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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)

**TERMINATION OF EXISTING SHARE OPTION SCHEME AND
PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME
AND
PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME
AND
PROPOSED ADOPTION OF SCHEME MANDATE LIMIT
AND
PROPOSED ADOPTION OF THE AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

**TERMINATION OF EXISTING SHARE OPTION SCHEME AND PROPOSED
ADOPTION OF 2023 SHARE OPTION SCHEME**

The Company adopted the Existing Share Option Scheme on October 10, 2013 upon the approval by the Shareholders, valid and effective of a period of ten years commencing the same date. Pursuant to the Consultation Conclusions, the requirements for share schemes as set out in Chapter 17 of the Listing Rules have been amended with effect from January 1, 2023. As a result of the aforesaid amendments to the Chapter 17 of the Listing Rules, the terms of the Existing Share Option Scheme no longer comply with new Listing Rules.

On the above basis, coupled with (i) the expiring Existing Share Option Scheme given its term of ten years; and (ii) the observance of other applicable requirements under the Listing Rules, the Directors consider that it would be in the best interests of the Company and its Shareholders to terminate the Existing Share Option Scheme and to adopt the 2023 Share Option Scheme, which complies with the Listing Rules.

In light of the above, the Board is pleased to announce that it has resolved on March 24, 2023 to (i) terminate the Existing Share Option Scheme, with effect from the 2023 SOS Adoption Date; and (ii) to propose to adopt the 2023 Share Option Scheme.

PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 1, 2022, upon the approval by the Shareholders. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes involving the grant of new shares or options over new shares of the listed issuer with effect from January 1, 2023.

In light of the Listing Rules, the Board is pleased to announce that it has resolved on March 24, 2023 to propose the proposed amendments to be made to the Share Award Scheme (the “**Proposed Amendments to the Share Award Scheme**”) to bring it in line with the Listing Rules.

PROPOSED ADOPTION OF SCHEME MANDATE LIMIT

As approved by the Shareholders at the annual general meeting of the Company held on June 1, 2022, an annual scheme mandate was given to the Directors to allot and issue new Shares underlying any awards granted under and pursuant to the terms of the Share Award Scheme, and the maximum number of new Shares underlying awards which may be granted by the Directors thereunder shall not exceed 3% of the number of issued Shares as at the date of passing the resolution, during the period from the even date to the earlier of (a) the conclusion of the next annual general meeting of the Company; and (b) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting. Accordingly, the aforesaid annual scheme mandate is expected to expire no later than the conclusion of the Annual General Meeting.

In light of the above, the Board is pleased to announce that it has resolved on March 24, 2023 to propose the adoption of the Scheme Mandate Limit, being a scheme mandate limit not exceeding 10% of the total number of Shares in issue as at the date of the Shareholders’ approval of the limit, for grants of share awards and/or options over new Shares of the Company under all share schemes of the Company.

PROPOSED ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board resolved on March 24, 2023 to propose to (i) amend the existing Memorandum and Article of Association currently in force; and (ii) adopt the Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed M&A Amendments in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association, for the purpose of, among others, (a) enabling the Company to convene and hold electronic or hybrid general meetings of members and providing flexibility to the Company in relation to the conduct of general meetings; and (b) complying with the core shareholder protection standards set out in Appendix 3 to the Listing Rules and reflecting the relevant requirements of the applicable laws of the Cayman Islands.

ANNUAL GENERAL MEETING

The Annual General Meeting will consider, and if thought fit, approve, inter alia, (i) the proposed adoption of 2023 Share Option Scheme; (ii) the Proposed Amendments to the Share Award Scheme; (iii) the proposed adoption of the Scheme Mandate Limit; and (iv) the proposed adoption of the Amended and Restated Memorandum and Articles of Association. A circular containing, inter alia, further details of the aforesaid matters, together with a notice of the Annual General Meeting, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

TERMINATION OF EXISTING SHARE OPTION SCHEME AND PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME

References are made to the circular of the Company dated September 5, 2013 and the announcement of the Company dated October 10, 2013, in relation to, among others, the adoption of the Existing Share Option Scheme.

