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**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 ANNUAL RESULTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China Yongda Automobiles Services Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”, “**we**” or “**us**”) for the year ended December 31, 2022, together with comparative figures for the year ended December 31, 2021.

**GROUP FINANCIAL HIGHLIGHTS**

- Comprehensive revenue including revenue from agency services for the twelve months ended December 31, 2022 was RMB73,521 million, a 7.2% decrease from RMB79,205 million for the twelve months ended December 31, 2021.
- Comprehensive gross profit including revenue from agency services for the twelve months ended December 31, 2022 was RMB7,886 million, a 12.8% decrease from RMB9,041 million for the twelve months ended December 31, 2021.
- Revenue from new vehicles for the twelve months ended December 31, 2022 was RMB58,192 million, a 8.8% decrease from RMB63,782 million for the twelve months ended December 31, 2021.
- Revenue from new vehicles of luxury brands for the twelve months ended December 31, 2022 was RMB50,449 million, a 6.5% decrease from RMB53,950 million for the twelve months ended December 31, 2021.

- Revenue of after-sales services for the twelve months ended December 31, 2022 was RMB10,099 million, a 12.5% decrease from RMB11,543 million for the twelve months ended December 31, 2021.
- Transactional volume of pre-owned vehicles for the twelve months ended December 31, 2022 was 80,832 units, a 12.9% increase from 71,605 units for the twelve months ended December 31, 2021.
- Revenue from agency services for the twelve months ended December 31, 2022 was RMB1,497 million, a 14.5% increase from RMB1,307 million for the twelve months ended December 31, 2021.
- Net profit for the twelve months ended December 31, 2022 was RMB1,486 million, a 43.3% decrease from RMB2,618 million for the twelve months ended December 31, 2021.
- Net profit attributable to the owners of the Company for the twelve months ended December 31, 2022 was RMB1,425 million, a 42.5% decrease from RMB2,480 million for the twelve months ended December 31, 2021.
- Turnover days of inventories for the twelve months ended December 31, 2022 was 22.1 days, a decrease of 1.0 days from 23.1 days for the twelve months ended December 31, 2021.
- Net cash generated from operating activities of automobile sales and services business for the twelve months ended December 31, 2022 was RMB4,232 million, a 13.0% decrease from RMB4,868 million for the twelve months ended December 31, 2021.
- The net gearing ratio as of December 31, 2022 was 10.5%, a decrease of 7.8 percentage points from 18.3% as of December 31, 2021.
- Basic earnings per share for the twelve months ended December 31, 2022 was RMB0.72 (twelve months ended December 31, 2021: RMB1.26).

# MANAGEMENT DISCUSSION & ANALYSIS

## MARKET REVIEW

According to the data from China Passenger Cars Association (the “CPCA”), in 2022, the overall retail sales of passenger vehicles reached 20.543 million units, representing a year-on-year increase of 1.9%. Among them, the sales volume of luxury vehicles reached 2.702 million units, representing a year-on-year increase of 1.9%. According to the data of the Compulsory Motor Insurance in 2022, the retail sales of BMW (including MINI) was 799,000 units, representing a year-on-year decrease of 6.2%, the retail sales of Porsche was 94,000 units, representing a year-on-year increase of 0.9%. In 2022, due to the impact of the COVID-19 in China, Shanghai and other places were under control for a long period of time from the first half of the year, and other regions in China were also unable to conduct business normally due to the escalation of pandemic control, which had a significant impact on the overall market demand and supply chain of the industry. Since December 2022, a comprehensive adjustment was made to the control strategy for the COVID-19 nationwide, followed by a rapid increase in the number of new infections, which had a short-term impact on the industry and the market.

According to the data from CPCA, sales of new energy passenger vehicles increased by 90.0% year-on-year to 5.674 million units in 2022. Sales volume of new energy passenger vehicles reached 27.6% of the total sales volume of passenger vehicles. Traditional self-owned brands of new energy vehicles, such as BYD, Geely, Chang’an and GAC achieved a rapid growth, while the AITO brand co-developed by SERES and Huawei rose to prominence in the fourth quarter of 2022. Among the emerging vehicle brands, Neta and Leapmotor broke the previous competition pattern of “Weixiaoli” with their higher year-on-year growth. In addition, the increase in the market scale of the new energy vehicles has contributed to the increasing optimization of its supporting facilities, and the construction of charging and switching infrastructure has been accelerated significantly. More than 10,000 service points for power battery collection have been established cumulatively, and the related industries have gradually started to form a scale effect. It is expected that in the following period of time, the domestic new energy vehicle industry itself will grow at a high rate, and it will also drive a series of supporting industries into a window of rapid development.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 16.028 million units in 2022, representing a year-on-year decrease of 8.9%, of which vehicles with an age of less than 6 years accounted for 70.2% of total sales. Pre-owned vehicles market faced a series of favorable policies in 2022. The relocation restrictions of small non-operating pre-owned vehicles that meet the National V emission standards have been canceled nationwide. The temporary property rights transaction system has been further improved, and it clarified that the non-used vehicles market can carry out distribution business. The above policies clarified and solved the problems that have plagued the industry for a long time. In terms of the specific business progress in the second half of 2022, the relevant policies have been implemented one after another, and after the policy adjustment of the COVID-19 control, it is believed that domestic pre-owned vehicles trading market will face a stage of rapid growth.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of December 2022, the passenger vehicle ownership in China reached 320 million units, of which 13.10 million new energy vehicles, accounting for 4.1% of the total number of vehicles. The ownership of luxury vehicles maintained a relatively fast growth. The profitability of the after-sales repair and maintenance market for luxury vehicles was significantly higher than the market average due to factors such as loyalty and higher profit margins. In the future, vehicle consumption market in China will maintain a differentiated development trend. On the one hand, in the cities with controlled licenses and regional markets with relatively good consumption base in new energy vehicles, the new energy vehicles ownership will increase rapidly. On the other hand, the consumption upgrade demand of the huge vehicle ownership base will have a continuous pulling effect on luxury vehicle brands.

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 aspects, focusing on 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. Meanwhile, in the second half of 2022, policies were also launched to enable qualified new vehicle sales to enjoy a 50% reduction in purchase tax, while local policies to support auto consumption were introduced across the country, which strongly boosted market recovery. With the adjustment of the COVID-19 control strategy, the market started to enter the recovery stage in the post-pandemic era. Under a series of national economic recovery and consumption-pulling policies, it is expected that the overall passenger vehicle market will gradually recover in 2023, achieving a stable but rising trend.

## **BUSINESS REVIEW**

Due to the severe impact of the pandemic, in 2022, our comprehensive revenue and comprehensive gross profit taking into account the revenue from agency services amounted to RMB73,521 million and RMB7,886 million respectively, representing a decrease of 7.2% and 12.8% respectively compared with the same period of 2021. Our net profit and net profit attributable to owners of the Company amounted to RMB1,486 million and RMB1,425 million respectively, representing a decrease of 43.3% and 42.5% respectively compared with the same period of 2021.

In 2022, we maintained a relatively healthy inventory turnover of 22.1 days, a decrease of 1.0 day compared to 2021, as we were able to better control the rhythm of our inventory purchases and sales and the amount of capital expended. In 2022, the net cash generated from operating activities of automobile sales and services business amounted to RMB4,232 million, representing a decrease of 13.0% compared with the same period of 2021, nevertheless, it still maintained at a good level and effectively hedged the impact of the decrease in net profit on us. Meanwhile, our net gearing ratio as of December 31, 2022 was 10.5%, representing a decrease of 7.8 percentage points from 18.3% as of December 31, 2021.

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

### **Remained Steady in New Vehicle Sales Business**

In 2022, the sales volume of new vehicles reached 187,276 units and the sales revenue of new vehicles amounted to RMB58,192 million, of which the sales revenue of luxury brands accounted for 86.7%, representing a year-on-year increase of 2.1 percentage points. We have been actively promoting the use of resource synergy advantages of the Group and all brand enterprises for the analysis of customer retention data, flow distribution, real-time tracking and conversion of transactions. In addition to promoting the scale of purchase and replacement of our own vehicle models, we also facilitated the purchase and replacement of upgraded brand models of the same series within the Group, and facilitated the information access and transactions of cross-brand sales, which has contributed to the increase in the sales volume of new vehicles of luxury brands. In addition, we always pay attention to the subsidy policies for new vehicle consumption issued by the national and local governments, and take advantage of the opportunity to carry out vigorous publicity through various online and offline channels, which achieved very good results and effectively boosted the information access of new vehicle and the growth of retail sales, thus promoted the rapid recovery of the sales scale of new vehicle.

