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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2022, together with comparative figures for the six months ended June 30, 2021.

FINANCIAL HIGHLIGHTS OF THE GROUP

- Comprehensive revenue including revenue from agency services for the six months ended June 30, 2022 was RMB31,986 million, a 22.2% decrease from RMB41,126 million for the six months ended June 30, 2021.
- Comprehensive gross profit including revenue from agency services for the six months ended June 30, 2022 was RMB3,675 million, a 15.1% decrease from RMB4,331 million for the six months ended June 30, 2021.
- Revenue from new vehicles for the six months ended June 30, 2022 was RMB25,399 million, a 25.2% decrease from RMB33,966 million (restated) for the six months ended June 30, 2021.
- Revenue from new vehicles of luxury brands for the six months ended June 30, 2022 was RMB22,477 million, a 21.9% decrease from RMB28,767 million for the six months ended June 30, 2021.
- Revenue of after-sales services for the six months ended June 30, 2022 was RMB4,419 million, a 19.9% decrease from RMB5,518 million for the six months ended June 30, 2021.

- Transactional volume of pre-owned vehicles for the six months ended June 30, 2022 was 31,454 units, a 5.0% decrease from 33,104 units for the six months ended June 30, 2021.

- Net profit for the six months ended June 30, 2022 was RMB703 million, a 43.6% decrease from RMB1,247 million for the six months ended June 30, 2021.

- Net profit attributable to the owners of the Company for the six months ended June 30, 2022 was RMB673 million, a 42.5% decrease from RMB1,172 million for the six months ended June 30, 2021.

- The balance of inventories as of June 30, 2022 was RMB3,505 million, a 13.2% decrease from RMB4,038 million as of December 31, 2021.

- Turnover days of inventories for the six months ended June 30, 2022 was 23.7 days, which was generally in line with that of 23.4 days for the six months ended June 30, 2021.

- Net cash generated from operating activities of automobile sales and services business for the six months ended June 30, 2022 was RMB3,152 million, a 4.4% decrease from RMB3,299 million for the six months ended June 30, 2021.

- The net gearing ratio as of June 30, 2022 was 10.1%, a decrease of 8.2 percentage points from 18.3% as of December 31, 2021.

MARKET REVIEW

According to the data from China Passenger Cars Association ("**CPCA**"), in the first half of 2022, the overall retail sales of passenger vehicles in China reached 9.261 million units. In the first half of the year, affected by implementations of pandemic control in China, especially the long-term lockdown in Shanghai and other places, the market demand and industrial supply chain have been deeply affected. Since June 2022, overall resumption of work and production has been started in Shanghai, and the pandemic control strategies in China have been gradually adjusted, therefore the overall automobile market stepped in a rapid recovery. In June 2022, the overall retail sales of passenger vehicles reached 1.943 million units, representing a year-on-year increase of 22.6%. Affected by the relevant policies to promote the improvement and development of the automobile industry in China in the second half of the year, it is expected that in the second half of 2022, under the circumstance that the risk of the pandemic is under control, the overall passenger vehicle market is expected to usher in further growth opportunities.

According to the data from CPCA, the sales of new energy vehicles in the first half of 2022 increased by 122.5% year-on-year to 2.248 million units, of which pure electric vehicles was 1.745 million units, accounted for 77.6%. Self-owned brand new energy vehicles, represented by BYD, GAC, Geely, Great Wall and other brands, achieved a good year-on-year growth; emerging new energy vehicle brands, represented by Tesla, Xiaopeng, Li Auto and NIO, maintained rapid growth and continued to launch new models into the market; traditional joint venture brands, represented by Volkswagen and others, have achieved rapid growth in the sales of pure electric vehicles. With the rapid growth of sales of new energy vehicles, the construction of supporting facilities for new energy vehicles in China also followed closely. According to the latest data released by the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of June 2022, the cumulative number of charging infrastructure nationwide was 3.918 million units, representing a year-on-year increase of 101.2%. It is expected that the domestic new energy vehicle industry will still be in a window period of rapid layout and development in the future.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 7.5852 million units in the first half of 2022, representing a year-on-year decrease of 10.07%. Pre-owned vehicles market will face a series of favorable policies in the second half of 2022. From August 1, 2022, the relocation restrictions of small non-operating pre-owned vehicles that meet the National V emission standards has been canceled nationwidely. In addition, the temporary property rights transaction system has been improved, and it clarified that the non-used vehicles market can carry out distribution business. The above opinions clarified and solved the problems that have plagued the industry for a long time. It is believed that domestic pre-owned vehicles trading market will face a stage of rapid growth in the future.

At the beginning of July 2022, 17 departments including the Ministry of Commerce issued the "Notice on Several Measures to Revitalize Automobile Circulation and Expand Automobile Consumption". The notice proposed 12 policy measures in 6 areas, focusing on aspects including supporting the purchase and use of new energy vehicles, activating the pre-owned vehicles market, promoting automobile renewal and consumption, supporting parallel import of automobiles, optimizing the environment for automobile use, and enriching automobile financial services. The policies of automobile renewal and consumption and support for the purchase and use of new energy vehicles will greatly benefit the luxury vehicles and new energy vehicles sectors. The new policies on the pre-owned vehicles market have officially opened the channel for the comprehensive development of pre-owned vehicles, and supporting policies such as automobile financial services will also provide support and empowerment to the above-mentioned major industries. It is expected that the domestic automobile consumption and service industry will further improve quality and efficiency in the future.

BUSINESS REVIEW

Affected by the pandemic from March to May 2022, in the first half of 2022, our comprehensive revenue and comprehensive gross profit taking into account the revenue from agency services amounted to RMB31,986 million and RMB3,675 million respectively, representing a decrease of 22.2% and 15.1% respectively compared with the same period of 2021, and our net profit and net profit attributable to owners of the Company amounted to RMB703 million and RMB673 million respectively, representing a decrease of 43.6% and 42.5% respectively compared with the same period of 2021.

As of June 30, 2022, our inventories amounted to RMB3,505 million, representing a decrease of 13.2% from RMB4,038 million as of December 31, 2021, enabling our inventory turnover in the first half of 2022 at a relatively healthy level of 23.7 days. In the first half of 2022, our net cash from operating activities was RMB3,152 million, and our net gearing ratio as of June 30, 2022 was 10.1%, a decrease of 8.2 percentage points from 18.3% as of December 31, 2021.

Set forth below is a summary of our business development in the first half of 2022:

Obvious Growth Trend in New Vehicle Sales Business

In the first half of 2022, our sales volume of new vehicles reached 76,752 units. The sales revenue of new vehicles amounted to RMB25,399 million, of which the sales revenue of luxury brands accounted for 88.5%, representing a year-on-year increase of 3.8 percentage points. Enterprises in Shanghai, Jiangsu and other regions have experienced a long period of pandemic containment and control, which has resulted in a delay in the time period for customers to pay for and pick up their vehicles and for the delivery of new vehicles to our stores. However, we believe that it is only a backward shift of the entire sales cycle of new vehicles, and the positive consumption trend in overall market has not changed. Therefore, our brand enterprises use new media channels to intensively carry out online differentiated marketing of products and customer care services. In addition, by taking advantage of the impact of the new vehicles consumption subsidy policy issued by the state and local governments at the end of May 2022 on the transaction price of end customers, we accelerated the matching and sorting of information, orders and resources of new vehicles, and effectively promoted the rapid release of the high-quality existing vehicles reserved at the early stage. Sales volume of new vehicles in June 2022 was 18,738 units, and the sales volume of luxury brands was 13,587 units, basically unchanged year-on-year. Sales revenue of new vehicles in June 2022 was RMB6,157 million, representing a year-on-year increase of 1.4% over June 2021.

In the first half of 2022, the gross profit margin of our new vehicle sales was 3.58%, representing an increase of 0.46 percentage point compared with the same period of 2021. The gross profit margin of our new vehicles of luxury brands was 3.97%, representing a year-on-year increase of 0.29 percentage point compared with 2021. We further strengthened the assessment of the retail rate of new vehicles of luxury brands and the management and control of the wholesale business; strengthened the data benchmarking of the vehicles of the same series under the same brand leveraging on the policy rebate system, including fixed and variable business policy rebate projects, rebate coefficients and other information; realized full coverage management of obtaining business policy rebates of various brand enterprises, and ensured that the commercial policy coefficient of each model can be obtained to the greatest extent.