The Company adopted the Existing Share Option Scheme on October 10, 2013 upon the approval by the Shareholders, valid and effective of a period of ten years commencing the same date. Pursuant to the Consultation Conclusions, the requirements for share schemes as set out in Chapter 17 of the Listing Rules have been amended with effect from January 1, 2023. As a result of the aforesaid amendments to the Chapter 17 of the Listing Rules, the terms of the Existing Share Option Scheme no longer comply with new Listing Rules.

On the above basis, coupled with (i) the expiring Existing Share Option Scheme given its term of ten years; and (ii) the observance of other applicable requirements under the Listing Rules, the Directors consider that it would be in the best interests of the Company and its Shareholders to terminate the Existing Share Option Scheme and to adopt the 2023 Share Option Scheme, which complies with the Listing Rules.

In light of the above, the Board is pleased to announce that it has resolved on March 24, 2023 to (i) terminate the Existing Share Option Scheme, with effect from the 2023 SOS Adoption Date; and (ii) to propose to adopt the 2023 Share Option Scheme.

The terms of the 2023 Share Option Scheme follow the terms of the Existing Share Option Scheme to the extent compliant with and permitted under the Listing Rules, so as to ensure the consistent practice of share incentives of the Group. The key changes in the 2023 Share Option Scheme as compared with the Existing Share Option Scheme are set out below:

- (a) to revise the scope of eligible participants;
- (b) to adopt the Scheme Mandate Limit;
- (c) to bring the requirement of independent Shareholders' approval for refreshment of the Scheme Mandate Limit;
- (d) to further refine and streamline the requirements of individual limits for grant of options to the eligible participants;
- (e) to further elaborate on the provision for adjustment of the exercise price and number of options granted under the 2023 Share Option Scheme in the event of a capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital;
- (f) to adopt a minimum vesting period of 12 months save where otherwise allowed under the Listing Rules;
- (g) to elaborate on the performance criteria to be satisfied by the eligible participants for vesting of options granted;
- (h) to further refine and streamline the procedural requirements for any alterations to the terms of the scheme and the granted options;
- (i) to include the necessary carve-outs on the transferability of options; and
- (j) to include other amendments for house-keeping purposes and to better align the wording with that of the Listing Rules.

Further details of the principal terms of the 2023 Share Option Scheme will be set out in a circular to be dispatched to the Shareholders in due course.

Conditions for the adoption of the 2023 Share Option Scheme

The 2023 Share Option Scheme will take effect on the date of its adoption at the Annual General Meeting and is conditional upon:

- (a) the passing of the ordinary resolutions by the Shareholders at the Annual General Meeting to (i) approve and adopt the 2023 Share Option Scheme; and (ii) approve the Scheme Mandate Limit; and
- (b) the Company having obtained the Listing Approval.

In relation to the condition set out in (a) above, ordinary resolutions will be proposed at the Annual General Meeting for the Shareholders to consider and, if thought fit, approve, the adoption of the 2023 Share Option Scheme and the Scheme Mandate Limit. No Shareholder is required to abstain from voting on the relevant resolution to approve the adoption of the 2023 Share Option Scheme at the Annual General Meeting. In relation to the condition set out in (b) above, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any awards and/or share options up to 10% of the Shares in issue as at the 2023 SOS Adoption Date.

PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

References are made to the announcements of the Company dated April 7, 2022 and June 1, 2022, and the circular of the Company dated April 22, 2022, in relation to, among others, the adoption of the Share Award Scheme.

The Company adopted the Share Award Scheme on June 1, 2022, upon the approval by the Shareholders. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes involving the grant of new shares or options over new shares of the listed issuer with effect from January 1, 2023.