In 2022, the gross profit margin of our new vehicle sales was 2.47%, representing a year-on-year decrease of 1.02 percentage points compared with 2021; the gross profit margin of our new vehicles of luxury brands was 2.73%, representing a year-on-year decrease of 1.36 percentage points compared with 2021. In 2022, due to the outbreak of COVID-19 in many places, from the supply side, the pandemic has affected the normal production of OEMs, caused interruptions in product supply and transportation, resulted in disruptions of regular delivery of certain high-profit models and high-volume models, affected the scale and structure of vehicle deliveries, reduced the proportion of business policies, and reduced revenue from new vehicle sales extensions business. However, based on the premise of improving the efficiency of capital turnover (including prepayment), by using digital management tools, we integrated the purchase, sale and inventory of new vehicles with the management of working capital, and realized the deep front management of resource inventory and capital amount control, thus further promoted the improvement of the efficiency of inventory and capital turnover.

In 2022, the turnover days of our new vehicle were 20.9 days, representing a year-on-year decrease of 1.6 days over the same period in 2021. Through the sandbox system for new vehicle sales, we grasped the supply and demand situation of new vehicle resources of all brands in real time, and made accurate research and forecast of sales in the current month, next month and the quarter. We 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 supply and demand quota of new vehicles. 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 order requirements and maximizing turnover efficiency of new vehicles.

## **Steady Improvement in the Quality of After-sales Services Management**

In 2022, due to the impact of the pandemic, our revenue from after-sales service business, including repair and maintenance services and extended automotive products and services recorded a revenue of RMB10,099 million, representing a year-on-year decrease of 12.5% over the same period in 2021. In 2022, gross profit margin of our after-sales service was 44.81%, which was basically the same as the same period in 2021.

We are always concerned about and constantly improving our user operations. Through our online presence, we enhanced user communication and care. In the fourth quarter of 2022, we fully launched the Yongda Vehicle Service Platform, with over a million of registered users of our service platform APP by the end of 2022. Users can make appointments for maintenance, pick-up and delivery through our APP, and make payment for maintenance online, which effectively enhanced the user experience. Users can also get the information of various activities launched by us through the APP to ensure timely access to corresponding rights. Besides, we continued to improve our sticky product system to ensure a high penetration rate on the sales side and after-sales side to ensure a rapid recovery of after-sales business in our outlets after the pandemic had subsided. We continued to leverage the digital management tools of our mechanical and electrical repair and maintenance information to make proactive appointments, which has enabled us to maintain an increase in the size of our managed user base despite the severe impact of the pandemic in 2022.

In terms of enhancement in accident car business, the continued increase in agency premium size provided us with more valid information and better claims policies from our insurers. Besides, we comprehensively promoted full staff marketing of accident claims and proactive repair for minor damages, combined with self-developed digital management tools for accident claims, we have effectively improved the efficiency and quality of accident vehicle information access, as well as the effectiveness of retention and repair management, and have contributed to the continuous optimization of our accident vehicle business structure.

In terms of inventory efficiency control, we adjusted our procurement strategy in a timely manner in accordance with the changes in our business and strictly controlled the procurement of spare parts and supplies so that the size of our spare parts and supplies inventory was effectively controlled.

## **Quality and Quantity Improvement in Financial Insurance Business**

In 2022, the revenue of our financial insurance agency service reached RMB1,440 million, an increase of 13.4% compared to the same period in 2021.



In terms of agency automobile finance business, we intensified the management and improvement of business quality while ensuring the number of businesses, and effectively increased the number of periods of financial products, so that customers could enjoy high-quality financial products and the stickiness with stores would be significantly enhanced. In terms of financial institutions and layout, we actively cooperated closely with the financial and banking institutions of the factory, mainly with the discount interest institutions of the factory and state-owned banks with business development capacity nationwide, supplemented by regional advantage institutions, to meet the customer coverage of retail exhibition halls. In terms of business cooperation, taking full advantage of the scale effect of the Group, we carried out policy negotiations on key brands and key regions, increased financial commissions and obtained exclusive traffic resources from financial institutions. In 2022, the revenue of our finance agency business reached RMB1,136 million, representing a year-on-year increase of 22.2%, of which financial commission income reached RMB1,030 million, representing a year-on-year increase of 39.4%; the penetration rate of financial services was 65.4%, representing a year-on-year increase of 2.6 percentage points.

In terms of agency insurance business, we continued to carry out refined management, constantly improved the scale and quality of renewed insurance and non-auto insurance business. In 2022, the agency premium scale, number of renewed units and number of non-auto insurance units increased by 7.8%, 13.5% and 113.5% respectively compared to 2021. We have increased the right to communicate with insurance companies and won policy support from insurance commissions, accident vehicle claims, pre-owned vehicle underwriting and other aspects. Moreover, we further promoted customer loyalty through insurance business.

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

In 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 achieved rapid growth in distribution business, and basically formed a new business pattern of distribution, retail and digitalization. In 2022, our trade volume of pre-owned vehicles was 80,832 units, representing a year-on-year increase of 12.9%, of which 16,684 units were distributed by us, representing a year-on-year increase of 50.6%, and recorded a revenue of RMB3,370 million, representing a year-on-year increase of 50.2%. The gross profit from distribution of pre-owned vehicles was RMB294 million, representing a year-on-year increase of 42.1%. The overall new-to-pre-owned ratio of the Group rose rapidly to 43.2% from 33.5% in 2021, achieving a rapid increase in the operating capabilities of pre-owned vehicles in the existing market.

We actively built a “2+1” new retail business model of pre-owned vehicles, and achieved the digital and omnichannel business layout with online and offline integration. 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. 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 2022, our average sales revenue per unit was RMB202,000, and gross profit margin was 8.72%, and the turnover days of inventory were stably controlled within 30 days. Many of our 4S stores of Porsche, BMW, Audi, Volvo, Jaguar Land Rover and other brands were in a national leading position in the factory’s official annual certification evaluation.

We continuously strengthened the core competence construction of pre-owned vehicles, perfected the evaluation, inspection, pricing and disposal capabilities, established complete management requirements for the acquisition and disposal of pre-owned vehicles, implemented standardized business management and control, ensuring the compliance of business development and maximization of interests; we have strictly controlled the inventory turnover, 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 in new channels, and cooperated with many mainstream new energy 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. As for the replacement scenario of new energy pre-owned vehicles in new channels, we have launched a new independent sub-brand for vehicle collection to explore open, market-oriented and platform-based operation and achieve business growth.

We continued to strengthen the digital operation capabilities and 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 actively built a marketing matrix combining official website, new media and vertical media as well as strengthened private domain construction to promote online transactions.



## **Continued and In-depth Development of New Energy Vehicle Business**

In 2022, in terms of new authorization, we further expanded store authorization of popular new energy brands, and obtained a total of 28 independent new energy network authorizations. The total number of outlets of independent new energy brands has reached 36. The newly obtained authorization covers popular independent new energy brands such as AITO, Xiaopeng, BYD, smart, Lotus, ORA, Zhiji, Voyah, AVATR and NETA. Among them, we were among the top licensors in terms of the number of authorizations for Lotus, smart and Zhiji brands. The network types covered comprehensive 4S store and after-sales maintenance center.

In terms of sales volume, in 2022, despite the repeated impact of the pandemic, our sales volume of new energy vehicles of all brands reached 24,603 units, representing a year-on-year increase of 54.5%, accounting for 12.9% of the total sales volume. Additionally, we also made great improvement in the operation and management of independent new energy brand business, with the sales volume reaching 9,591 units, representing a year-on-year increase of 221.2%, of which the sales volume under the distribution model was 5,730 units, and the sales volume under the direct sales model was 3,861 units.

In 2022, we made great improvement in after-sales operation and management of independent new energy brand business. The revenue of maintenance throughout the year was RMB44.69 million, representing a year-on-year increase of 40%. The gross profit rate of maintenance was 44%, representing a year-on-year increase of 4 percentage points. In particular, the average unit output value of both AITO and smart brands exceeded RMB2,000, close to or reaching the level of mainstream luxury brands, demonstrating the growth potential of after-sales business in the new energy sector.

We have established point system and community operation in the new energy user system. In 2022, the total number of registered users of Yongda new energy vehicles miniprogram was 21,816. We realized the functions of full agent brands display, user fission, user upgrade, card and voucher issuance and point use at the miniprogram operation end. We launched 230 events with 3,928 applicants. We focused more closely on users and increased user stickiness.

