



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)

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED
TRANSACTION
IN RELATION TO DISPOSAL OF EQUITY INTEREST IN
YONGDA FINANCE LEASING**
**(2) CONTINUING CONNECTED TRANSACTION UNDER
RULE 14A.60(1) OF THE LISTING RULES**
AND
**(3) VOLUNTARY ANNOUNCEMENT REGARDING THE
UPDATE ON THE STRATEGIC ADJUSTMENT IN RELATION
TO THE PROPRIETARY FINANCIAL BUSINESS OF THE
COMPANY**

The proprietary financial business of the Company has been mainly operated through three subsidiaries, namely, Yongda Finance Leasing, Yongda Microfinance and Yongsheng Finance Leasing.

DISPOSAL OF EQUITY INTEREST IN YONGDA FINANCE LEASING

As the first step of disposal of our equity interest in Yongda Finance Leasing, on 29 June 2021, by execution of a series of equity transfer agreements, the Group made direct or indirect disposal of 80% equity interest in Yongda Finance Leasing (the “Disposal”). Before the Disposal, the Group held 100% equity interest in Yongda Finance Leasing through its wholly-owned subsidiaries Yongda Information and Yongda Investment. Upon the completion of the Disposal, the shareholding structure in Yongda Finance Leasing is as follows: (1) the Company holds 20% equity interest in Yongda Finance Leasing through Yongda Investment; (2) Binyan

Partnership indirectly holds 47% equity interest in Yongda Finance Leasing through its 100% shareholding in Rui Se Qi Information; (3) Binxin Partnership directly holds 5% equity interest in Yongda Finance Leasing; and (4) Yongda Corporation directly holds 28% equity interest in Yongda Finance Leasing. Upon the completion of the Disposal, Yongda Finance Leasing will cease to be a subsidiary of the Company.

Upon the completion of the above Disposal of 80% equity interest in Yongda Finance Leasing, the Company will identify opportunities to further dispose of the remaining 20% equity interest in Yongda Finance Leasing until that Yongda Finance Leasing is completely excluded from the Group. In the event of any further disposal, the Company will comply with the reporting and applicable announcement requirements under the Listing Rules where applicable.

LISTING RULES IMPLICATIONS REGARDING THE DISPOSAL

As at the date of this announcement, Yongda Corporation is a subsidiary of Yongda Holding (a company in which Mr. Cheung Tak On, a Controlling Shareholder and a Director of the Company, and his associates (has the meaning ascribed thereto under the Listing Rules) indirectly holds a majority control), therefore Yongda Corporation is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the disposal of 28% equity interest in Yongda Finance Leasing by Yongda Information to Yongda Corporation constitutes a connected transaction of the Group. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the equity transfer to Yongda Corporation is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The indirect transfer of the 47% equity interest in Yongda Finance Leasing through the transfer of its 100% equity interest in Rui Se Qi Information by Yongda Information to Binyan Partnership, and the transfer of the 5% equity interest in Yongda Finance Leasing by Yongda Investment to Binxin Partnership, aggregated with the aforementioned connected transaction, the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the foregoing Disposal constitutes discloseable transactions of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, as at the date of this announcement, other than Yongda Corporation, the ultimate beneficial owners of the transferees of the Disposal are independent third parties and are not connected with the Company or its connected persons.

PREVIOUS GUARANTEES PROVIDED BY THE GROUP TO YONGDA FINANCE LEASING BEFORE THE DISPOSAL AND LISTING RULES IMPLICATIONS

Before the Disposal, the Group has provided guarantees for a series of credits of Yongda Finance Leasing to certain banks in China. Immediately upon the completion of the Disposal, Yongda Finance Leasing will cease to be a subsidiary of the Company. Yongda Investment, a member of the Group, is a shareholder of Yongda Finance Leasing, and Yongda Corporation, a connected person of the Company, is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of Yongda Finance Leasing. Therefore, as defined under Rule 14A.27 of the Listing Rules, Yongda Finance Leasing is a commonly held entity, and thus in accordance with Rule 14A.26 of the Listing Rules, the provision of financial assistance by providing credit guarantees by the Group to Yongda Finance Leasing constitutes a continuing connected transaction of the Group. According to Rule 14A.60 of the Listing Rules, the provision of financial assistance by the Group to Yongda Finance Leasing before the completion of the Disposal is subject to the requirements for annual review, publication of announcements and annual reporting of continuing connected transactions after Yongda Finance Leasing becomes a commonly held entity of the Group. In the event of any change or renewal of these transactions, the Company will be in full compliance with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