In light of the Listing Rules, the Board is pleased to announce that it has resolved on March 24, 2023 to propose the Proposed Amendments to the Share Award Scheme to bring it in line with the Listing Rules.

Key changes entailed by the Proposed Amendments to the Share Award Scheme

The key changes entailed by the Proposed Amendments to the Share Award Scheme are set out below:

- (a) to revise the scope of eligible participants;
- (b) to revise the grant price determination mechanism;
- (c) to adopt the Scheme Mandate Limit;
- (d) to bring the requirement of independent Shareholders' approval for refreshment of the Scheme Mandate Limit;
- (e) to bring the requirement of individual limits for grant of awards to the eligible participants;
- (f) to elaborate on the provision for adjustment of the purchase price and number of awards granted under the Share Award Scheme in the event of a capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital;
- (g) to elaborate on the scope of criteria for performance targets attached to the awards granted, including a mixture of key performance indicators components;
- (h) to provide that the grant of awards to certain eligible participants may be subject to a vesting period shorter than 12 months under specific circumstances;
- (i) to bring the requirement for Shareholders' approval for any alterations to the provisions of the Share Award Scheme in line with Chapter 17 of the Listing Rules;
- (j) to include the necessary carve-outs on the transferability of the awards; and
- (k) to include other amendments for house-keeping purposes and to better align the wording with that of the Listing Rules.

Further details of the principal terms of the Share Award Scheme (as amended) will be set out in a circular to be dispatched to the Shareholders in due course.

Conditions for the Proposed Amendments to the Share Award Scheme

The adoption of the Proposed Amendments to the Share Award Scheme is conditional upon the fulfillment of the following conditions:

- (a) the passing of the ordinary resolutions by the Shareholders at the Annual General Meeting to
 - (i) approve the Proposed Amendments to the Share Award Scheme; and (ii) approve the Scheme Mandate Limit; and
- (b) the Company having obtained the Listing Approval.

In relation to the condition set out in (a) above, ordinary resolutions will be proposed at the Annual General Meeting for the Shareholders to consider and, if thought fit, approve the Proposed Amendments to the Share Award Scheme and the Scheme Mandate Limit. No Shareholder is required to abstain from voting on the relevant resolution to approve the Proposed Amendments to the Share Award Scheme at the Annual General Meeting. In relation to the condition set out in (b) above, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any awards and/or share options up to 10% of the Shares in issue as at the SAS Amendment Date.

PROPOSED ADOPTION OF SCHEME MANDATE LIMIT

As approved by the Shareholders at the annual general meeting of the Company held on June 1, 2022, an annual scheme mandate was given to the Directors to allot and issue new Shares underlying any awards granted under and pursuant to the terms of the Share Award Scheme, and the maximum number of new Shares underlying awards which may be granted by the Directors thereunder shall not exceed 3% of the number of issued Shares as at the date of passing the resolution, during the period from the even date to the earlier of (a) the conclusion of the next annual general meeting of the Company; and (b) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting. Accordingly, the aforesaid annual scheme mandate is expected to expire no later than the conclusion of the Annual General Meeting.

In light of the above, the Board has resolved on March 24, 2023 to propose the adoption of the Scheme Mandate Limit, being a scheme mandate limit not exceeding 10% of the total number of Shares in issue as at the date of the Shareholders' approval of the limit, for grants of share awards and/or options over new Shares of the Company under all share schemes of the Company. Ordinary resolution will be proposed at the Annual General Meeting for the Shareholders to consider and, if thought fit, approve, the adoption of the Scheme Mandate Limit. No Shareholder is required to abstain from voting on the relevant resolution to approve the adoption of the Scheme Mandate Limit at the Annual General Meeting. Further details of the Scheme Mandate Limit will be set out in a circular to be dispatched to the Shareholders in due course.