## **High-quality Development of Network**

In 2022, on the one hand, we continued to optimize the brand network structure, consolidate the market share of existing major luxury brands and expand the network layout of other major luxury brands. We successfully obtained 1 Porsche authorization in Chengdu and newly obtained 5 BMW authorizations. On the other hand, we proactively planned to cooperate with outlets of various new energy brands through our own channel and management advantages. While expanding the network, we sped up the shutdown and transfer of poorly managed stores. We accelerated the expansion of the new energy brand network by utilizing surplus store resources, and continuously improved the average profitability of single store.

In 2022, we newly opened 36 self-built brand outlets, including 7 luxury brands, 4 mid-to-high-end brands, 23 independent new energy brands and 2 Yongda Pre-owned Vehicle Malls.

In 2022, we newly obtained 44 brand authorizations, including 12 traditional luxury brands, 4 mid-to-high-end brands and 28 independent new energy brands.

As of the end of 2022, we operated a total of 263 outlets, and we have 14 outlets authorized to open. Based on the analysis of brand structure, luxury brands account for 62%, mid-to-high-end brands account for 19%, independent new energy brands account for 14%, and Yongda Pre-owned Vehicle Malls account for 5%.

Set out below are the details and changes of our opened outlets as of December 31, 2022:

	<b>Outlets opened as of December 31, 2021</b>	<b>Outlets opened as of December 31, 2022</b>	<b>Changes of outlet</b>
4S dealerships of luxury and ultra-luxury brands	133	136	+3
City showrooms of luxury brands	22	24	+2
Authorized maintenance centers of luxury brands	<u>3</u>	<u>3</u>	<u>—</u>
<b>Sub-total of luxury and ultra-luxury brands outlets</b>	<b><u>158</u></b>	<b><u>163</u></b>	<b><u>+5</u></b>
4S dealerships of mid-to-high-end brands	43	43	—
City showrooms of mid-to-high-end brands	<u>4</u>	<u>6</u>	<u>+2</u>
<b>Sub-total of mid-to-high-end brands outlets</b>	<b><u>47</u></b>	<b><u>49</u></b>	<b><u>+2</u></b>
4S dealerships of independent new energy brands	10	30	+20
Authorized maintenance centers of independent new energy brands	<u>3</u>	<u>6</u>	<u>+3</u>
<b>Sub-total of independent new energy brands outlets</b>	<b><u>13</u></b>	<b><u>36</u></b>	<b><u>+23</u></b>
<b>Outlets of Yongda Pre-owned Vehicle Malls</b>	<b><u>13</u></b>	<b><u>15</u></b>	<b><u>+2</u></b>
<b>Total outlets</b>	<b><u><u>231</u></u></b>	<b><u><u>263</u></u></b>	<b><u><u>+32</u></u></b>

We newly opened 36 outlets in 2022 with details as follows:

<b>7 opened outlets of luxury brands</b>	<b>Brand details</b>	<b>23 opened outlets of new energy brands</b>	<b>Brand details</b>
5 4S stores	BMW (3), Aston Martin (1), Volvo (1)	20 4S stores	AITO(3), smart(6), Zhiji (2), Lotus (3), Voyah (2), Leapmotor (1), BYD (1), Radar (1), BAIC Arcfox (1)
2 showrooms	SAIC Audi (2)	3 maintenance centers	HiPhi (3)
<b>4 opened outlets of mid-to-high-end brands</b>	<b>Brand details</b>	<b>2 opened Yongda Pre-owned Vehicle Malls</b>	
2 4S stores	Haval (1), WEY (1)		
2 showrooms	Tank (1), Lynkco (1)		

### **Continuous Improvement in Management**

2022 was the most difficult year in the three years of the pandemic. The overall impact on the industry featured rapid changes, complex management and control policies as well as long duration. 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 improved the management mainly in the following aspects in 2022.

**In response to the unstable operation under the pandemic, we focused on ensuring that the Company's operating cash flow remained at a good level.** In 2022, for the new vehicle sales business which is the main link affecting operating cash flow, we used the digital system to gradually refine the link between the sales purchase, inventory and sales of new vehicles and operating capital to the analysis and control of the use efficiency of working capital of specific vehicle models. Moreover, we further strengthened the control of sales pace and overdue inventory as well as the coordination of internal and external resources. By improving operational efficiency, we effectively hedged the impact of pandemic control on sales pace, and kept the turnover days of new vehicles and financial expenses at a reasonable level.

**We continued to optimize the development and management of brands and outlets, and constantly improved the utilization efficiency of assets in the post-pandemic era.** Under the trend of electrification, traditional brands, independent brands and emerging brands are seeking to transform and upgrade. We paid close attention to the development trend of various brands, further consolidated the foundation of the leading luxury brands in terms of network development, actively sought potential independent brands and emerging brands in the field of new energy for selective development to gradually form a new brand network layout, and continuously improved the operation efficiency of the overall network. Meanwhile, we continued to promote the shutdown and transfer of the outlets that were inefficient, unprofitable and inconsistent with our long-term business strategy, in order to facilitate the sustainable increase of overall return on our asset investment in the future.

**We are user-centric and have actively promoted data-driven digital transformation.** In the face of the development trend of Internet and digitalization, the purchase decision and service experience of automobile consumers increasingly rely on digitalized tools. We continued to promote user-centric digitalization with the goal of realizing the transformation from traditional dealers to new digital retail service providers in the future. On the marketing side, we formulated clear online marketing strategies. We made full use of traditional vertical media and new media channels to realize new ways of direct communication with users (splitting private traffic) through live broadcast, public account and short video platform (expanding public traffic). Additionally, we launched Yongda Auto Service Platform in 2022. Our APP enables users to conduct online business of new and pre-owned vehicles and after-sales services, which has greatly improved the operating efficiency of stores during the pandemic and further improved the user's service experience. Through the above users digital construction, we can not only continuously reduce our customer acquisition costs and bring more accurate new users, but also help us better maintain existing users and achieve efficient full life cycle user operation.

**We proactively promoted the organizational reform and transformation, and continuously improved the Company's core competitiveness.** In response to the changes in business model and consumer service demand in the post-epidemic era, we have always sought a better management model to achieve a better user service experience and achieve lower cost and more efficient operation. In 2022, we preliminarily planned a new front, middle and back office operation organization system, rapidly advanced the construction of the business operation center and the sharing service center, enhanced user access and service experience more efficiently focusing on user operation and via the business operation middle office, empowered our subsidiaries to achieve continuous improvement of business scale, and improved the allocation and management efficiency of operation resources of our subsidiaries more efficiently focusing on support services and via the sharing service center. Together with the aforementioned digital transformation work, we will realize our transformation and upgrading in the future and better face the future opportunities and challenges.

**We always attach great importance to the industrial transformation and upgrading as well as the support and empowerment of team building for the new industry segments.** At the beginning of 2022, we 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, pre-owned vehicles, digitalization and other fast-growing business segments for centralized empowerment.



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Continuing operations</b>			
<b>Revenue</b>			
Goods and services		<b>71,532,452</b>	77,389,975
Rental		<b>491,436</b>	526,579
		<u>71,532,452</u>	<u>77,389,975</u>
Total revenue	<i>3A/B</i>	<b>72,023,888</b>	77,916,554
Cost of sales and services		<b>(65,634,545)</b>	(70,163,869)
		<u>(65,634,545)</u>	<u>(70,163,869)</u>
Gross profit		<b>6,389,343</b>	7,752,685
Other income and other gains and losses	<i>4</i>	<b>1,549,711</b>	1,404,527
Distribution and selling expenses		<b>(3,799,708)</b>	(3,534,258)
Administrative expenses		<b>(1,835,484)</b>	(1,813,993)
		<u>(1,835,484)</u>	<u>(1,813,993)</u>
Profit from operations		<b>2,303,862</b>	3,808,961
Share of (losses) profits of joint ventures		<b>(800)</b>	1,481
Share of profit of associates		<b>90,293</b>	70,710
Finance costs		<b>(320,688)</b>	(506,390)
		<u>(320,688)</u>	<u>(506,390)</u>
Profit before tax	<i>6</i>	<b>2,072,667</b>	3,374,762
Income tax expense	<i>5</i>	<b>(587,090)</b>	(837,027)
		<u>(587,090)</u>	<u>(837,027)</u>
Profit for the year from continuing operations		<b>1,485,577</b>	2,537,735
		<u>1,485,577</u>	<u>2,537,735</u>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations - net		<b>—</b>	80,338
		<u>—</u>	<u>80,338</u>
<b>Profit for the year</b>		<b>1,485,577</b>	2,618,073
		<u>1,485,577</u>	<u>2,618,073</u>

