**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 ON IMPAIRMENT OF LONG-TERM ASSETS AND UPDATED FINANCIAL PERFORMANCE

This announcement is made by China Yongda Automobiles Services Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Director(s)**") of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2025 (the "**Relevant Period**") and other relevant information currently available, due to the intensifying price war in the automotive market and macroeconomic factors, the Group has made non-cash and one-off impairment provisions on the financial accounts (the "**Impairment of Related Assets**") during the Relevant Period on the long-term assets, such as goodwill, intangible assets of dealership agreements and buildings and renovations of certain underperforming 4S stores, mainly including the acquisition projects over the years, the total amount of which is around RMB3,500 million after offsetting against the corresponding deferred income tax liabilities reversed. The impact on the Group's consolidated profit for the Relevant Period and the Group's consolidated total equity as of June 30, 2025 is around RMB3,500 million, and the impact on the Group's consolidated profit attributable to the owners of the Company for the Relevant Period and the Group's consolidated equity attributable to the owners of the Company as of June 30, 2025 is around RMB3,400 million.

Based on the assessment of the unaudited consolidated management accounts of the Group for the Relevant Period and other information currently available, the following is a description of the Impairment of Related Assets and its impact on the financial position of the Group:

(1) **The impairment is a one-off non-cash item** – The Impairment of Related Assets is a one-off prudent adjustment at the financial level, does not involve cash outflow, and does not affect the daily operation and business profitability of the Group. The Company does not expect significant ongoing impairment risks in the future.

(2) **The impairment is conducive to optimizing the financial structure and enhancing future profitability** – After the Impairment of Related Assets, the pressure of depreciation and amortization of related assets will be alleviated, and the depreciation and amortization expenses for future periods will decrease accordingly, which is conducive to improving the overall profitability of the Group.

(3) **Main business operates steadily** – In the first half of 2025, it was expected that the Group's revenue from after-sales services and gross margin would remain stable compared with the first half of 2024. After excluding the impact of the Impairment of Related Assets on the profit attributable to the owners of the Company, the Group still recorded an adjusted profit attributable to the owners of the Company (non-IFRS measure), which decreased by not more than 60% compared with the profit attributable to the owners of the Company in the first half of 2024 (without the impact of the Impairment of Related Assets), mainly due to the decrease in the gross profit margin of new vehicle sales in the first half of 2025. The Group's main business operations were not affected by the Impairment of Related Assets.

(4) **New energy business continues to expand** – The new energy business is a key development direction of the Group, and its development has not been affected by the Impairment of Related Assets. In the first half of 2025, the Group newly obtained 30 authorizations from new energy brands, and newly opened 7 new energy brand outlets. Compared with the first half of 2024, the sales volume of new vehicles (including direct sales of new energy brands) and repair and maintenance revenue of independent new energy brands increased by around 49% and 76% year-on-year, respectively, which are expected to become important supports for future revenue and profits.

(5) **Operational efficiency remains at a good level** – In the first half of 2025, it was expected that the inventory turnover days of the Group would be within a reasonable range; the net cash inflow from operating activities would be not less than RMB1,100 million, representing a year-on-year increase of not less than 57% compared with the first half of 2024. The cash flow has not been affected by the Impairment of Related Assets, demonstrating the Group's ability to manage its working capital in a stable manner.

(6) **Financial situation is prudent and stable** – The Group has a sound balance sheet structure. It was expected that as of June 30, 2025, the balance of cash and cash equivalents of the Group would be not less than RMB2,300 million, representing an increase of not less than RMB830 million or 56% compared with December 31, 2024. The Group has continuously achieved that current assets cover current liabilities plus long-term interest-bearing liabilities and net assets cover long-term assets (after deducting deferred income tax liabilities and right-of-use assets of leased properties), with coverage ratios of around 1.1 times and 1.2 times, respectively, which are basically unchanged compared with December 31, 2024, and have not been affected by the Impairment of Related Assets. The Impairment of Related Assets has limited impact on the asset-liability ratio, and the asset-liability ratio of the Group remains at a reasonable level. It was expected that the asset-liability ratio as of June 30, 2025 would be less than 60%, which is basically the same as that of December 31, 2024. The above demonstrates that the Group has a stable financial position, strong risk resistance capacity and a solid foundation for sustainable development.

(7) **Continuously rewarding shareholders** – In the first half of 2025, the Company repurchased a total of 30.86 million shares at a cost of HK$74.83 million. Meanwhile, the Company adheres to a stable and continuously improving dividend policy, and is not affected by the Impairment of Related Assets. The Company expects to distribute an interim dividend for the first half of 2025 that is not less than that of the corresponding period in 2024, demonstrating the Company's strong cash flow position and its emphasis on shareholder returns.

In conclusion, the Impairment of Related Assets is a one-off financial treatment made by the Company based on the principle of prudence, which does not affect the operational stability and future development prospects of the Group. The Group will continue to focus on the two core businesses of new energy and luxury brands, constantly improve operational efficiency and profit quality, and adopt more proactive dividend and share repurchase policies to create long-term value for shareholders.

The Board hereby emphasizes that the adjusted profit attributable to owners of the Company (non-IFRS measure) is not stipulated or presented in accordance with IFRS Accounting Standards (the "**IFRS**"). The adjusted profit attributable to owners of the Company (non-IFRS measure) is defined by the Group as the profit attributable to owners of the Company, excluding the Impairment of Related Assets and the resulting impact on income tax and non-controlling interests. As an analytical tool, the use of non-IFRS measure has its limitations. Shareholders of the Company and potential investors should not consider it separately from the operating results or financial position reported by the Company in accordance with the IFRS, nor should it be regarded as a substitute for the analysis of such operating results or financial position. In addition, the definition of non-IFRS measure may differ from similar terms used by other companies, and therefore may not be comparable to similar measurement standards proposed by other companies.

The Company is still in the process of preparing the financial results for the Relevant Period. The data contained in this announcement is only a preliminary assessment made by the Board based on the unaudited management accounts and currently available data. Such information has not been finalized nor reviewed by the Company's auditor or the audit committee of the Company, and is therefore subject to adjustment.

Details of the results and performance of the Group for the Relevant Period will be set out in the interim results announcement to be published by the Company, which is expected to be published in late August 2025.

Shareholders of the Company and potential investors should exercise caution when dealing with the securities of the Company.

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

The PRC, August 15, 2025

*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.*