In the first half of 2022, the turnover day of our new vehicle were 22.0 days, representing a year-on-year decrease of 1.0 day over the same period in 2021. By using the digital new vehicles supply and demand management system, we completed the forecast of the sales supply and demand plan for the current month and the next month, and used this as a management starting point to effectively and timely adjust the new vehicles supply and demand quota plan of the brand factories as well as to strengthen the sales process of new vehicles, realizing the rationalization and precision of the final vehicle distribution demand quota. In addition, led by the brand business department, we coordinated and exchanged new vehicles resources among the subordinated enterprises, improving our ability to meet customer demand for vehicle models and maximizing new vehicle sales revenue and turnover efficiency.

Continuous Improvement in the Quality of After-sales Services Management

In the first half of 2022, due to the impact of the pandemic, our after-sales service business, including repair and maintenance services and extended automotive products and services recorded a revenue of RMB4,419 million, representing a year-on-year decrease of 19.9% over the same period in 2021. We achieved revenue of RMB894 million in June 2022, and the business recovered well. In the first half of 2022, gross profit margin of our after-sales service was 45.17%, which was basically the same as the same period last year.

Excluding the impact of the pandemic, as of the end of the first half of 2022, our customers under management increased by 11.3% compared with the same period in 2021. We always pay attention to and continuously improve our user operation capabilities. During the pandemic, we actively carried out online user care and marketing activities, strengthened user communication, and kept abreast of the user's vehicle status and maintenance needs. Through crowd funding, pre-purchase and other methods, we locked in after-sales business opportunities in advance, which provided a guarantee for the rapid recovery of after-sales business after the ease of the pandemic and the resumption of work. In June 2022, we maintained 0.19 million maintenance units, representing a year-on-year increase of 9.2%.

In terms of improving the mechanical and electrical repair and maintenance business, we continued to use the online user service platform to increase the user's active reservation rate for vehicle maintenance. In addition, we repeatedly calculated and upgraded the existing digital tools for current information management, realized the integration and de-duplication of information from various channels, effectively increased the number of valid information and the effectiveness of solicitation.

In terms of business enhancement in accident car business, during the pandemic, we actively carried out online marketing for insurance renewal, which increased our premium scale in the first half of 2022 by 4.9% compared with the same period in 2021, which provided a guarantee for us to obtain more effective information and claims policy support from insurance companies. In addition, we also developed and promoted digital management tools for accident vehicle information, which effectively improved the effectiveness of information management and further increased the rate of information retention.

In terms of inventory efficiency control, under the premise of ensuring the timely supply rate, we strictly controlled the procurement of parts and supplies, which enabled us to effectively control the scale of inventory with the number of enterprises increasing continuously. As of the end of the first half of 2022, our spare parts inventory amounted to RMB527 million, a slight decrease from the end of last year.

In terms of after-sales skill improvement, on one hand, we have taken various measures to actively retain high-level skilled talents team; on the other hand, we have given full play to their skill advantages. Through online case sharing, technicians' teaching and other measures, the overall skill level of the Group has maintained a leading position in the industry.

Further Improvement of Extended Businesses

In the first half of 2022, our revenue from finance and insurance agency services amounted to RMB575 million, representing a year-on-year decrease of 7.3% compared to the same period in 2021.

In terms of automobile agency finance business, the Group continued to improve the marketing for (extra) long-term products, strengthened the marketing skills of corporate agency finance business, improved the enterprise's market risk prevention ability and deepened the regional cross-brand business benchmarking. Besides, we have strengthened the streamlining of cooperation with banks throughout the nation. In 2022, our financial agency business revenue reached RMB438 million, representing a year-on-year decrease of 3.2%; commission income from financial institutions reached RMB375 million, representing a year-on-year increase of 17.2%, and the penetration rate of financial services per unit was 65.0%, representing an increase of 4.9 percentage points year-on-year compared to last year.

In terms of insurance business, we continued to carry out refined management: we actively communicated with insurance companies to obtain policy support in terms of commissions, claims, underwriting, etc. We effectively improved the quality of new insurance business by increasing the insurance limit of third-party insurance and scratch insurance as well as the insurance rate of new vehicles; we increased the conversion rate of new renewals, renewal of renewed insurance and clients under repair but not under insurance to ensure steady growth in renewed insurance scale and quality; we enriched the product line of non-auto insurance to promote the rapid growth of non-auto insurance business. In the first half of 2022, the premium scale, number of renewed units and number of non-auto insurance units increased by 4.9%, 21% and 128% respectively compared to the same period in 2021. Although the new insurance business was affected to a certain extent by the pandemic, with the support of renewal and non-auto insurance business, our premium scale increased significantly year-on-year, which effectively guaranteed continuous improvement of after-sale accident car business.

In terms of decoration supplies business, we proactively introduced new products and services, and improved the profitability of supplies per vehicle while satisfying the unique needs of customers. In the first half of 2022, the unit income of our new vehicle decoration supplies increased by 12.3% compared to the corresponding period of 2021. In addition, we continued to study the supplies business needs of customers under management of different vehicle ages and vehicle configurations, and carried out point-to-point precision marketing to effectively increase the income of after-sales supplies per customer. In the first half of 2022, the unit income of after-sales supplies increased by 20.8% compared to the corresponding period of 2021.

The Distribution Scale and New-to-pre-owned Ratio Have Risen Sharply, and the Business Has Been Rapidly Upgraded and Developed

In the first half of 2022, our trade volume of pre-owned vehicles was 31,454 units, of which 6,471 units were distributed by us, representing a year-on-year increase of 47.1%, and recorded a distribution revenue of RMB1,406.53 million, representing a year-on-year increase of 56.9%; and 24,983 units were sold for which we acted as an agent and recorded the agency revenue generated from pre-owned vehicles of RMB44.43 million. We achieved gross profit of RMB173.81 million, including RMB129.38 million from distribution, representing a year-on-year increase of 58.1%, and RMB44.43 million from agency sales.

In the first half of 2022, affected by the pandemic, supply chain, price fluctuations and other factors, we adopted stable pre-owned vehicle business strategy to accelerate turnover efficiency and control business risks. Meanwhile, we continued to increase distribution efforts, achieved rapid growth in distribution, and basically formed a new business pattern of distribution, retail and digitalization. In June 2022, after the pandemic situation in China turned better, the sales volume of our pre-owned vehicles achieved a year-on-year increase of 19.6%. In the first half of the year, the overall new-to-pre-owned ratio of the Group rose rapidly to 40.8% from 28.6% in the first half of 2021, with sustained and rapid growth achieved.

We actively built a "2 + 1" new digital business model of pre-owned vehicles, and achieved the digital and omnichannel business layout with online and offline integration. "2" represents the dual offline retail channels. Our 4S stores have fully obtained the official OEM certification and authorization qualification, supplemented and coordinated by 15 independent Yongda pre-owned vehicles retail chain outlets; "1" represents the official website of Yongda pre-owned vehicles, whose capacity of resource sharing and clue management has been continuously enhancing, together with the third-party vertical media and we media, establishing an online marketing matrix. We have newly upgraded the brand of "Yongda Officially Certified Pre-owned Vehicles", and took the lead in the industry to implement "quality assurance, 30 days return without reason" and eight service commitments, so as to create new product and service system, and enhance customer service experience. By rapidly increasing the proportion of pre-owned vehicle retail business, we promoted the growth of extended businesses including finance and insurance, and further improved the profitability and customer retention scale of pre-owned vehicles. In the first half of 2022, our average sales revenue per unit was RMB217,400 and gross profit margin was 9.2%, representing a further increase year-on-year, and the turnover days were stably controlled within 30 days.

We continued to strengthen the vehicles replacement and acquisition in 4S store channels, and achieved sustained and rapid quality growth. We continuously strengthened the core competence construction of pre-owned vehicles, improved the evaluation, inspection, pricing and disposal capabilities, established complete management requirements for the acquisition and disposal of pre-owned vehicles, and implemented standardized business management and control, ensuring the compliance of business and maximization of interests; we have strictly controlled the inventory turnover of pre-owned vehicles, and formulated refined inventory management and forced liquidation system for retail and wholesale vehicles respectively to ensure healthy inventory and operation.