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year attributable to: Owners of the Company			
– from continuing operations		<b>1,425,439</b>	2,399,760
– from discontinued operations		<u>–</u>	<u>80,338</u>
		<b><u>1,425,439</u></b>	<u>2,480,098</u>
 Profit for the year attributable to the non-controlling interests			
– from continuing operations		<b><u>60,138</u></b>	<u>137,975</u>
		<b><u><u>1,485,577</u></u></b>	<u><u>2,618,073</u></u>
 <b>EARNINGS PER SHARE</b>			
 From continuing and discontinued operations			
– basic	8	<b><u>RMB0.72</u></b>	<u>RMB1.26</u>
– diluted	8	<b><u>RMB0.72</u></b>	<u>RMB1.26</u>
 From continuing operations			
– basic	8	<b><u>RMB0.72</u></b>	<u>RMB1.22</u>
– diluted	8	<b><u>RMB0.72</u></b>	<u>RMB1.22</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Profit for the year</b>	<b>1,485,577</b>	2,618,073
<b>Other comprehensive expense</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>(1,254)</u>	<u>(3,532)</u>
<b>Total comprehensive income for the year</b>	<b><u>1,484,323</u></b>	<b><u>2,614,541</u></b>
Total comprehensive income for the year attributable to:		
Owners of the Company	<b>1,424,185</b>	2,476,566
Non-controlling interests	<b><u>60,138</u></b>	<u>137,975</u>
	<b><u>1,484,323</u></b>	<u>2,614,541</u>
Total comprehensive income for the year attributable to the owners of the Company		
– from continuing operations	<b>1,424,185</b>	2,396,228
– from discontinued operations	<u>–</u>	<u>80,338</u>
	<b><u>1,424,185</u></b>	<u>2,476,566</u>
Total comprehensive income for the year attributable to the non-controlling interests		
– from continuing operations	<b><u>60,138</u></b>	<u>137,975</u>
	<b><u>1,484,323</u></b>	<u>2,614,541</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2022

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,059,015</b>	5,838,423
Right-of-use assets		<b>2,995,670</b>	3,129,191
Goodwill		<b>1,672,160</b>	1,672,160
Other intangible assets		<b>2,817,249</b>	2,860,100
Deposits paid for acquisition of property, plant and equipment		<b>94,196</b>	82,871
Deposits paid for acquisition of right-of-use assets		<b>144,728</b>	34,653
Equity instruments at FVTOCI		<b>8,035</b>	9,415
Financial assets at fair value through profit or loss ("FVTPL")		<b>312,142</b>	350,180
Interests in joint ventures		<b>51,951</b>	47,632
Interests in associates		<b>750,178</b>	666,636
Deferred tax assets		<b>255,875</b>	186,868
Other assets	9	<b>68,195</b>	71,195
Time deposits		<b>2,500</b>	—
		<b><u>15,231,894</u></b>	<u>14,949,324</u>
<b>Current assets</b>			
Inventories	10	<b>4,555,391</b>	4,037,703
Trade and other receivables	9	<b>8,017,640</b>	9,126,717
Financial assets at FVTPL		<b>255,011</b>	2,453
Amounts due from related parties		<b>69,809</b>	147,626
Cash in transit		<b>68,816</b>	81,845
Time deposits		<b>5,000</b>	8,100
Restricted bank balances		<b>2,008,024</b>	962,523
Bank balances and cash		<b>2,185,797</b>	2,250,347
Derivative financial assets		<b>3,878</b>	—
		<b><u>17,169,366</u></b>	<u>16,617,314</u>

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>8,390,619</b>	5,569,010
Amounts due to related parties		<b>87,396</b>	58,690
Tax liabilities		<b>1,205,786</b>	1,277,046
Borrowings		<b>2,287,511</b>	3,595,518
Contract liabilities		<b>1,723,948</b>	2,479,537
Lease liabilities		<b>274,157</b>	235,685
Medium-term note-current	<i>12</i>	<b>369,763</b>	–
Derivative financial liabilities		<b>–</b>	112,014
		<b><u>14,339,180</u></b>	<u>13,327,500</u>
<b>Net current assets</b>		<b><u>2,830,186</u></b>	<u>3,289,814</u>
<b>Total assets less current liabilities</b>		<b><u>18,062,080</u></b>	<u>18,239,138</u>
<b>Non-current liabilities</b>			
Borrowings		<b>1,079,905</b>	911,478
Lease liabilities		<b>1,508,717</b>	1,894,076
Deferred tax liabilities		<b>808,583</b>	776,066
Medium-term note	<i>12</i>	<b>–</b>	368,653
		<b><u>3,397,205</u></b>	<u>3,950,273</u>
<b>Net assets</b>		<b><u>14,664,875</u></b>	<u>14,288,865</u>
<b>Capital and reserves</b>			
Share capital		<b>16,233</b>	16,262
Treasury shares		<b>(46,659)</b>	(8,953)
Reserves		<b><u>14,191,192</u></b>	<u>13,701,157</u>
Equity attributable to owners of the Company		<b><u>14,160,766</u></b>	13,708,466
Non-controlling interests		<b><u>504,109</u></b>	<u>580,399</u>
<b>Total equity</b>		<b><u>14,664,875</u></b>	<u>14,288,865</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. GENERAL INFORMATION

China Yongda Automobiles Services Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company’s registered office is located at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands and its principal place of business in Hong Kong is Unit 5708, 57/F, The Center, 99 Queen’s Road Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the People’s Republic of China (“**PRC**”). The Company and its subsidiaries are collectively referred to as the Group.

The consolidated financial statements are presented in Renminbi (the “**RMB**”), which is also the functional currency of the Company.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the the Group’s annual periods beginning on January 1, 2022 for the preparation of the consolidated financial statements:

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

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



### 3A. REVENUE

#### (i) Disaggregation of revenue from contracts with customers for continuing operations

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Types of goods or services</b>		
Sale of new vehicles:		
– Luxury and ultra-luxury brands ( <i>note a</i> )	50,388,466	53,751,031
– Mid-to-high-end brands ( <i>note b</i> )	6,808,491	9,723,985
– Independent new energy brands ( <i>note c</i> )	870,992	134,869
Sale of pre-owned vehicles distribution ( <i>note d</i> )	<u>3,369,991</u>	<u>2,243,011</u>
	61,437,940	65,852,896
Services		
– After-sales services	<u>10,094,512</u>	<u>11,537,079</u>
Total	<u><u>71,532,452</u></u>	<u><u>77,389,975</u></u>
<b>Geographical markets</b>		
Mainland China	<u><u>71,532,452</u></u>	<u><u>77,389,975</u></u>
<b>Timing of revenue recognition</b>		
A point in time	61,437,940	65,852,896
Over time	<u>10,094,512</u>	<u>11,537,079</u>
Total	<u><u>71,532,452</u></u>	<u><u>77,389,975</u></u>

*Notes:*

- a. Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Aston Martin, Infiniti, Lincoln, Cadillac, Volvo, Mercedes-Benz and Lexus.
- b. Mid-to-high-end brands include Buick, Chevrolet, Volkswagen, Ford, Skoda, Toyota, Honda, Roewe, Hyundai, Mazda, Lynk and others.
- c. Independent new energy brands include BYD, AITO, Great Wall ORA, Leapmotor and others.
- 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:

	<b>For the year ended December 31, 2022</b>		<b>For the year ended December 31, 2021</b>	
	<b>Sale of passenger vehicles RMB'000</b>	<b>After-sales services RMB'000</b>	<b>Sale of passenger vehicles RMB'000</b>	<b>After-sales services RMB'000</b>
<b>Revenue disclosed in segment information</b>				
External customers	<b>61,437,940</b>	<b>10,094,512</b>	65,852,896	11,537,079
Inter-segment	<u>123,702</u>	<u>4,569</u>	<u>171,964</u>	<u>5,495</u>
Total	<b>61,561,642</b>	<b>10,099,081</b>	66,024,860	11,542,574
<b>Eliminations</b>	<u>(123,702)</u>	<u>(4,569)</u>	<u>(171,964)</u>	<u>(5,495)</u>
<b>Revenue from contracts with customers</b>	<u><b>61,437,940</b></u>	<u><b>10,094,512</b></u>	<u>65,852,896</u>	<u>11,537,079</u>

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

Revenue on sale of new or pre-owned passenger vehicles is recognized when (or as) the passenger vehicles are transferred to the customers and the customers obtain control of the vehicles.