UPDATE ON THE STRATEGIC ADJUSTMENT IN RELATION TO THE PROPRIETARY FINANCIAL BUSINESS OF THE COMPANY

CEASE OF NEW BUSINESS

Yongda Microfinance is a limited liability company established in the PRC and is principally engaged in microfinance business. As at 31 May 2021, the balance of loan receivables of Yongda Microfinance was approximately RMB75.88 million. According to the relevant contracts, 95% and 5% of the balance of loan receivables are expected to be recovered in 2021 and 2022, respectively. The Company plans that Yongda Microfinance will cease any new business as of the date of this announcement.

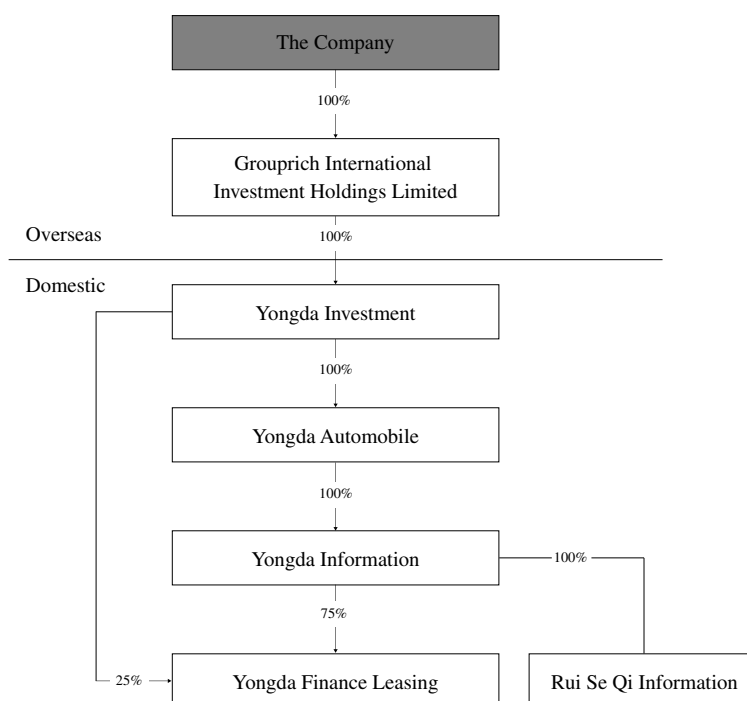
Yongsheng Finance Leasing is a limited liability company established in the PRC and is principally engaged in finance leasing business. As at 31 May 2021, the balance of finance lease receivables of Yongsheng Finance Leasing was approximately RMB11.84 million. According to the relevant contracts, 66% and 34% of the balance of finance lease receivables are expected to be recovered in 2021 and 2022, respectively. Yongsheng Finance Leasing has ceased to carry out new finance leasing business since April 2020. The Company will cease the operation of Yongsheng Finance Leasing after the balance of finance lease receivables is fully recovered.

The proprietary financial business of the Company has been mainly operated through three subsidiaries, namely, Yongda Finance Leasing, Yongda Microfinance and Yongsheng Finance Leasing.

I. DISPOSAL OF EQUITY INTEREST IN YONGDA FINANCE LEASING

A. Shareholding Structure before the Disposal

Before the Disposal (as defined below), the Group held 100% equity interest in Yongda Finance Leasing through its wholly-owned subsidiary, Yongda Investment. The shareholding structure of Yongda Finance Leasing before the Disposal is as follows:



B. The Disposal and Related Equity Transfer Agreements

On 29 June 2021, by the execution of a series of equity transfer agreements, the Group disposes of its 80% equity interest in Yongda Finance Leasing (the “**Disposal**”).