We actively explored the business opportunities of new energy pre-owned vehicles, and cooperated with many mainstream manufacturers on the inspection, marketing and operation of pre-owned vehicles in new channels. Meanwhile, we actively promoted the export of new energy pre-owned vehicles and the repurchase of vehicle from manufacturers, and accelerated the layout to enter the track.

We continued to upgrade the ERP management system for pre-owned vehicles to achieve integrated and efficient management of pre-owned vehicles business in terms of operation and finance. We empowered 4S stores through establishing a professional independent operation team to promote pre-owned vehicle business growth at the store side. Constant construction of talent echelon and certification training system continuously provide high-quality management and technical talents for the development of pre-owned vehicles business.

On June 22, 2022, the Standing Committee of the State Council proposed to further unleash the potential of automobile consumption where to activate the pre-owned vehicle market and promote automobile renewal consumption is the most important. Subsequently, a series of favorable policies for pre-owned vehicles such as breaking of migration restrictions, commercialization of pre-owned vehicles and filing of pre-owned vehicle dealerships were successively introduced. Numerous sore points and choke points affecting the circulation of pre-owned vehicles have been broken through gradually, which is conducive to accelerating the branding and chain development of the Group's pre-owned vehicle business.

Accelerating the Layout of New Energy Vehicle Business

In the first half of 2022, in terms of new authorization, we further expanded store authorization of popular new energy brands, and obtained a total of 47 independent new energy network authorizations. The total number of authorized outlets of independent new energy brands has reached nearly 70, covering various store types such as supermarket showroom, independent after-sales and delivery service center and comprehensive 4S store. The newly obtained authorization covers popular independent new energy brands such as AITO, Xiaopeng, BYD, smart, Lotus, ORA, Zhiji and Voyah. Among them, we have obtained the largest number of authorizations in the industry and the largest market volume of the covered area in China for smart and Lotus brands.

In terms of sales volume, in the first half of 2022, our sales volume of new energy vehicles reached 7,500 units, representing a year-on-year increase of 12.7%, accounting for 9.75% of the total sales volume. In the first half of 2022, we made great improvement in the operation and management of independent new energy brand business even though affected by the pandemic, with the sales volume reaching 2,849 units, representing a year-on-year increase of 143.7%, of which the sales volume under the distribution model was 1,633 units, and the sales volume under the direct sales model was 1,216 units. Additionally, we took the lead in the number of orders obtained in the pre-sale of many new brands in China, with the number of pre-sale orders in the first half of the year exceeding 3,300 units.

We have established point system and community operation in the new energy user system, which has added more touch points and increased user stickiness. We have also initially established a fission system from fan groups to user groups.

In the first half of 2022, we still actively cooperated with the transformation and exploration of traditional luxury brands in the new retail model of new energy vehicles. We have further expanded BMW I-Space, Volvo New Energy City Center Store, SAIC Audi City Showroom and other outlets, and further developed the sales and service business of new energy models for traditional automobile brands such as BMW, Porsche, Audi, Mercedes-Benz, Volvo and General Motors.

Continuously Optimizing the Network Structure

In recent years, we have continued to optimize the brand network structure. Through the strategy of self-built outlets and acquisitions and mergers, on the one hand, we consolidated the market share of existing major luxury brands and continued to expand the network layout of other major luxury brands. On the other hand, we proactively planned to cooperate with outlets of mainstream new energy brands, took initiative to explore and attempt a new asset-light cooperation mode, and constantly studied brand new scenarios of new energy after-sales service business. While expanding the network, we continuously improved the return on assets through shutdown and transfer of poorly managed stores.

In the first half of 2022, we newly obtained 55 brand authorizations, 47 of which are independent new energy brands with the rest being mainly traditional luxury brands. In the first half of 2022, we built and opened 4 brand authorized outlets, including 1 Xiaopeng showroom, 1 Xiaopeng maintenance center, 1 HiPhi sheet spray maintenance center and 1 Leapmotor showroom. In addition, we have newly opened two Yongda Pre-owned Vehicle Malls, 1 in Nantong and 1 in Shijiazhuang.

As of the first half of 2022, we operated a total of 241 outlets, and we have 58 outlets authorized to open. Based on the analysis of brand structure, luxury brands account for 65.2%, mid-to-high-end brands account for 19.1%, independent new energy brands account for 9.5%, and Yongda Pre-owned Vehicle Malls account for 6.2%.

Set out below are the details of our outlets as of June 30, 2022:

	Outlets opened	**Authorized outlets to be opened**
4S dealerships of luxury and ultra-luxury brands	132	6
City showrooms of luxury brands	22	3
Authorized maintenance centers of luxury brands	3	0
Sub-total of luxury and ultra-luxury brands outlets	157	9
4S dealerships of mid-to-high-end brands	42	2
City showrooms of mid-to-high-end brands	4	1
Sub-total of mid-to-high-end brands outlets	46	3
4S dealerships of independent new energy brands	3	18
City showrooms of independent new energy brands	14	28
Authorized maintenance centers of independent new energy brands	6	0
Sub-total of independent new energy brands outlets	23	46
Outlets of Yongda Pre-owned Vehicle Malls	15	0
Total outlets	241	58

Set out below are our major luxury brands and independent new energy brand outlets as of June 30, 2022:

	Outlets opened	**Authorized outlets to be opened**
BMW (including MINI)	71	4
Porsche	19	0
Audi	9	3
Mercedes-Benz	3	0
Lexus	5	0
Jaguar/Land Rover	12	1
Volvo	15	0
Cadillac	8	0
Lincoln	8	1
Xiaopeng	9	0
AITO	1	2
ORA	2	4
Ford Mustang Mach-E	1	2
Tesla	3	0
smart	0	23
Lotus	0	6
SAIC Zhiji	1	4
BYD	2	0

Continuous Improvement in Management

In the first half of 2022, the impact of the pandemic on the industry featured rapid changes, complex management and control policies as well as long duration as compared with 2020. In view of the characteristics of operation and management during the pandemic and post-pandemic period, and to comprehensively improve the ability to resist risks, the Company has insisted on key management improvements in the following aspects since 2020.

We always attach great importance to the improvement of overall operational efficiency of the Company. In the first half of 2022, in terms of new vehicle sales, we further optimized digital management model of the purchase, sales and stock, continuously improved the depth and matching rate of new vehicle orders, and focused on controlling the overdue inventory vehicles of more than 60 days. In terms of after-sales service, we have fully launched the digital solicitation system for electromechanical and sheet spray businesses, which effectively improved the conversion ratio of units of electromechanical and sheet spray businesses, and achieving a better year-on-year increase in the output value and revenue of workshops. In terms of pre-owned vehicles, we realized internal and external bidding and circulation of vehicles of the same and different brands through automatic connection in the internal ERP system, which effectively improved turnover efficiency of retail and wholesale vehicles. Meanwhile, the Company continued to promote the shutdown and transfer of certain outlets that were inefficient, unprofitable and inconsistent with the Company's long-term business strategy, in order to facilitate the sustainable increase of our return on investment of overall assets in the future.

We always attach great importance to the construction of customer-centered digital capabilities. We have completed the construction of middle and back ends of customer data. In the first half of 2022, we sped up the promotion of the connection with customers via Enterprise WeChat. Stores of the Company under the lockdown during the pandemic applied our corporate online digital marketing system to regularly carry out the maintenance, solicitation and order transactions of new and existing customers; we have also preliminarily completed the development of the user service platform APP which was expected to launch in the third quarter of the year. During the year, we will realize the digitization of all products and services, as well as the full online coverage of customers, employees and products. Furthermore, we have further strengthened the improvement of the digital system of internal operation and management, and formed a synergy with the digital construction of the user end, laying a solid foundation for our digital transformation in an all-round way.

We always attach great importance to the management of operating cash flows and gearing ratio. During the first half of 2022, although the pandemic had a great impact on our businesses, we maintained good cash flows to cope with possible risks during the pandemic benefiting from the Company's constant concentration on the dynamic management of the Company's operating cash flows and gearing ratio in recent years. The Company also invested the cash flows into operating activities in a timely manner after work and production resumption. Through the follow-up and control of inventory turnover, the operating cash flows remained at a relatively good level in the first half of 2022, and the gearing ratio remained stable compared to the end of 2021.

