**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)**

# FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

## AUDITED CONSOLIDATED RESULTS

Reference is made to the announcement of China Yongda Automobiles Services Holdings Limited (the "**Company**") dated March 25, 2020, in relation to the unaudited annual results for the year ended December 31, 2019 (the "**Announcement**"). Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board of the Company is pleased to announce that the Company's auditor, Messrs. Deloitte Touche Tohmatsu, has completed its audit of the consolidated financial statements of the Group for the year ended December 31, 2019 in accordance with Hong Kong Standards on Auditing ("**HKSA**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The annual results contained in the Announcement remain unchanged and are reproduced below.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2019 as set out in the Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKIPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Announcement.

# ANNUAL RESULTS

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

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

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

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

## Consolidated Statement of Financial Position
AT DECEMBER 31, 2019

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

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

## 1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

## 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (i) Disaggregation of revenue from contracts with customers

| | **2019** ***RMB'000*** | 2018 *RMB'000* |
|---|---|---|
| **Types of goods or services** | | |
| Sale of passenger vehicles: | | |
| – Luxury and ultra-luxury brands *(note a)* | **43,692,364** | 38,136,594 |
| – Mid-to-high-end brands *(note b)* | **9,119,237** | 8,432,778 |
| | **52,811,601** | 46,569,372 |
| Services | | |
| – After-sales services | **8,888,513** | 7,830,146 |
| Total | **61,700,114** | 54,399,518 |
| **Geographical markets** | | |
| Mainland China | **61,700,114** | 54,399,518 |
| **Timing of revenue recognition** | | |
| A point in time | **52,811,601** | 46,569,372 |
| Over time | **8,888,513** | 7,830,146 |
| Total | **61,700,114** | 54,399,518 |

*Notes:*

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

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

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

| | **For the year ended December 31, 2019** | | For the year ended December 31, 2018 | |
|---|---|---|---|---|
| | **Sale of passenger vehicles** ***RMB'000*** | **After-sales services** ***RMB'000*** | Sale of passenger vehicles *RMB'000* | After-sales services *RMB'000* |
| **Revenue disclosed in segment information** | | | | |
| External customers | **52,811,601** | **8,888,513** | 46,569,372 | 7,830,146 |
| Inter-segment | **123,077** | **8,109** | 169,991 | 5,274 |
| Total | **52,934,678** | **8,896,622** | 46,739,363 | 7,835,420 |
| **Eliminations** | **(123,077)** | **(8,109)** | (169,991) | (5,274) |
| **Revenue from contracts with customers** | **52,811,601** | **8,888,513** | 46,569,372 | 7,830,146 |

**(ii) Performance obligations for contracts with customers**

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

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

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

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

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

## 3B. OPERATING SEGMENTS

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

The Group's reportable segments are as follows:

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

**Segment revenue and results**

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

**Year ended December 31, 2019**

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

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

*Notes:*

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

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

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

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

The accounting policies of the operating segments are the same as those of the Group. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses other than service income (Note 4), distribution and selling expenses, administrative expenses, finance costs, share of profit of joint ventures and share of profit of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors of the Company.

**Geographical information**

Substantially all of the Group's revenue is generated in the PRC and all of the Group's principal assets and liabilities for operation are located in the PRC.

**Information about major customers**

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2019 and 2018.

## 4. OTHER INCOME/OTHER GAINS AND LOSSES

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

*Notes:*

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

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

## 5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

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

## 6. INCOME TAX EXPENSE

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

## 7. DIVIDENDS

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

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

## 8. EARNINGS PER SHARE

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

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Profit for the year attributable to owners of the Company | **1,472,984** | 1,253,099 |

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

## 9. RIGHT-OF-USE ASSETS

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

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

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

## 10. FINANCE LEASE RECEIVABLES

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

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

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

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

## 11. LOAN RECEIVABLES

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

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

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

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

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

## 12. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

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

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

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

| | 2019 | 2018 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Current** | | |
| Trade receivables | **995,924** | 809,964 |
| Bills receivables | **230** | – |
| | **996,154** | 809,964 |
| Prepayments and other receivables comprise: | | |
| Prepayments and deposits to suppliers | **2,209,191** | 2,185,651 |
| Deposits to entities controlled by suppliers for borrowings | **181,131** | 214,453 |
| Prepayments and rental deposits on properties | **44,064** | 57,679 |
| Rebate receivables from suppliers | **2,454,664** | 2,134,548 |
| Interest receivables | **3,874** | 4,871 |
| Finance and insurance commission receivables | **187,215** | 132,256 |
| Staff advances | **17,758** | 10,087 |
| Value-added tax recoverable | **454,151** | 381,410 |
| Receivables from former shareholders of acquired subsidiaries | **66,728** | – |
| Advances to non-controlling interests *(note a)* | **35,300** | 35,400 |
| Advances to independent third parties *(note a)* | **15,923** | 22,897 |
| Others | **187,267** | 203,559 |
| Less: allowance for impairment loss under ECL model | **(6,420)** | (6,420) |
| | **5,850,846** | 5,376,391 |
| | **6,847,000** | 6,186,355 |
| **Non-current** | | |
| **Other assets** | | |
| Advances to non-controlling interests *(note b)* | **30,000** | 30,000 |

*Notes:*

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

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

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

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 90 days | **996,154** | 809,964 |

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

## 13. INVENTORIES

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

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

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

## 14. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

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

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

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

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

| | 2019<br>*RMB'000* | 2018<br>*RMB'000* |
|---|---|---|
| 0 to 90 days | **4,404,167** | 4,100,537 |
| 91 to 180 days | **1,662,914** | 737,909 |
| | **6,067,081** | 4,838,446 |

## 15. SUPER SHORT-TERM COMMERCIAL PAPERS

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

In 2018, Shanghai Yongda Investment issued 5 tranches of the super short-term commercial papers, with an aggregate principal amount totalling RMB2.3 billion and repayment terms range from 180 days to 270 days. The super short-term commercial papers are unsecured and carry interests at rates range from 6.50% to 7.30% per annum. The super short-term commercial papers were issued to domestic institutional investors in the PRC which are independent third parties. Shanghai Yongda Investment had fully settled the super short-term commercial papers as at December 31, 2019.

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

| | *RMB'000* |
|---|---|
| As at January 1, 2018 | 2,598,926 |
| Issued during the year ended December 31, 2018 | 2,300,000 |
| Less: repayment of the 2017 super short-term commercial papers | (2,600,000) |
| Less: repayment of the 2018 first and second tranche super short-term commercial papers | (1,000,000) |
| Less: payment of transaction costs in relation to issuance | (4,389) |
| Add: interest expenses – amortization of transaction costs | 4,128 |
| As at December 31, 2018 | 1,298,665 |
| Less: repayment of the 2018 super short-term commercial papers | (1,300,000) |
| Less: payment of transaction costs in relation to issuance | (375) |
| Add: interest expenses – amortization of transaction costs | 1,710 |
| As at December 31, 2019 | – |

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

## 16. CORPORATE BONDS

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

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

The Corporate Bonds are unsecured and carry a fixed coupon rate of 3.90% per annum. The interest is payable annually. The Corporate Bonds were issued to domestic qualified investors in the PRC which are independent third parties. The investors have exercised the option to resell all the corporate bonds to Shanghai Yongda in 2019.

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

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

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

## 17. SUBSEQUENT EVENT

**2019 Novel Coronavirus impact**

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

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

The PRC, April 2, 2020

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