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

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

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

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of sales of passenger vehicles and after-sales services as the related contracts have an original expected duration of less than one year.

**(iv) Revenue from other segments**

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Automobile operating lease services	<u><b>491,436</b></u>	<u>526,579</u>

### 3B. OPERATING SEGMENTS

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

The Group's reportable segments are as follows:

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

#### Segment revenue and results

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

#### Continuing operations

	Passenger vehicle sales and services <i>RMB'000</i>	Automobile operating lease services <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
<i>For the year ended December 31, 2022</i>				
External revenue	71,532,452	491,436	–	72,023,888
Inter-segment revenue	<u>128,271</u>	<u>6,718</u>	<u>(134,989)</u>	<u>–</u>
Segment revenue ( <i>note a</i> )	71,660,723	498,154	(134,989)	72,023,888
Segment cost ( <i>note b</i> )	<u>(65,401,456)</u>	<u>(361,361)</u>	<u>128,272</u>	<u>(65,634,545)</u>
Segment gross profit	6,259,267	136,793	(6,717)	6,389,343
Service income	<u>1,496,673</u>	<u>–</u>	<u>–</u>	<u>1,496,673</u>
Segment results	<u><u>7,755,940</u></u>	<u><u>136,793</u></u>	<u><u>(6,717)</u></u>	<u>7,886,016</u>
Other income and other gains and losses ( <i>note c</i> )				53,038
Distribution and selling expenses				(3,799,708)
Administrative expenses				(1,835,484)
Finance costs				(320,688)
Share of loss of joint ventures				(800)
Share of profit of associates				<u>90,293</u>
Profit before tax				<u><u>2,072,667</u></u>

## Continuing operations

	Passenger vehicle sales and services RMB'000	Automobile operating lease services RMB'000	Eliminations RMB'000	Total RMB'000
<i>For the year ended December 31, 2021</i>				
External revenue	77,389,975	526,579	–	77,916,554
Inter-segment revenue	<u>177,459</u>	<u>11,388</u>	<u>(188,847)</u>	<u>–</u>
Segment revenue (note a)	77,567,434	537,967	(188,847)	77,916,554
Segment cost (note b)	<u>(69,927,461)</u>	<u>(413,867)</u>	<u>177,459</u>	<u>(70,163,869)</u>
Segment gross profit	7,639,973	124,100	(11,388)	7,752,685
Service income	<u>1,306,992</u>	<u>–</u>	<u>(18,428)</u>	<u>1,288,564</u>
Segment results	<u><u>8,946,965</u></u>	<u><u>124,100</u></u>	<u><u>(29,816)</u></u>	9,041,249
Other income and other gains and losses (note c)				115,963
Distribution and selling expenses				(3,534,258)
Administrative expenses				(1,813,993)
Finance costs				(506,390)
Share of profit of joint ventures				1,481
Share of profit of associates				<u>70,710</u>
Profit before tax				<u><u>3,374,762</u></u>

### Notes:

- a. The segment revenue of passenger vehicles sales and services for the year ended December 31, 2022 was approximately RMB71,660,723,000 (2021: RMB77,567,434,000) which included the sales of passenger vehicles amounting to approximately RMB61,561,642,000 (2021: RMB66,024,860,000) and the after-sales services revenue amounting to approximately RMB10,099,081,000 (2021: RMB11,542,574,000), respectively.
- b. The segment cost of passenger vehicles sales and services for the year ended December 31, 2022 was approximately RMB65,401,456,000 (2021: RMB69,927,461,000) which included the cost of sales of passenger vehicles amounting to approximately RMB59,828,273,000 (2021: RMB63,591,116,000) and the cost of after-sales services amounting to approximately RMB5,573,183,000 (2021: RMB6,336,345,000).
- c. The amount excludes the service income generated from the passenger vehicle sales and services segment, which is included in the segment results 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 profit of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors of the Company.

## Geographical information

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

## Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2022 and 2021.

## 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Continuing operations</b>		
Other income comprises:		
Service income ( <i>note a</i> )	1,496,673	1,288,564
Government grants ( <i>note b</i> )	28,100	30,968
Interest income on bank deposits	<u>35,642</u>	<u>57,958</u>
	<u>1,560,415</u>	<u>1,377,490</u>
Other gains and losses comprise:		
(Loss) gain on disposal of property, plant and equipment and other intangible assets	(13,446)	27,378
Gain on fair value change of financial assets at FVTPL	24,053	6,922
Net foreign exchange loss	(77,420)	(96,819)
Net gain on changes in fair value of derivative financial instruments	71,640	98,470
Loss on disposal of subsidiaries	(559)	(10,411)
Loss on disposal of an associate	-	(3,644)
Gain on disposal of a joint venture	-	2,231
Others	<u>(14,972)</u>	<u>2,910</u>
	<u>(10,704)</u>	<u>27,037</u>
Total	<u><u>1,549,711</u></u>	<u><u>1,404,527</u></u>

### 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. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Continuing operations</b>		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	640,593	888,540
(Over) under provision of PRC EIT in prior years	<u>(16,354)</u>	<u>489</u>
	624,239	889,029
Deferred tax:		
Current year credit	<u>(37,149)</u>	<u>(52,002)</u>
	<u><u>587,090</u></u>	<u><u>837,027</u></u>

## 6. PROFIT BEFORE TAX

Profit before tax from continuing operations has been arrived at after charging (crediting):

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Staff costs, including directors’ remuneration:		
Salaries, wages and other benefits	2,146,680	1,995,592
Retirement benefits scheme contributions	159,406	146,238
Share-based payment expenses	<u>44,748</u>	<u>37,870</u>
Total staff costs	<u>2,350,834</u>	<u>2,179,700</u>
Auditors’ remuneration:		
– in respect of audit service for the Company	6,920	6,920
– in respect of the statutory audits for the subsidiaries of the Company	<u>2,718</u>	<u>3,735</u>
Total auditors’ remuneration	<u>9,638</u>	<u>10,655</u>
Cost of inventories recognized as an expense	64,685,462	69,718,751
Depreciation of property, plant and equipment	803,848	787,831
Depreciation of right-of-use assets	371,893	284,062
Amortization of other intangibles assets	100,886	78,600
Covid-19-related rent concessions (deducted in the related expenses)	<u>(18,922)</u>	<u>–</u>



## 7. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2021 final dividends – RMB0.479 per share		
(2020 final dividends – RMB0.288 per share)	<u>948,826</u>	<u>569,065</u>

A final dividend of RMB0.292 per share with the total amount of approximately RMB570 million in respect of the year ended December 31, 2022 has been proposed by the Board of Directors and is subject to approval by the shareholders in the upcoming annual general meeting.

## 8. EARNINGS PER SHARE

### From continuing and discontinued operations

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings figures are calculated as follows:</b>		
Profit for the year attributable to owners of the Company	<u>1,425,439</u>	<u>2,480,098</u>

	2022 <i>'000</i>	2021 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,966,529	1,974,777
Effect of dilutive potential ordinary shares:		
Share options	<u>392</u>	<u>1,293</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,966,921</u>	<u>1,976,070</u>

### 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	<u>1,425,439</u>	<u>2,480,098</u>
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	<u>–</u>	<u>80,338</u>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u>1,425,439</u>	<u>2,399,760</u>

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

### From discontinued operations

Basic earnings and diluted earnings per share for the discontinued operations in 2021 was based on the profit for the year from the discontinued operations of RMB80 million in 2021 and the denominators detailed above for both basic and diluted earnings per share in 2021.

## 9. 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 of passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted;
- b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current</b>		
Trade receivables	976,182	915,739
Bills receivables	<u>—</u>	<u>6,354</u>
	<u>976,182</u>	<u>922,093</u>

**Current**

Prepayments and other receivables comprise:

Prepayments to suppliers	3,101,871	4,681,462
Deposits to suppliers	476,606	394,735
Deposits to entities controlled by suppliers for borrowings	128,177	243,798
Prepayments and rental deposits on properties	171,571	196,378
Rebate receivables from suppliers	2,443,162	2,077,110
Finance and insurance commission receivables	258,908	177,342
Staff advances	3,531	5,079
Value-added tax recoverable	203,964	196,787
Advances to non-controlling interests ( <i>note a</i> )	36,510	57,161
Advances to independent third parties ( <i>note a</i> )	2,090	7,520
Others	215,068	167,252
Less: allowance for impairment losses under expected credit loss model	<u>—</u>	<u>—</u>
	<u>7,041,458</u>	<u>8,204,624</u>
	<u>8,017,640</u>	<u>9,126,717</u>

**Non-current**

Other assets:

Receivables from disposal of land use right	<u>68,195</u>	<u>71,195</u>
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*Note:*

- a. The balances were unsecured, interest-free and repayable on demand for the year ended December 31, 2022. Except for RMB 6,900,000 which carried at a fixed interest rate of 4.9% per annum, the remaining balances were unsecured, interest-free and repayable on demand for the year ended December 31, 2021.