We always attach great importance to the support and empowerment of team building for the new industry segments. At the beginning of the year, the Company proposed three business growth directions, namely traditional luxury brand vehicles, new energy vehicles and pre-owned vehicles, and we defined that digital transformation would be one of our core strategies. In terms of internal talent training, we should also closely focus on the above industries and strategic directions. On the one hand, we focused on the training of young management talents, and provide talents to industry segments which require rapid development such as new energy and pre-owned vehicles through diversified internal training mechanisms and the principal businesses; on the other hand, we selected talents through professional talent check, internal promotion and external recruitment for highly professional positions such as maintenance technology and digitalization. We have formed an internal talent training system applicable to future industry development. In the near future, the Company will also focus on new energy and other fast-growing business segments for centralized empowerment.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
	NOTES	**2022**	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited and restated) *(Note 14)*
Continuing operations			
Revenue			
Goods and services	*3A*	**31,172,940**	40,250,187
Rental		**218,682**	243,797
Total revenue	*3B*	**31,391,622**	40,493,984
Cost of sales and services		**(28,310,909)**	(36,794,743)
Gross profit		**3,080,713**	3,699,241
Other income and other gains and losses	*4*	**616,669**	679,892
Distribution and selling expenses		**(1,659,700)**	(1,636,665)
Administrative expenses		**(968,363)**	(908,800)
Profit from operations		**1,069,319**	1,833,668
Share of (losses) profits of joint ventures		**(943)**	1,946
Share of profits of associates		**44,634**	37,348
Finance costs		**(168,517)**	(279,165)
Profit before tax	*5*	**944,493**	1,593,797
Income tax expense	*6*	**(241,191)**	(393,339)
Profit for the period from continuing operations		**703,302**	1,200,458
Discontinued operations			
Profit for the period from discontinued operations – net		**–**	46,390
Profit for the period		**703,302**	1,246,848

	NOTE	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited and restated)
Profit for the period attributable to the owners of the Company			
– from continuing operations		**673,257**	1,125,119
– from discontinued operations		**–**	46,390
		673,257	1,171,509
Profit for the period attributable to the non-controlling interests			
– from continuing operations		**30,045**	75,339
		703,302	1,246,848
EARNINGS PER SHARE			
From continuing and discontinued operations			
– basic	*8*	**RMB0.34**	RMB0.59
– diluted	*8*	**RMB0.34**	RMB0.59
From continuing operations			
– basic	*8*	**RMB0.34**	RMB0.57
– diluted	*8*	**RMB0.34**	RMB0.57

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**703,302**	1,246,848
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**(130)**	2,593
Total comprehensive income for the period	**703,172**	1,249,441
Total comprehensive income for the period attributable to:		
Owners of the Company	**673,127**	1,174,102
Non-controlling interests	**30,045**	75,339
	703,172	1,249,441
Total comprehensive income for the period attributable to the owners of the Company		
– from continuing operations	**673,127**	1,127,712
– from discontinued operations	**–**	46,390
	673,127	1,174,102
Total comprehensive income for the period attributable to the non-controlling interests		
– from continuing operations	**30,045**	75,339
	703,172	1,249,441

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**5,768,399**	5,838,423
Right-of-use assets	9	**3,166,213**	3,129,191
Goodwill		**1,672,160**	1,672,160
Other intangible assets		**2,839,014**	2,860,100
Deposits paid for acquisition of property, plant and equipment		**53,786**	82,871
Deposits paid for acquisition of right-of-use assets		**144,639**	34,653
Equity instruments at FVTOCI		**9,159**	9,415
Financial assets at fair value through profit or loss ("**FVTPL**")		**373,383**	350,180
Interests in joint ventures		**46,690**	47,632
Interests in associates		**695,076**	666,636
Deferred tax assets		**228,375**	186,868
Other assets	11	**71,195**	71,195
		15,068,089	14,949,324
Current assets			
Inventories	10	**3,505,023**	4,037,703
Trade and other receivables	11	**7,072,548**	9,126,717
Financial assets at FVTPL		**2,453**	2,453
Amounts due from related parties		**48,309**	147,626
Cash in transit		**99,036**	81,845
Time deposits		**8,100**	8,100
Restricted bank balances		**1,348,462**	962,523
Bank balances and cash		**3,584,820**	2,250,347
		15,668,751	16,617,314

	NOTES	**June 30, 2022** *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Current liabilities			
Trade and other payables	*12*	**5,521,370**	5,569,010
Amounts due to related parties		**88,305**	58,690
Tax liabilities		**1,149,247**	1,277,046
Borrowings		**3,276,646**	3,595,518
Contract liabilities		**2,216,533**	2,479,537
Lease liabilities		**250,082**	235,685
Derivative financial liabilities		**14,261**	112,014
Medium-term note	*13*	**369,208**	–
		12,885,652	13,327,500
Net current assets		**2,783,099**	3,289,814
Total assets less current liabilities		**17,851,188**	18,239,138
Non-current liabilities			
Borrowings		**1,363,400**	911,478
Lease liabilities		**1,704,047**	1,894,076
Deferred tax liabilities		**770,482**	776,066
Medium-term note		**–**	368,653
		3,837,929	3,950,273
Net assets		**14,013,259**	14,288,865
Capital and reserves			
Share capital		**16,251**	16,262
Treasury shares		**–**	(8,953)
Reserves		**13,434,800**	13,701,157
Equity attributable to owners of the Company		**13,451,051**	13,708,466
Non-controlling interests		**562,208**	580,399
Total equity		**14,013,259**	14,288,865

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 "**Stock Exchange**"). The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the "Group".

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to IFRSs	*Annual Improvements to IFRSs 2018-2020*

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021".

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

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers for continuing operations

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Types of goods or services		
Sale of new vehicles:		
– Luxury and ultra-luxury brands *(note a)*	**22,459,089**	28,736,794
– Mid-to high-end brands *(note b)*	**2,650,120**	5,057,477
– Independent new energy brands *(note c)*	**239,192**	43,970
Sale of pre-owned vehicles distribution *(note d)*	**1,406,530**	896,621
	26,754,931	34,734,862
Services		
– After-sales services	**4,418,009**	5,515,325
	31,172,940	40,250,187
Geographical markets		
Mainland China	**31,172,940**	40,250,187
Timing of revenue recognition		
A point in time	**26,754,931**	34,734,862
Over time	**4,418,009**	5,515,325
	31,172,940	40,250,187

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 and Lynk.

c. Independent new energy brands include Weltmeister, BYD, AITO, Great Wall ORA and Leapmotor.

d. The revenue on sale of pre-owned automobile business under the distribution model was recognized on a gross basis.

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

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Sale of passenger vehicles	**After-sales services**	Sale of passenger vehicles	After-sales services
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	(Unaudited and restated)	(Unaudited)
Revenue disclosed in segment information				
External customers	**26,754,931**	**4,418,009**	34,734,862	5,515,325
Inter-segment	**50,460**	**1,073**	127,694	2,208
Total	**26,805,391**	**4,419,082**	34,862,556	5,517,533
Eliminations	**(50,460)**	**(1,073)**	(127,694)	(2,208)
Revenue from contracts with customers	**26,754,931**	**4,418,009**	34,734,862	5,515,325

3B. OPERATING SEGMENTS

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

For the six months ended June 30, 2022

Continuing operations

	Passenger vehicle sales and services *RMB'000* (Unaudited)	Automobile operating lease services *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
For the year ended June 30, 2022				
External revenue	**31,172,940**	**218,682**	**–**	**31,391,622**
Inter-segment revenue	**51,533**	**7,852**	**(59,385)**	**–**
Segment revenue *(note a)*	**31,224,473**	**226,534**	**(59,385)**	**31,391,622**
Segment cost *(note b)*	**(28,190,790)**	**(170,579)**	**50,460**	**(28,310,909)**
Segment gross profit	**3,033,683**	**55,955**	**(8,925)**	**3,080,713**
Service income	**594,545**	**–**	**–**	**594,545**
Segment results	**3,628,228**	**55,955**	**(8,925)**	**3,675,258**
Other income and other gains and losses *(note c)*				**22,124**
Distribution and selling expenses				**(1,659,700)**
Administrative expenses				**(968,363)**
Finance costs				**(168,517)**
Share of losses of joint ventures				**(943)**
Share of profits of associates				**44,634**
Profit before tax from continuing operations				**944,493**