1. *Framework Investment Agreement between Yongda Information and Binyan Partnership*

On 29 June 2021, Yongda Information (as transferor), Binyan Partnership (as transferee) entered into an investment framework agreement (the “**Framework Investment Agreement between Yongda Information and Binyan Partnership**”) with Rui Se Qi Information and Yongda Finance Leasing, pursuant to which, Yongda Information transferred its 100% equity interest in Rui Se Qi Information

to Binyan Partnership. Upon the completion of the transfer, Binyan Partnership will indirectly hold 47% equity interest in Yongda Finance Leasing through its 100% shareholding in Rui Se Qi Information.

The principal terms of the Framework Investment Agreement between Yongda Information and Binyan Partnership are as follows:

- | | | |
|---------------------------------|---|---|
| Transferor | : | Yongda Information |
| Transferee | : | Binyan Partnership |
| Other parties | : | Rui Se Qi Information and Yongda Finance Leasing |
| Consideration and Payment Terms | : | Binyan Partnership shall pay a consideration of approximately RMB262,366,750 in cash to Yongda Information to purchase its 100% equity interest in Rui Se Qi Information, thereby indirectly acquiring 47% equity interest in Yongda Finance Leasing. |
| Other principal terms | : | Save for the conditions precedent stated in the paragraph below headed “Conditions Precedent to the Disposal”, the conditions precedent for the investment include, but are not limited to: <ul style="list-style-type: none">(1) Yongda Information transferred its 47% equity interest in Yongda Finance Leasing to Rui Se Qi Information, and paid the equity transfer price in full and completed the corresponding shareholding change registration;(2) before the investment, the paid-in registered capital of Rui Se Qi Information was RMB262,500,000;(3) before the investment, the only asset held by Rui Se Qi Information was the 47% equity interest in Yongda Finance Leasing; and |

- (4) Save for this investment agreement, before the investment, there were no other agreements or other documents executed by and binding on Rui Se Qi Information nor any existing external guarantees. Any liability before the Investment shall be borne by Yongda Information.

2. ***Framework Agreement on Equity Transfer by Yongda Investment to Binxin Partnership***

On 29 June 2021, Yongda Investment (as transferor), entered into the Framework Agreement on Equity Transfer (the “**Framework Agreement on Equity Transfer by Yongda Investment to Binxin Partnership**”) with Binxin Partnership (as transferee), pursuant to which, Yongda Investment transferred its 5% equity interest in Yongda Finance Leasing to Binxin Partnership.

The principal terms of the Framework Agreement on Equity Transfer by Yongda Investment to Binxin Partnership are as follows:

Transferor	:	Yongda Investment
Transferee	:	Binxin Partnership
Consideration and Payment Terms	:	Binxin Partnership shall pay a consideration of approximately RMB27,907,500 in cash to Yongda Investment to acquire its 5% equity interest in Yongda Finance Leasing held by Yongda Investment.
Completion	:	The transferee shall pay the transfer price to the transferor within 10 working days from the date when all the conditions precedent stipulated in the agreement have been fully satisfied or waived by the transferee or in such other time as the parties shall agree in writing. The date on which the transferee completes the payment of the transfer price shall be the completion date for the transfer.

3. *Agreement on Equity Transfer by Yongda Information to Yongda Corporation*

On 29 June 2021, Yongda Information entered into the equity transfer agreement with Yongda Corporation, pursuant to which, Yongda Information transferred its 28% equity interest in Yongda Finance Leasing to Yongda Corporation (the “**Agreement on Equity Transfer by Yongda Information to Yongda Corporation**”).

The principal terms of the Agreement on Equity Transfer by Yongda Information to Yongda Corporation are as follows:

Transferor	:	Yongda Information
Transferee	:	Yongda Corporation
Consideration and Payment Terms	:	Yongda Corporation shall pay a consideration of RMB156,281,167 in cash to Yongda Information to acquire its 28% equity interest in Yongda Finance Leasing.
Completion	:	The Transferee shall pay the transfer price to the transferor within 10 working days from the date when all the conditions precedent stipulated in the Agreement on Equity Transfer by Yongda Information to Yongda Corporation have been fully satisfied or been waived by the transferee or in such other time as the parties shall agree in writing. The date on which the transferee completes the payment of the transfer price shall be the completion date for the transfer to Yongda Corporation.