PROPOSED ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board resolved on March 24, 2023 to propose to (i) amend the existing Memorandum and Article of Association currently in force; and (ii) adopt the Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed M&A Amendments in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association, for the purpose of, among others, (a) enabling the Company to convene and hold electronic or hybrid general meetings of members and providing flexibility to the Company in relation to the conduct of general meetings; and (b) complying with the core shareholder protection standards set out in Appendix 3 to the Listing Rules and reflecting the relevant requirements of the applicable laws of the Cayman Islands.

Special resolution will be proposed at the Annual General Meeting for the Shareholders to consider, and if thought fit, approve the Proposed M&A Amendments as well as the adoption of the Amended and Restated Memorandum and Articles of Association. No Shareholder is required to abstain from voting on the relevant resolution to approve the aforesaid. A circular containing detailed information of the Proposed M&A Amendments as well as the adoption of the Amended and Restated Memorandum and Articles of Association will be dispatched to the Shareholders in due course.

ANNUAL GENERAL MEETING

The Annual General Meeting will consider, and if thought fit, approve, inter alia, (i) the proposed adoption of 2023 Share Option Scheme; (ii) the Proposed Amendments to the Share Award Scheme; (iii) the proposed adoption of the Scheme Mandate Limit; and (iv) the proposed adoption of the Amended and Restated Memorandum and Articles of Association. A circular containing, inter alia, further details of the aforesaid matters, together with a notice of the Annual General Meeting, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

As of the date of this announcement, (i) the proposed adoption of 2023 Share Option Scheme; (ii) the Proposed Amendments to the Share Award Scheme; (iii) the proposed adoption of the Scheme Mandate Limit; and (iv) the proposed adoption of the Amended and Restated Memorandum and Articles of Association, remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“2023 Share Option Scheme”	the Company’s 2023 share option scheme proposed to approved and adopted by the Shareholders at the Annual General Meeting
“2023 SOS Adoption Date”	being the date on which the 2023 Share Option Scheme is adopted by the Company upon the approval by the Shareholders of the 2023 Share Option Scheme and the grant by the Shareholders of the Scheme Mandate Limit
“Amended and Restated Memorandum and Articles and Association”	the amended and restated memorandum of association and the amended and restated articles of association of the Company incorporating and consolidating all the Proposed M&A Amendments
“Annual General Meeting”	the annual general meeting of the Company to be held in 2023
“Articles of Association”	the amended and restated articles of association of the Company adopted on May 5, 2012 and effective on July 12, 2012
“Board”	board of Directors
“Company”	China Yongda Automobiles Services Holdings Limited, an exempted company incorporated on November 7, 2011 in the Cayman Islands with limited liability, with its Shares listed on the Main Board of the Stock Exchange
“Consultation Conclusions”	the consultation conclusions on the proposed amendments to listing rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the Company’s share option scheme adopted on October 10, 2013

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Approval”	the Listing Committee’s approval of the listing of, and the permission to deal in, any Shares on the Stock Exchange which may be issued by the Company pursuant to the exercise of any awards and/or options under the Share Incentive Schemes
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Memorandum”	the amended and restated memorandum of association of the Company adopted on May 5, 2012 and effective on July 12, 2012
“PRC”	The People’s Republic of China
“Proposed M&A Amendments”	the proposed amendments to the existing Memorandum and Articles of Association
“SAS Amendment Date”	being the date on which the Share Award Scheme is amended by the Company upon the approval by the Shareholders of the Proposed Amendments to the Share Award Scheme and the grant by the Shareholders of the Scheme Mandate Limit
“Scheme Mandate Limit”	the limit on grants of share awards and/or options over new shares of the Company under all share schemes of the Company approved by its Shareholders, which must not exceed 10% of the issued shares of the Company as at the date of the Shareholders’ approval of the limit;

“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on June 1, 2022
“Share Incentive Schemes”	the share options schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the 2023 Share Option Scheme and the Share Award Scheme
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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.