For the six months ended June 30, 2021

Continuing operations

	Passenger vehicle sales and services *RMB'000* (Unaudited and restated)	Automobile operating lease services *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
External revenue	40,250,187	243,797	–	40,493,984
Inter-segment revenue	129,902	5,229	(135,131)	–
Segment revenue *(note a)*	40,380,089	249,026	(135,131)	40,493,984
Segment cost *(note b)*	36,730,401	194,244	(129,902)	36,794,743
Segment gross profit	3,649,688	54,782	(5,229)	3,699,241
Service income	631,603	–	–	631,603
Segment result	4,281,291	54,782	(5,229)	4,330,844
Other income and other gains and losses *(note c)*				48,289
Distribution and selling expenses				(1,636,665)
Administrative expenses				(908,800)
Finance costs				(279,165)
Share of profits of joint ventures				1,946
Share of profits of associates				37,348
Profit before tax from continuing operations				1,593,797

Notes:

a. The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2022 was approximately RMB31,224,473,000(for the six months ended June 30, 2021: RMB40,380,089,000) which included the sales revenue of passenger vehicles amounting to approximately RMB26,805,391,000 (for the six months ended June 30, 2021: RMB34,862,556,000) and the after-sales services revenue amounting to approximately RMB4,419,082,000(for the six months ended June 30, 2021: RMB5,517,533,000).

b. The segment cost of passenger vehicles sales and services for the six months ended June 30, 2022 was approximately RMB28,190,790,000 (for the six months ended June 30, 2021: RMB36,730,401,000) which included the cost of sales of passenger vehicles amounting to approximately RMB25,767,941,000(for the six months ended June 30, 2021: RMB33,721,100,000) and the cost of after-sales services amounting to approximately RMB2,422,849,000 (for the six months ended June 30, 2021: RMB3,009,301,000).

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

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 (losses)profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the executive directors of the Company.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Continuing operations		
Other income comprises:		
Service income *(note a)*	**594,545**	631,603
Government grants *(note b)*	**11,836**	12,325
Interest income on bank deposits	**22,890**	27,650
	629,271	671,578
Other gains and losses comprise:		
(Loss) gain disposal of property, plant and equipment	**(5,716)**	11,009
(Loss) gain on fair value change of financial assets at FVTPL	**(1,276)**	555
Net foreign exchange loss	**(53,303)**	(4,642)
Net gain on changes in fair value of derivative financial instruments	**53,500**	6,928
Loss on disposal of subsidiaries	**–**	(10,803)
Others	**(5,807)**	5,267
	(12,602)	8,314
Total	**616,669**	679,892

Notes:

a. Service income was primarily related to agency income derived from distribution of automobile insurance products, automobile financial products and suppliers' vehicles 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 related contracts have 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 from continuing operations has been arrived at after charging:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	**834,811**	782,603
Retirement benefits scheme contributions	**78,487**	60,018
Share-based payment expenses	**21,934**	17,887
Total staff costs	**935,232**	860,508
Depreciation of property, plant and equipment	**373,420**	380,265
Depreciation of right-of-use assets	**179,918**	162,515
Amortization of other intangible assets	**50,166**	36,091

6. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**297,156**	449,046
Over provision of PRC EIT in prior years	**(8,874)**	(345)
	288,282	448,701
Deferred tax		
Current period credit	**(47,091)**	(55,362)
	241,191	393,339

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

Grouprich International Investment Holdings Limited and Hongda Automobiles Co., Ltd, both subsidiaries of the Company, are incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax during the six months ended June 30, 2022 and 2021.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Company's PRC subsidiaries, except for some small profit-making PRC subsidiaries which are entitled to a preferential tax rate of 2.5% to 10% with the expiry date on December 31, 2024.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB10,067,101,000 (2021: RMB8,796,295,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. DIVIDENDS

During the current interim period, a final dividend of RMB0.479 per share in respect of the year ended December 31, 2021 (2020: RMB0.288 per share) was declared and paid to the owners of the Company in Hong Kong dollars (the "HK$"). The aggregate amount of the 2021 final dividend declared and paid in the interim period amounted to approximately RMB948,826,000 (for the six months ended June 30, 2021: RMB569,065,000).

The board of directors of the Company has determined that no dividend will be paid in respect of the interim period for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil).

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	**673,257**	1,171,509

	For the six months ended June 30,	
	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,967,888**	1,975,451
Effect of dilutive potential ordinary shares:		
Share options	**1,071**	2,630
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,968,959**	1,978,081

From continuing operations

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**673,257**	1,171,509
Less:		
Profit for the period from discontinued operations attributable to owners of the Company	**–**	46,390
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**673,257**	1,125,119

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations for the six months ended June 30, 2021 was RMB0.02 per share, based on the profit for the period from the discontinued operations of approximately RMB46 million and the denominators detailed above for both basic and diluted earnings per share.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment of approximately RMB587,215,000 (for the six months ended June 30, 2021: RMB535,229,000).

During the current interim period, the Group disposed of property, plant and equipment with a carrying amount of approximately RMB283,819,000 (for the six months ended June 30, 2021: RMB239,997,000) for cash proceeds of approximately RMB278,103,000 (for the six months ended June 30, 2021: RMB251,006,000), resulting in a loss on disposal of approximately RMB5,716,000(for the six months ended June 30, 2021: gain RMB11,009,000).

Right-of-use assets

During the current interim period, the Group entered into some new lease agreements for the use of operation ranging from 2 years to 19 years (for six months ended June 30, 2021: 14 months to 12 years). On lease commencement, the Group recognized right-of-use assets of approximately RMB255,237,000 (for six months ended June 30, 2021: RMB174,096,000) and lease liabilities of approximately RMB252,398,000 (for six months ended June 30, 2021: RMB169,696,000).

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Leased properties	**1,895,411**	1,841,754
Leasehold land	**1,270,802**	1,287,437
	3,166,213	3,129,191

10. INVENTORIES

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Motor vehicles	**2,977,603**	3,504,540
Spare parts and accessories	**527,420**	533,163
	3,505,023	4,037,703

11. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

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

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

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Current		
Trade receivables	**944,284**	915,739
Bill receivables	**1,891**	6,354
	946,175	922,093
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**3,315,580**	5,076,197
Deposits to entities controlled by suppliers for borrowings	**183,071**	243,798
Prepayments and rental deposits on properties	**173,903**	196,378
Rebate receivables from suppliers	**1,767,200**	2,077,110
Finance and insurance commission receivables	**212,533**	177,342
Staff advances	**9,606**	5,079
Value-added tax recoverable	**164,647**	196,787
Advances to non-controlling interests *(note)*	**50,261**	57,161
Advances to independent third parties *(note)*	**38,020**	7,520
Others	**211,552**	167,252
	6,126,373	8,204,624
	7,072,548	9,126,717
Non-current		
Other assets		
Receivables from disposal of land use right	**71,195**	71,195

Note: Except for advance to non-controlling interests of RMB6,900,000 in 2021 which carried at a fixed interest rate of 4.9% per annum, the rest balances were unsecured, interest-free and repayable on demand.

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
0 to 90 days	**946,175**	922,093

None of the trade and bill receivables are 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.

12. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Current		
Trade payables	**920,317**	832,292
Bills payables	**3,601,712**	3,781,745
	4,522,029	4,614,037
Other payables		
Other tax payables	**156,604**	165,607
Payable for acquisition of property, plant and equipment	**40,969**	43,086
Salary and welfare payables	**317,217**	224,837
Accrued interest	**12,757**	24,181
Accrued audit fee	**2,200**	5,600
Consideration payables for acquisition of subsidiaries	**12,098**	48,008
Advance from non-controlling interests *(note)*	**38,274**	47,629
Dividend payable to non-controlling interests	**1,699**	12,340
Other accrued expenses	**118,352**	117,521
Others	**299,171**	266,164
	999,341	954,973
	5,521,370	5,569,010

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

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

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

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
0 to 90 days	**4,442,334**	4,489,419
91 to 180 days	**79,695**	124,618
	4,522,029	4,614,037

13. MEDIUM-TERM NOTE

On May 24, 2018, Shanghai Yongda Investment received a notice of acceptance of registration issued from National Association of Financial Market Institutional Investors to issue a medium-term note with an aggregate registered amount of RMB1.2 billion. According to the notice, the registered amount shall be effective for two years commencing from the date of issuance.