As at January 1, 2021, December 31, 2021 and December 31, 2022, trade receivables from contracts with customers amounted to RMB941,397,000, RMB827,865,000 and RMB851,025,000 respectively.

The following is an ageing analysis of the Group's trade and bills 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 90 days	<u>976,182</u>	<u>922,093</u>

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

## 10. INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Motor vehicles	4,007,158	3,504,540
Spare parts and accessories	<u>548,233</u>	<u>533,163</u>
	<u><b>4,555,391</b></u>	<u><b>4,037,703</b></u>

As at December 31, 2022, certain inventories of the Group with an aggregate carrying amount of RMB1,191,716,000 (2021: RMB1,202,793,000) were pledged as securities for the Group's borrowings.

As at December 31, 2022, certain inventories of the Group with an aggregate carrying amount of RMB2,177,567,000 (2021: RMB1,123,451,000) were pledged as security for the Group's bills payables.

## 11. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current</b>		
Trade payables	926,892	832,292
Bills payables	<u>6,537,661</u>	<u>3,781,745</u>
	<u><b>7,464,553</b></u>	<u><b>4,614,037</b></u>
<b>Other payables</b>		
Other tax payables	152,664	165,607
Payable for acquisition of property, plant and equipment	79,707	43,086
Salary and welfare payables	249,077	224,837
Accrued interest	25,860	24,181
Accrued audit fee	5,320	5,600
Consideration payables for acquisition of subsidiaries	6,783	48,008
Advance from non-controlling interests ( <i>note</i> )	39,211	47,629
Dividend payable to non-controlling interests	448	12,340
Other accrued expenses	93,873	117,521
Others	<u>273,123</u>	<u>266,164</u>
	<u><b>926,066</b></u>	<u><b>954,973</b></u>
	<u><b>8,390,619</b></u>	<u><b>5,569,010</b></u>

*Note:* The balances were 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 invoice date at the end of the reporting period:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
0 to 90 days	<b>7,399,105</b>	4,489,419
91 to 180 days	<b>65,448</b>	124,618
	<b><u>7,464,553</u></b>	<u>4,614,037</u>

## 12. 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. As at December 31, 2022, the medium-term note will be matured within 12 months from the end of the reporting period and is reclassified to current liabilities.

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 note are intended to be used for repayment of bank loans.

Movements of the medium-term note during the year ended December 31, 2022 are as follows:

	<i>RMB'000</i>
At December 31, 2021	368,653
Add: interest expense - amortization of transaction costs	<u>1,110</u>
At December 31, 2022	<u><u>369,763</u></u>

# FINANCIAL REVIEW

## Continuing Operations

### Revenue

Revenue was RMB72,023.9 million for the twelve months ended December 31, 2022, representing a 7.6% decrease from RMB77,916.6 million for the twelve months ended December 31, 2021, which was primarily due to the serious impact of the 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 year ended December 31,					
	2022			2021		
	Amount	Sales Volume	Average Selling Price	Amount	Sales Volume	Average Selling Price
	(RMB'000)	(Units)	(RMB'000)	(RMB'000)	(Units)	(RMB'000)
New vehicle sales						
Luxury and ultra-luxury brands	50,448,541	133,338	378	53,950,033	141,067	382
Mid-to-high-end brands	6,872,118	48,208	143	9,697,923	71,717	135
Independent new energy brands (distribution model)	870,992	5,730	152	133,893	1,123	119
Subtotal	58,191,651	187,276	311	63,781,849	213,907	298
Pre-owned vehicles distribution	3,369,991	16,684	202	2,243,011	11,080	202
After-sales services	10,099,081			11,542,574		
Automobile rental services	498,154			537,967		
Less: inter-segment eliminations	<u>-134,989</u>			<u>-188,847</u>		
Total	<u>72,023,888</u>			<u>77,916,554</u>		

The sales volume of new vehicles of the passenger vehicle sales and services segment was 187,276 units for the twelve months ended December 31, 2022, a 12.4% decrease from 213,907 units for the twelve months ended December 31, 2021.

Among them, the sales volume of luxury and ultra-luxury brand new vehicles was 133,338 units for the twelve months ended December 31, 2022, a 5.5% decrease from 141,067 units for the twelve months ended December 31, 2021.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB58,191.7 million for the twelve months ended December 31, 2022, an 8.8% decrease from RMB63,781.8 million for the twelve months ended December 31, 2021.

Among them, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB50,448.5 million for the twelve months ended December 31, 2022, a 6.5% decrease from RMB53,950.0 million for the twelve months ended December 31, 2021.

The distribution volume of pre-owned vehicles was 16,684 units for the twelve months ended December 31, 2022, a 50.6% increase from RMB11,080 units for the twelve months ended December 31, 2021.

Revenue from distribution of pre-owned vehicles was RMB3,370.0 million for the twelve months ended December 31, 2022, a 50.2% increase from RMB2,243.0 million for the twelve months ended December 31, 2021.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB10,099.1 million for the twelve months ended December 31, 2022, a 12.5% decrease from RMB11,542.6 million for the twelve months ended December 31, 2021.

Revenue from the automobile rental services segment was RMB498.2 million for the twelve months ended December 31, 2022, a 7.4% decrease from RMB538.0 million for the twelve months ended December 31, 2021.

### **Cost of Sales and Services**

Cost of sales and services was RMB65,634.5 million for the twelve months ended December 31, 2022, a 6.5% decrease from RMB70,163.9 million for the twelve months ended December 31, 2021.

Cost of sales of new vehicles of the passenger vehicle sales and services segment was RMB56,752.2 million for the twelve months ended December 31, 2022, a 7.8% decrease from RMB61,555.0 million for the twelve months ended December 31, 2021.

The distribution costs of pre-owned vehicles were RMB3,076.1 million for the twelve months ended December 31, 2022, a 51.1% increase from RMB2,036.1 million for the twelve months ended December 31, 2021.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB5,573.2 million for the twelve months ended December 31, 2022, a 12.0% decrease from RMB6,336.3 million for the twelve months ended December 31, 2021.

Cost of services for the automobile rental services segment was RMB361.4 million for the twelve months ended December 31, 2022, a 12.7% decrease from RMB413.9 million for the twelve months ended December 31, 2021.

## **Gross Profit and Gross Profit Margin**

As a result of the foregoing, gross profit was RMB6,389.3 million for the twelve months ended December 31, 2022, a 17.6% decrease from RMB7,752.7 million for the twelve months ended December 31, 2021.

Gross profit margin was 8.87% for the twelve months ended December 31, 2022, a decrease of 1.08 percentage points from the gross profit margin of 9.95% for the twelve months ended December 31, 2021.

Gross profit from the sales of new vehicles of the passenger vehicle sales and services segment was RMB1,439.5 million for the twelve months ended December 31, 2022, a 35.4% decrease from RMB2,226.9 million for the twelve months ended December 31, 2021.

Gross profit margin for the sales of new vehicles decreased to 2.47% for the twelve months ended December 31, 2022 from 3.49% for the twelve months ended December 31, 2021.

The gross profit from distribution of pre-owned vehicles was RMB293.9 million for the twelve months ended December 31, 2022, a 42.1% increase from RMB206.9 million for the twelve months ended December 31, 2021.

The gross profit margin from distribution of pre-owned vehicles was 8.72% for the twelve months ended December 31, 2022, a decrease of 0.50 percentage point from the gross profit margin of 9.22% for the twelve months ended December 31, 2021.

Gross profit for after-sales services from the passenger vehicle sales and services segment was RMB4,525.9 million for the twelve months ended December 31, 2022, a 13.1% decrease from RMB5,206.2 million for the twelve months ended December 31, 2021.

Gross profit margin for after-sales services was 44.81% for the twelve months ended December 31, 2022, a slight decrease of 0.29 percentage point from 45.10% for the twelve months ended December 31, 2021.

Gross profit from the automobile rental services segment was RMB136.8 million for the twelve months ended December 31, 2022, a 10.2% increase from RMB124.1 million for the twelve months ended December 31, 2021.

