Wednesday, 5 June 2019 to Monday, 10 June 2019 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, unregistered holders of shares of the Company shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Tuesday, 4 June 2019.

In addition, the Company's register of members will be closed from Friday, 14 June 2019 to Tuesday, 18 June 2019 (both days inclusive) for the purpose of determining the shareholder's entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the forthcoming AGM), unregistered holders of shares of the Company shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above-mentioned address for registration before 4:30 p.m. on Thursday, 13 June 2019.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

APPRECIATION

The Group's continuous development and progress facing market competition and challenges rest on the dedication and contributions of our staff from all departments as well as the trust, support and encouragement from all shareholders and business partners. The Board would like to express their sincere gratitude to everyone for their valuable contributions to the Group's development.

By order of the Board of
Zhongsheng Group Holdings Limited
HUANG Yi
Chairman

Hong Kong, 22 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Du Qingshan, Mr. Yu Guangming, Mr. Si Wei and Mr. Zhang Zhicheng; the non-executive directors of the Company are Mr. Pang Yiu Kai and Mr. Cheah Kim Teck; and the independent non-executive directors of the Company are Mr. Shen Jinjun, Mr. Lin Yong, Mr. Ying Wei and Mr. Chin Siu Wa Alfred.