On March 17, 2020, Shanghai Yongda Investment issued a medium-term note, with an aggregate registered amount of RMB370 million, which is repayable within three years from the date of issuance.

The medium-term note is unsecured and carries interest at a rate of 4.8% per annum. The interest is payable annually. The medium-term note was issued to domestic institutional investors in the PRC which are independent third parties. The net proceeds from the issue of the medium-term notes are intended to be used for repayment of bank loans.

Movement of the medium-term note during the six months ended June 30, 2022 was as follows:

	RMB'000
At January 1, 2022	368,653
Add: interest expense – amortization of transaction costs	555
At June 30, 2022	369,208

14. RECLASSIFICATION OF COMPARATIVE FIGURES

The comparative amounts of agency income derived from distribution of suppliers' vehicles in revenue for the six months ended June 30, 2021 have been reclassified to other income and other gains and losses to conform to the current period presentation and the details are set out as below:

	For the six months ended June 30, 2021 *RMB'000* (Unaudited and orginally stated)	**Reclassifications** *RMB'000*	**For the six months ended June 30, 2021** *RMB'000* (Unaudited and restated)
Revenue	40,261,782	(11,595)	40,250,187
Other income and other gains and losses	668,297	11,595	679,892

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue was RMB31,391.6 million for the six months ended June 30, 2022, a 22.5% decrease from RMB40,494.0 million (restated) for the six months ended June 30, 2021, which was primarily due to the impact of COVID-19 pandemic. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the First Half of 2022			For the First Half of 2021 (Restated)		
	Amount *(RMB'000)*	**Sales Volume** *(Units)*	**Average Selling Price** *(RMB'000)*	Amount *(RMB'000)*	Sales Volume *(Units)*	Average Selling Price *(RMB'000)*
New vehicle sales						
Luxury and ultra-luxury brands	**22,476,921**	**57,835**	**389**	28,766,618	77,018	374
Mid-to-high-end brands	**2,682,748**	**17,284**	**155**	5,155,347	38,432	134
Independent new energy brands (distribution model)	**239,192**	**1,633**	**146**	43,970	384	115
Subtotal	**25,398,861**	**76,752**	**331**	33,965,935	115,834	293
Pre-owned vehicles distribution	**1,406,530**	**6,471**	**217**	896,621	4,399	204
After-sales services	**4,419,082**	**–**	**–**	5,517,533	–	–
Automobile rental services	**226,534**	**–**	**–**	249,026	–	–
Less: inter-segment eliminations	**(59,385)**	**–**	**–**	(135,131)	–	–
Total	**31,391,622**	**–**	**–**	40,493,984	–	–

The sales volume of new vehicles of the passenger vehicle sales and services segment was 76,752 units for the six months ended June 30, 2022, a 33.7% decrease from 115,834 units for the six months ended June 30, 2021.

Among that, the sales volume of luxury and ultra-luxury brand new vehicles was 57,835 units for the six months ended June 30, 2022, a 24.9% decrease from 77,018 units for the six months ended June 30, 2021.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB25,398.9 million for the six months ended June 30, 2022, a 25.2% decrease from RMB33,965.9 million for the six months ended June 30, 2021.

Among that, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB22,476.9 million for the six months ended June 30, 2022, a 21.9% decrease from RMB28,766.6 million for the six months ended June 30, 2021.

The distribution volume of pre-owned vehicles was 6,471 units for the six months ended June 30, 2022, a 47.1% increase from 4,399 units for the six months ended June 30, 2021.

Revenue from distribution of pre-owned vehicles was RMB1,406.5 million for the six months ended June 30, 2022, a 56.9% increase from RMB896.6 million for the six months ended June 30, 2021.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB4,419.1 million for the six months ended June 30, 2022, a 19.9% decrease from RMB5,517.5 million for the six months ended June 30, 2021.

Revenue from the automobile rental services segment was RMB226.5 million for the six months ended June 30, 2022, a 9.0% decrease from RMB249.0 million for the six months ended June 30, 2021.

Cost of Sales and Services

Cost of sales and services was RMB28,310.9 million for the six months ended June 30, 2022, a 23.1% decrease from RMB36,794.7 million for the six months ended June 30, 2021.

Cost of sales for sales of new vehicles of the passenger vehicle sales and services segment was RMB24,490.8 million for the six months ended June 30, 2022, a 25.6% decrease from RMB32,906.3 million for the six months ended June 30, 2021.

The distribution costs of pre-owned vehicles were RMB1,277.1 million for the six months ended June 30, 2022, a 56.8% increase from RMB814.8 million for the six months ended June 30, 2021.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,422.8 million for the six months ended June 30, 2022, a 19.5% decrease from RMB3,009.3 million for the six months ended June 30, 2021.

Cost of services for the automobile rental services segment was RMB170.6 million for the six months ended June 30, 2022, a 12.2% decrease from RMB194.2 million for the six months ended June 30, 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB3,080.7 million for the six months ended June 30, 2022, a 16.7% decrease from RMB3,699.2 million for the six months ended June 30, 2021.

Gross profit margin was 9.81% for the six months ended June 30, 2022, an increase of 0.67 percentage point from the gross profit margin of 9.14% for the six months ended June 30, 2021.

Gross profit from the sales of new vehicles of the passenger vehicle sales and services segment was RMB908.1 million for the six months ended June 30, 2022, a 14.3% decrease from RMB1,059.6 million for the six months ended June 30, 2021.

Gross profit margin for the sales of new vehicles increased to 3.58% for the six months ended June 30, 2022 from 3.12% for the six months ended June 30, 2021.

The gross profit from distribution of pre-owned vehicles was RMB129.4 million for the six months ended June 30, 2022, a 58.1% increase from RMB81.9 million for the six months ended June 30, 2021.

The gross profit margin from distribution of pre-owned vehicles was 9.20% for the six months ended June 30, 2022, an increase of 0.07 percentage point from the gross profit margin of 9.13% for the six months ended June 30, 2021.

Gross profit for after-sales services from the passenger vehicle sales and services segment was RMB1,996.2 million for the six months ended June 30, 2022, a 20.4% decrease from RMB2,508.2 million for the six months ended June 30, 2021.

Gross profit margin for after-sales services was 45.17% for the six months ended June 30, 2022, a slight decrease from 45.46% for the six months ended June 30, 2021.

Gross profit from the automobile rental services segment was RMB56.0 million for the six months ended June 30, 2022, a slightly increase from RMB54.8 million for the six months ended June 30, 2021.

Gross profit margin for the automobile rental services segment was 24.70% for the six months ended June 30, 2022, an increase of 2.70 percentage points from 22.00% for the six months ended June 30, 2021.

Other Income and Other Gains and Losses

Other income and other gains and losses were net gains of RMB616.7 million for the six months ended June 30, 2022, a 9.3% decrease from net gains of RMB679.9 million (restated) for the six months ended June 30, 2021.

Among those, revenue from the finance and insurance related post-market agency services business of the passenger vehicle sales and services segment was RMB574.9 million for the six months ended June 30, 2022, a 7.3% decrease from RMB620.0 million for the six months ended June 30, 2021.

The sales volume of direct agency sales of independent new energy brand vehicles was 1,216 units for the six months ended June 30, 2022, a 54.9% increase from 785 units for the six months ended June 30, 2021.

Revenue from direct agency sales service of independent new energy brand vehicles was RMB19.6 million for the six months ended June 30, 2022, a 69.1% increase from RMB11.6 million for the six months ended June 30, 2021.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB2,628.1 million for the six months ended June 30, 2022, a 3.2% increase from RMB2,545.5 million for the six months ended June 30, 2021.

Due to the relatively significant impact of the COVID-19 pandemic resulting in revenue decrease, the percentage of the distribution and selling expenses and administrative expenses for the six months ended June 30, 2022 was 8.37%, an increase of 2.08 percentage points from 6.29% for the six months ended June 30, 2021.