Gross profit margin for the automobile rental services segment was 27.46% for the twelve months ended December 31, 2022, an increase of 4.39 percentage points from 23.07% for the twelve months ended December 31, 2021.



## **Other Income and Other Gains and Losses**

Other income and other gains and losses were net gains of RMB1,549.7 million for the twelve months ended December 31, 2022, a 10.3% increase from RMB1,404.5 million for the twelve months ended December 31, 2021.

Among them, the revenue from the finance and insurance related agency services of the passenger vehicle sales and services segment was RMB1,439.9 million for the twelve months ended December 31, 2022, a 13.4% increase from RMB1,270.2 million for the twelve months ended December 31, 2021.

The sales volume of direct agency sales of independent new energy brand vehicles was 3,861 units for the twelve months ended December 31, 2022, a 107.2% increase from 1,863 units for the twelve months ended December 31, 2021.

Revenue from direct agency sales service of independent new energy brand vehicles was RMB56.8 million for the twelve months ended December 31, 2022, a 54.5% increase from RMB36.7 million for the twelve months ended December 31, 2021.

## **Distribution and Selling Expenses and Administrative Expenses**

Distribution and selling expenses and administrative expenses were RMB5,635.2 million for the twelve months ended December 31, 2022, a 5.4% increase from RMB5,348.3 million for the twelve months ended December 31, 2021.

As our revenue in 2022 decreased year on year due to the severe impact of the COVID-19 pandemic, the ratio of distribution, selling and administrative expenses over revenue was 7.82% for the twelve months ended December 31, 2022, an increase of 0.96 percentage point from 6.86% for the twelve months ended December 31, 2021.

## **Operating Profit**

As a result of the foregoing, operating profit was RMB2,303.9 million for the twelve months ended December 31, 2022, a 39.5% decrease from RMB3,809.0 million for the twelve months ended December 31, 2021.

## **Finance Costs**

Finance costs were RMB320.7 million for the twelve months ended December 31, 2022, a 36.7% decrease from RMB506.4 million for the twelve months ended December 31, 2021.

The percentage of the finance costs for the twelve months ended December 31, 2022 decreased to 0.45% from 0.65% for the twelve months ended December 31, 2021.

## **Profit before Tax**

As a result of the foregoing, profit before tax was RMB2,072.7 million for the twelve months ended December 31, 2022, a 38.6% decrease from RMB3,374.8 million for the twelve months ended December 31, 2021.

## **Income Tax Expense**

Income tax expense was RMB587.1 million for the twelve months ended December 31, 2022, a 29.9% decrease from RMB837.0 million for the twelve months ended December 31, 2021. As the withholding income tax on profits distributed overseas by subsidiaries in mainland China of RMB146.3 million was included as expense in 2022, our effective income tax rate was 28.3% for the twelve months ended December 31, 2022, an increase from 24.8% for the twelve months ended December 31, 2021.

## **Profit from Continuing Operations**

As a result of the foregoing, the profit from continuing operations was RMB1,485.6 million for the twelve months ended December 31, 2022, a 41.5% decrease from RMB2,537.7 million for the twelve months ended December 31, 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, the net profit of Yongda Finance Leasing was included in the Group’s share of profit of associates at a proportion of 20% since December 2021. The revenue, costs, expenses and profits of Yongda Finance Leasing for the eleven months ended November 30, 2021 have been included in the profit from discontinued operations. The profit from discontinued operations for the period was RMB80.3 million.

## **Profit**

As a result of the foregoing, the profit was RMB1,485.6 million for the twelve months ended December 31, 2022, a 43.3% decrease from RMB2,618.1 million for the twelve months ended December 31, 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 RMB1,425.4 million for the twelve months ended December 31, 2022, a 42.5% decrease from RMB2,480.1 million for the twelve months ended December 31, 2021.

# LIQUIDITY AND CAPITAL RESOURCES

## Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, 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 twelve months ended December 31, 2022, our net cash from operating activities was RMB4,232.5 million. For the twelve months ended December 31, 2021, our net cash from operating activities was RMB5,014.8 million, of which the net cash generated from operating activities of automobile sales and services business was RMB4,867.7 million, and the net cash generated from operating activities of proprietary finance business was RMB147.1 million.

In 2022, although the net cash generated from operating activities of automobile sales and services business decreased by 13.0% compared to the same period in 2021, it remained at a relatively good level, thereby effectively hedging the impact of the decrease in net profit on us.

For the twelve months ended December 31, 2022, our net cash used in investment activities was RMB1,455.2 million, which mainly included the amounts for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,776.4 million, which was partially offset by the proceeds from the disposal of property, plant and equipment, intangible assets and right-to-use assets of RMB505.8 million. For the twelve months ended December 31, 2021, our net cash used in investing activities was RMB282.2 million.

For the twelve months ended December 31, 2022, our net cash used in financing activities was RMB2,841.8 million, which mainly included the net repayment of RMB1,255.5 million, the payment of interest of RMB317.9 million, the payment of dividends to shareholders of listed companies of RMB948.8 million, the payment of dividends to minority shareholders of subsidiaries of RMB128.5 million, the repayments of leases liabilities of RMB237.4 million. For the twelve months ended December 31, 2021, our net cash used in financing activities was RMB5,562.2 million.

## Inventories

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

Our inventories were RMB4,555.4 million as of December 31, 2022, a 12.8% increase from RMB4,037.7 million as of December 31, 2021. The following table sets forth our average inventory turnover days for the periods indicated:

	<b>For the year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Average inventory turnover days	<b><u>22.1</u></b>	<b><u>23.1</u></b>

## Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets, intangible assets and acquisition of subsidiaries, which was partially offset by the proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets. For the twelve months ended December 31, 2022, our total capital expenditures were RMB1,311.9 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	<b>For the twelve months ended December 31, 2022 (RMB million)</b>
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease purposes	<b>796.1</b>
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	<b>908.2</b>
Expenditures on purchase of intangible assets (vehicle licences and softwares)	<b>72.2</b>
Expenditures on acquisition of subsidiaries	<b>41.2</b>
Proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets (mainly test-drive automobiles and vehicles for operating lease purposes)	<b><u>(505.8)</u></b>
Total	<b><u><u>1,311.9</u></u></b>

## Borrowings and Bonds

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) and issued bonds to fund our working capital and network expansion. As of December 31, 2022, the outstanding amount of our borrowings and bonds amounted to RMB3,737.2 million, a 23.4% decrease 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 December 31, 2022:

	<b>As of December 31, 2022</b> <i>(RMB million)</i>
Within one year	<b>2,657.3</b>
One to two years	<b>73.1</b>
Two to five years	<b>1,006.8</b>
Total	<b><u>3,737.2</u></b>

As of December 31, 2022, our net gearing ratio (being net liabilities divided by total equity) was 10.5% (as of December 31, 2021: 18.3%). Net liabilities represent borrowings, super short-term commercial papers and medium-term notes minus cash and cash equivalents and time deposits.

As of December 31, 2022, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2022 consisted of (i) inventories of RMB1,191.7 million; (ii) property, plant and equipment of RMB33.9 million; (iii) land use rights of RMB81.2 million; and (iv) equity interests of the subsidiaries of RMB635.5 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 favour of certain banks in the PRC in respect of a series of credits (the “**Existing Credits**”) and corresponding debts of Yongda Finance Leasing respectively.

The borrowings drawn by Yongda Finance Leasing as of December 31, 2021 relevant to the Previous Guarantees expired in 2022. Upon the repayment of the above amount by Yongda Finance Leasing, the Group has ceased to incur 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 December 31, 2022, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing upon the Disposal was RMB1,181 million, of which the guarantee amount provided by the Group was RMB236 million.

As of December 31, 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 December 31, 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 Novel Coronavirus 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.

## **DEVELOPMENT OUTLOOK AND STRATEGIES**

Undoubtedly, 2022 is an extremely difficult year for the vehicle circulation industry. The repeated outbreak of the pandemic did not only directly result in the closure of 4S dealerships nationwide and disruption of the pace of product supply at different levels, but also result in a sharp decline in customer flow and poor logistics in the stores, which caused heavy pressure on the daily operation of automobile dealers. During the period, although China's automobile market encountered unexpected downward trend, 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 industry is undergoing unprecedented changes.