Operating Profit

As a result of the foregoing, operating profit was RMB1,069.3 million for the six months ended June 30, 2022, a 41.7% decrease from RMB1,833.7 million for the six months ended June 30, 2021.

Finance Costs

Finance costs were RMB168.5 million for the six months ended June 30, 2022, a 39.6% decrease from RMB279.2 million for the six months ended June 30, 2021.

The percentage of the finance costs for the six months ended June 30, 2022 decreased to 0.54% from 0.69% for the six months ended June 30, 2021.

Profit before Tax

As a result of the foregoing, profit before tax was RMB944.5 million for the six months ended June 30, 2022, a 40.7% decrease from RMB1,593.8 million for the six months ended June 30, 2021.

Income Tax Expense

Income tax expense was RMB241.2 million for the six months ended June 30, 2022, a 38.7% decrease from RMB393.3 million for the six months ended June 30, 2021. Our effective income tax rate was 25.5% for the six months ended June 30, 2022, a slightly increase from 24.7% for the six months ended June 30, 2021.

Profit from Continuing Operations

As a result of the foregoing, the profit from continuing operations was RMB703.3 million for the six months ended June 30, 2022, a 41.4% decrease from RMB1,200.5 million for the six months ended June 30, 2021.

Profit from Discontinued Operations

On June 29, 2021, the Group entered into a series of equity transfer agreements to directly or indirectly dispose its 80% equity interest in Shanghai Yongda Finance Leasing Co., Ltd. ("**Yongda Finance Leasing**"), and the disposal was completed on December 22, 2021. Thus, since 2022, the net profit of Yongda Finance Leasing has been included in the Group's share of profits of associates at a ratio of 20%. The revenue, costs, expenses and profits of Yongda Finance Leasing for the six months ended June 30, 2021 have been included in the profit from discontinued operations. The profit from discontinued operations for the period was RMB46.4 million.

Profit

As a result of the foregoing, the profit was RMB703.3 million for the six months ended June 30, 2022, a 43.6% decrease from RMB1,246.8 million for the six months ended June 30, 2021.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the profit attributable to the owners of the Company was RMB673.3 million for the six months ended June 30, 2022, a 42.5% decrease from RMB1,171.5 million for the six months ended June 30, 2021.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of new vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, issuance of bonds, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

For the six months ended June 30, 2022, our net cash from operating activities was RMB3,152.4 million. For the six months ended June 30, 2021, our net cash from operating activities was RMB3,827.3 million, of which the net cash generated from operating activities of automobile sales and services business was RMB3,299.0 million, and the net cash generated from operating activities of proprietary finance business was RMB528.3 million.

Compared to that for the six months ended June 30, 2021, although profit declined due to the impact of the pandemic, as we maintained a good inventory turnover ratio, the net cash generated from operating activities of our automobile sales and services business recorded a slight decrease of RMB146.6 million for the six months ended June 30, 2022.

For the six months ended June 30, 2022, our net cash used in investment activities was RMB599.8 million, mainly including RMB913.1 million used for the purchase of fixed assets, right-of-use assets and intangible assets which was partially offset by the proceeds of RMB279.0 million from the disposal of property, plant and equipment. For the six months ended June 30, 2021, our net cash generated from investing activities was RMB103.6 million.

For the six months ended June 30, 2022, our net cash used in financing activities was RMB1,218.1 million, which mainly included the payment of dividend of RMB1,002.5 million and the payment of interest of RMB179.5 million. For the six months ended June 30, 2021, our net cash used in financing activities was RMB3,096.2 million.

Inventories

Our inventories mainly include new vehicles, pre-owned vehicles, spare parts and accessories.

Our balance of inventories were RMB3,505.0 million as of June 30, 2022, a 13.2% decrease from RMB4,037.7 million as of December 31, 2021. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30,	
	2022	2021
Average inventory turnover days	**23.7**	23.4

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets as well as acquisition of subsidiaries, which was partially offset by the proceeds from the disposal of property, plant and equipment. For the six months ended June 30, 2022, our total capital expenditures were RMB670.0 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the six months ended June 30, 2022 *(in RMB millions)*
Expenditures on purchase of property, plant and equipment – mainly test-drive automobiles and vehicles for operating lease purposes	**311.4**
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	**571.7**
Expenditures on purchase of intangible assets (vehicle license plates and softwares)	**30.0**
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for operating lease purposes)	**(279.0)**
Expenditures on acquisition of subsidiaries	**35.9**
Total	**670.0**

Borrowings and Bonds

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) and issued bonds to fund our working capital and network expansion. As of June 30, 2022, the outstanding amount of our borrowings and bonds amounted to RMB5,009.3 million, an increase of 2.7% from RMB4,875.6 million as of December 31, 2021. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2022:

	As of June 30, 2022 *(in RMB millions)*
Within one year	**3,645.9**
One to two years	**116.5**
Two to five years	**1,186.9**
More than five years	**60.0**
Total	**5,009.3**

As of June 30, 2022, our net gearing ratio (being net liabilities divided by total equity) was 10.1% (as of December 31, 2021: 18.3%). Net liabilities represent borrowings and medium-term notes minus cash and cash equivalents and time deposits.

Mortgage and Charge on Assets

As of June 30, 2022, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2022 consisted of (i) inventories of RMB501.2 million; (ii) property, plant and equipment of RMB59.0 million; (iii) land use rights of RMB141.1 million; and (iv) equity interests of the subsidiaries of RMB910.8 million.

Contingent Liabilities

References are made to the announcements published by the Company on June 29, 2021 and December 22, 2021 (the "**Announcements**"), which disclosed that the Company made direct or indirect disposal of 80% equity interest in Yongda Finance Leasing (the "**Disposal**"). The Disposal was completed on December 22, 2021.

Before the Disposal, the Group has provided guarantees (the "**Previous Guarantees**") in favor of certain banks in the PRC in respect of a series of credits (the "**Existing Credits**") and corresponding debts of Yongda Finance Leasing respectively. As of June 30, 2022, the total outstanding maximum guarantee related to the Previous Guarantees was RMB0.350 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB0.350 billion.

The Group expects that the above borrowings drawn by Yongda Finance Leasing relevant to the Previous Guarantees will expire in 2022 at the latest. Upon the repayment of the above amount by Yongda Finance Leasing, the Group will no longer have guarantee obligations for the above borrowings.

Upon the Disposal, the Group guaranteed the additional credits (the "**Additional Credits**") and corresponding debts of Yongda Finance Leasing in proportion to the Group's 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As of June 30, 2022, the balance of the borrowings drawn under the Additional Credits of Yongda Finance Leasing upon the Disposal was RMB1.363 billion, of which the guarantee amount provided by the Group was RMB0.273 billion.

As of June 30, 2022, save for the above, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the benchmark rates of the People's Bank of China and the Secured Overnight Financing Rate (SOFR). Increases in interest rates could result in an increase in our cost of borrowing, which in turn could adversely affect our finance costs, profit and our financial condition. We currently use derivative financial instruments to hedge some of our exposure to interest rate risk.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of June 30, 2022, certain of our financial liabilities were denominated in foreign currencies, and considering the fluctuation of foreign currency rate, we used derivative financial instruments to hedge our exposure to foreign exchange risk.

Impact of COVID-19 Pandemic

From late March 2022 to May 2022, the business and operations of the Group were significantly affected by the COVID-19 pandemic. To curb the spread of the pandemic, the Chinese government has taken measures to close workplaces and impose travel restrictions in areas where the COVID-19 pandemic has occurred. We have taken measures to reduce the impact of the COVID-19 pandemic, including strict implementation of isolation and disinfection measures in some of our operating entities and service outlets in accordance with regulations issued by relevant governments. From June 2022, various businesses of the Group have gradually returned to normal.

Given the current uncertainty and unpredictability of the COVID-19 pandemic, the impact of the COVID-19 pandemic on our operation performance, financial condition and cash flow will depend on the future development of the COVID-19 pandemic, which created operational challenges for our business. In addition, our operation performance may be adversely affected if the COVID-19 pandemic damaged the overall economy in China.

FUTURE OUTLOOK AND STRATEGIES

In the first half of 2022, under the once-in-a-century changes of the global economic downturn and the crack of the global supply chain caused by the pandemic, although China's automobile market encountered unexpected downward trend caused by the pandemic lockdown in many districts, it also ushered in a series of most favorable policies in the PRC and a historical development opportunity of outperformance of companies in the new energy vehicle industry. The automobile market has accelerated into the era of digital economy. The new technological revolution has driven the rapid development of big data, intelligent networking and cloud computing, and the market is undergoing unprecedented changes. New energy vehicles have sprung up and increased rapidly. Even in the first half of 2022 which experienced tightened lockdown, domestic retail sales of new energy passenger vehicles reached 2,248,000 units, representing an increase of 122.5% year-on-year. New energy vehicles have entered a new stage of large-scale and market-oriented rapid development.

At the critical moment of the development of automobile dealer industry in the PRC, the most important topic to be considered in the strategic planning and layout of automobile dealer groups in the PRC is how to successfully grasp the important opportunities of speeding up the corporate upgrading and development during the channel mode reform under the market condition that new energy vehicles are entering into a new stage of large-scale and market-oriented rapid development, so as to be well-positioned in the accelerated reshuffle of the market.

At the beginning of 2022, the Company proposed **the general strategic plan of driving the Company's future development with three growth curves of luxury vehicles, pre-owned vehicles and new energy vehicles**. In the first half of 2022, our business was challenged by extreme market conditions of "ice and fire", which also indicated the accuracy and effectiveness of the strategy.

The Company will keep pace with times to achieve breakthroughs in the era of new energy revolution through the following **four strategies**:

Firstly, to further consolidate and maintain the Company's leading position in the BMW and Porsche luxury brand vehicles, and consolidate and strengthen the powerful moat created by these two luxury brands. The Company will always adhere to the attitude as BMW and Porsche's long-term strategic partners in the PRC, offer millions of existing quality customers best purchase experience and one-stop full life cycle operation service as well as create our solid business fundamentals with most comprehensive service content, high efficient service process, rapid inventory turnover and intimate sales and after-sales service. The Company will take the initiative to seek for merger and acquisition opportunities of key luxury brands, advance the reconstruction and production capability expansion of existing network and facilities, optimize the brand structure and regional distribution and maintain steady growth of after-sales business.

Secondly, the replacement rate of luxury brands is higher than that of general brands. Relying on the natural advantages of luxury vehicle dealer group in developing pre-owned vehicle business, the Company will promote the Yongda pre-owned vehicle business at full speed as a new engine for the growth of the main automotive service industry. The liberalization of the pre-owned vehicle policy has promoted the industry to enter a period of rapid development. Luxury vehicle dealers have obvious advantages in vehicle sources, after-sales repair and maintenance, customer flow, capital and others, and are more expected to enjoy the returns from rapid growth of the pre-owned vehicle market. The Company will accelerate the upgrading from pre-owned vehicle brokerage mode to distribution mode, and from traditional operation mode to digital and omni-channel operation mode, so as to achieve the overall improvement in terms of scale, retail and profitability. Under the "2+1" channel strategies, i.e. the dual channels of offline 4S dealership outlets and pre-owned chain malls combining with the online pre-owned mall portal, we will form an omni channel "new retail" model by combining online and offline channels. Under the strategies of improving replacement ratio of outlets, marketing among existing customers, proactive implementation of batch vehicle source synergies with manufacturers and third parties, we will further broaden the quality pre-owned vehicle sources. Through the channel capability construction and enhancement of Yongda pre-owned vehicle brand marketing, we will further improve the certified pre-owned retail scale and profitability and quality.

Thirdly, the Company will accurately grasp the opportunity, timely seize the opportunity period of high-speed growth of new energy vehicles, accelerate the integration into the layout of the new energy vehicle industry chain, make change with the trend, create a new model of new energy vehicle sales service, speed up the layout of the new energy vehicle service industry, and commit to create the Company's third growth curve. The Company has established a specialized institution and formed a professional group, providing independent training system and incentive mechanism, realizing the independent operation and rapid development of new energy business sector under an independent framework. Currently, the Company has formed a certain scale of new energy service outlets, and such outlets are still rapidly expanding. The Company will proactively expand the brand coverage and further strengthen the business cooperation with the electric vehicle segment of traditional luxury vehicle enterprises. Focusing on new energy vehicle market expansion, regional brand new retail mode, new energy vehicle industry chain service, Internet user operation and other automobile related businesses, the Company will carry out all-round strategic cooperation with domestic leading new energy brand vehicle enterprises, fully exert our leading advantages in service network, refined operation management, digital customer operation and new media operation, and break through the original industrial layout, respond to the "China-Chic" consumption trend of the new generation of consumers and create a new consumption growth pole. The Company aims to become a leading full ecosystem service provider for new energy vehicle users in the PRC.

Fourthly, the market has accelerated into the new era of automobile retail and digital economy. The Company is committed to comprehensively promoting digital transformation, and will promote refined digital-driven operation and activate user value in the future. The new era of automobile retail does not only require automobile dealers to improve and optimize existing channels centering on consumer experience and with digitalization as the core driving force, but also is the innovation of future sales formats and the reconstruction of business models. The Company has completed the construction of internal intelligent operation platform in recent years, and the mobile application software of the client-side Yongda automobile customer service integration platform has also been launched, by virtue of which, we will achieve the following: **firstly, taking consumer needs and experience as the core, improving customer experience through online connection**, extending services to all stages of the life cycle of customer needs, changing the one-way logic centered on vehicle sales, and redesigning the retail and service scenarios and processes in combination with offline resources. **Secondly, realizing the comprehensive digital retail process step by step**, including the integration of customer remote service front end smart retail system, 4S store intelligent management middle and back ends system, customer community operation system and complete agent marketing system, so as to realize the interconnection among the whole network and continue to optimize the online and offline integrated retail experience. **Thirdly, with open whole-chain ecosystem**, the Company will actively utilize the access ability of Internet channels, software and hardware infrastructure services, and tap the purchasing power beyond the marketing network of traditional 4S stores. The Company will build and realize the digital strategies with one core and two complements of "broad front end + strong back end". Through digital construction, the Company will establish an automobile sales service and management system with customer needs as the core, explore the value of customers' full life cycle, and promote the transformation, upgrading and development of the Company from "automobile dealer" to "provider of full life cycle service to automobile users", so as to improve the overall operating efficiency and reduce costs, as well as improve user stickiness and profitability simultaneously.

Looking forward, the Company will also strengthen the team building and talent reserve in the fields of new energy and pre-owned vehicles in the future, optimize the appraisal management and incentive mechanism of the Company, and build a professional talent team with digital capability in line with the future trend. The management of the Company will also be dedicated to continuously improving the efficiency of asset operation, and maintaining the Company's cash flow and asset-liability ratio healthy and stable. In addition, the Company will also actively and constantly respond to the "low carbon" strategy in China and commit to implementing ESG-related corporate social responsibilities, and build long-term sustainable growth capacities so as to make the Company invincible in the future competition and return the shareholders and investors of the Company with more stable performance growth.

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and has complied with the code provisions in the CG Code during the six months ended June 30, 2022.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2022.

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

Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended June 30, 2022, the Company repurchased a total of 1,300,000 ordinary shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration of approximately HK$11,776,670. Particulars of the Shares Repurchased are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share		Aggregate Consideration
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
January 2022	1,300,000	9.5	8.78	11,776,670
Total	1,300,000			11,776,670

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 six months ended June 30, 2022.

Audit and Compliance Committee

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2022. The Audit and Compliance Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The independent auditors of the Company, Deloitte Touche Tohmatsu, have carried out a review of the condensed consolidated financial statements of the Group for the six months ended June 30, 2022 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil) to the shareholders of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended June 30, 2022 will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

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

The PRC, August 29, 2022

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Cheung Tak On, Mr. Cai Yingjie, Mr. Wang Zhigao, Mr. Xu Yue, Ms. Chen Yi and Mr. Tang Liang; and (ii) three independent non-executive Directors, namely Ms. Zhu Anna Dezhen, Mr. Lyu Wei and Mr. Mu Binrui.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and development strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited by the Group's auditor. Shareholders and potential investors of the Company should therefore not place undue reliance on such statements.