Despite these headwinds, we did not wait or rely on others, sought for new opportunities from the crisis, rapidly implemented the general strategies of promoting our future development with three growth curves of luxury brand vehicles, pre-owned vehicles and new energy vehicles, accelerated the digital transformation of the Group's overall business, dedicated to expand and deepen the layout of new energy brand authorization and sales network, actively promoted organizational reform and transformation, and successfully achieved a substantial increase in the Group's core competitiveness and good results in high-quality development. Our business was challenged by extreme market conditions of "ice and fire" in the automobile market in 2022, which indicated the accuracy of our strategy and the excellent execution of our management.

Looking forward to the new year, in addition to further consolidating and improving our leading position and competitive barriers in the two luxury vehicle brands namely BMW and Porsche, we will continue to work intensively in the "cash cow" business of traditional gasoline vehicles, continue to expand its scale, optimize the existing network structure, strengthen cost reduction and efficiency enhancement and improve the profitability. We will also expand and strengthen pre-owned vehicles in a rapid manner, proactively develop the new energy industry, and deploy the new business of "battery butler"; and we will achieve breakthroughs in the era of new energy revolution through the three dimensions of "electrification", "digitalization" and "sharing".



## **The Company will expand and strengthen the “Yongda Pre-owned Vehicles”**

As a Hong Kong-listed company that has been deeply cultivated in the field of luxury brand vehicles sales and services for many years, we have continued to promote the construction of the retail capacity of officially certified pre-owned vehicles by the manufacturers and Yongda certified pre-owned vehicles, formed a new business layout of distribution, retailing and digitalization, promoted the “Yongda pre-owned vehicles” business at full speed, and become the main driving force of the Company’s growth in the vehicle service industry. The liberalization of the pre-owned vehicle policy has promoted the industry to enter a period of rapid development. We 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. We wish to achieve: “Yongda pre-owned vehicles, your most trusted pre-owned vehicle butler.”

## **The Company will proactively develop the “Yongda New Energy”**

The Company will seize the opportunity period of rapid growth of new energy vehicles, accelerate the integration into the layout of the new energy vehicle industry chain, and make change with the trend for outperformance. We have set up a specific organization and team of “Yongda New Energy” to provide independent training system and incentive mechanism, and carry out strategic cooperation in an all-round way with several domestic leading new energy brand automobile enterprises such as SMART, Xiaopeng, BYD, fully exerted its leading advantages in terms of service network, refined operation management, digital customer operation and new media operation, and has successfully developed 36 new energy sales service outlets in 2022. In addition, we have also continued to strengthen business cooperation with with the electric vehicle segment of traditional luxury vehicle enterprises such as BMW and Porsche; 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, we will comprehensively promote the development of new energy business, and the “comprehensive electrification” of core products is becoming the new industrial tag of Yongda Automobile. Furthermore, we have also commenced the forward-looking layout of the maintenance and recycling business of new energy vehicle power batteries via cooperation, and created business opportunities for the full-life-cycle management value chain of new energy vehicle batteries.



## **The Company will speed up the achievement of the Company’s digital transformation**

The domestic automobile market has accelerated the pace of entering into the new era of automotive retail and digital economy. We are comprehensively promoting digital transformation, and will drive lean operations and activate user value with digital method in the future. We will build and realize the digital strategies with one core and two complements of “broad front end + strong back office”. Through sorting out and upgrading the retail service procedures, we will realize the interconnection among the whole network and efficiency improvement of outlets, and continue to optimize the online and offline integrated retail experience; through establishing a online access with customer needs as the core and the APP and applet of Yongda Automobile as the carriers, we will explore the value of customers’ full life cycle, build and have its own private domain operation system as the “moat” with its own service brand, steady and loyal customer base, 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 the simultaneous improvement of user stickiness and profitability.

## **The “Sharing Platform” will support the efficiency improvement**

The increasingly fierce market competition makes us fully aware that we should keep pace with the times and realize the refined operation of the Company. We have determined the general strategies of “platform sharing” for future industrial development. Firstly, we will sort out functions and processes through organizational reform, break through the barriers set by regular department functions through integration, and achieve broader coverage of the functions of the middle office. Secondly, we will form a number of sharing platforms for unified management and operation to empower enterprises and employees, including clue management, customer operation, financial processing and human resources by virtue of the successful established data management system with data governance, data evaluation, data operation and data service as the core, thereby the front-line employees can serve customers more accurately and thoughtfully, and their work efficiency will be also significantly improved. The establishment of a one-stop “sharing platform” will be not only conducive to providing customers with more convenient automobile services, but also significantly improve the flow sharing and value creation capabilities among our business units (including traditional gasoline vehicles, new energy, pre-owned vehicles, etc.), so as to strengthen our ability to grasp the long-term value of customers in the whole life cycle, and ultimately achieve the Company’s efficiency improvement and effective cost control.

## **Being people-centered, talent-based and shareholders-oriented**

Looking forward, we will also strengthen the talent reserve in the field of new energy, pre-owned vehicles, new media and Internet in the future, optimize our appraisal management and incentive mechanism of the Company, and build a professional talent echelon with digital capability in line with the future trend. Winter will eventually pass, and spring is sure to come. Having experienced the market challenges in 2022, we will rely on a more complete product matrix, a more reasonable national marketing network, a more competitive new retail business model, a more efficient digital integrated marketing platform and a more comprehensive talent echelon, we will actively participate and continuously respond to the national “low carbon” strategy and commit itself to fulfilling ESG-related corporate social responsibilities, build the ability for long-term sustainable growth, so that we will always remain invincible in the future competitions, and return our shareholders and investors 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 year ended December 31, 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**”) set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 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 the Company's Listed Securities

During the year ended December 31, 2022, the Company repurchased a total of 13,751,000 ordinary shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$76,683,075. Particulars of the repurchase are as follows:

Month/Year	Number of Shares Repurchased	Price paid per share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2022	1,300,000	9.5	8.78	11,776,670.00
July 2022	600,000	7.45	6.82	4,327,790.00
August 2022	200,000	5.6	5.51	1,108,220.00
September 2022	1,000,000	5.66	4.65	5,193,710.00
October 2022	258,500	3.62	3.5	913,487.30
November 2022	2,342,000	4.4	3.48	9,657,201.80
December 2022	<u>8,050,500</u>	<u>5.71</u>	<u>4.81</u>	<u>43,705,995.75</u>
Total	<u>13,751,000</u>			<u>76,683,074.85</u>

The 1,300,000 shares repurchased in January 2022, a total of 1,800,000 shares repurchased in July to September 2022 and a total of 10,651,000 shares repurchased in October to December 2022 were cancelled on February 11, 2022, November 4, 2022 and February 22, 2023, respectively. The repurchase of the Company's shares during the year ended December 31, 2022 was effected by the Directors pursuant to the general mandates granted to the Directors at the annual general meetings dated May 20, 2021 and June 1, 2022, with a view to benefiting the Company and the shareholders of the Company by enhancing the net asset value per share and/or earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 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 (chairlady), Mr. Lyu Wei and Mr. Mu Binrui, with terms of reference in compliance with the Listing Rules.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considered that the annual financial results for the year ended December 31, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The auditor of the Company, Deloitte Touche Tohmatsu, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2022 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

## **RECORD DATE FOR ANNUAL GENERAL MEETING**

Shareholders whose names appear on the register of members of the Company at the close of business on May 25, 2023 (Thursday) (the “**Record Date**”) will be entitled to attend the forthcoming annual general meeting to be held on June 1, 2023 (Thursday) (the “**AGM**”). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

## **FINAL DIVIDEND**

The Board resolved to propose to the shareholders of the Company at the AGM on June 1, 2023 (Thursday) for the distribution of a final dividend of RMB0.292 per share for the year ended December 31, 2022. The final dividend is expected to be paid on or around June 30, 2023 (Friday) to the shareholders whose names are listed in the register of members of the Company on June 13, 2023 (Tuesday). On the basis of the total issued share capital of 1,955,704,513 shares of the Company as of February 28, 2023 and after deducting 3,500,000 shares which were repurchased and are expected to be cancelled before June 8, 2023 (Thursday), it is estimated that the aggregate amount of final dividend would be approximately RMB570 million. The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the shareholders at the AGM.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from June 9, 2023 (Friday) to June 13, 2023 (Tuesday), both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 8, 2023 (Thursday).

## **EVENTS AFTER REPORTING PERIOD**

As of the date of this announcement, there is no significant event subsequent to December 31, 2022 which is required to be disclosed by the Company.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ydauto.com.cn](http://www.ydauto.com.cn)).

The annual report for the year ended December 31, 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

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

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

The PRC, March 24, 2023

*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.*