Conditions Precedent to the Disposal

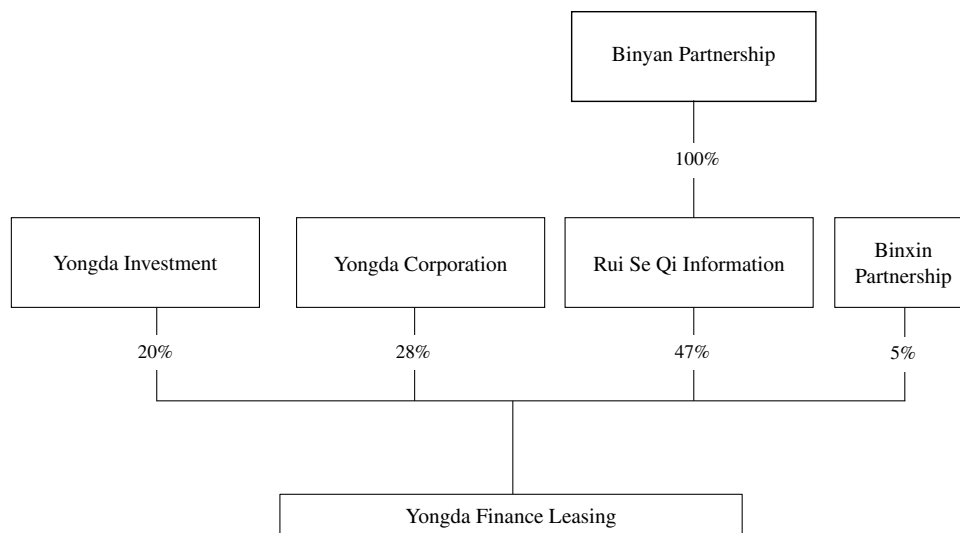
In the Disposal, the transferees' obligations to pay the transfer price under the Related Equity Transfer Agreements or the investment framework agreements are subject to the satisfaction or exemption of a number of conditions precedent, including but not limited to the statement and guarantee made by the transferors under the Related Equity Transfer Agreements as of the completion date are true, complete, accurate and not misleading; the transferees have obtained requisite governmental approvals and consents from third parties for the underlying transfers. And as of the completion date, there was no matter that has a material adverse effect on the target company.

Basis for Price Determination

The consideration of each Related Equity Transfer Agreements or the framework investment agreements under the foregoing Disposal was determined on normal commercial terms after arm's length negotiation between the parties, with reference to (among other things) the following as the basis for price determination: the audited net assets of Yongda Finance Leasing as of 31 December 2020 of approximately RMB558 million (after profit distribution), and the proportion of the corresponding shares of Yongda Finance Leasing subject to the transfers.

C. Completion of the Disposal

Upon completion of the foregoing Disposal, the shareholding in Yongda Finance Leasing is as follows: (1) the Company indirectly holds 20% equity interest in Yongda Finance Leasing through Yongda Investment; (2) Binyan Partnership indirectly holds 47% equity interest in Yongda Finance Leasing through its 100% shareholding interest in Rui Se Qi Information; (3) Binxin Partnership directly holds 5% equity interest in Yongda Finance Leasing; and (4) Yongda Corporation directly holds 28% equity interest in Yongda Finance Leasing. The shareholding structure is as follows:



Upon the completion of the above Disposal of 80% equity interest in Yongda Finance Leasing, the Company will seek opportunities to further dispose of its 20% equity interest in Yongda Finance Leasing until Yongda Finance Leasing is completely excluded from the Group.

Information on the Parties of the Equity Transfer Agreements

The Group is a leading passenger vehicle retailer and comprehensive service provider in the PRC focused on luxury and ultra-luxury automobile brands, and owns strong luxury and ultra-luxury products portfolio, including BMW/MINI, Porsche, Audi, Jaguar/Land Rover, Mercedes-Benz, Lexus, Bentley, Aston Martin, Volvo, Cadillac, Lincoln and Infiniti. The Group has established an extensive network centered in Eastern China (including Shanghai), with a total of 238 open outlets as at 31 December 2020, and has expanded to other regions in the PRC. In addition to passenger vehicle sales business, the Group also provides customers with a comprehensive range of automobile related services through its “one-stop shop” approach, which includes after-sales services, pre-owned vehicles distribution, automobile rental, distribution of automobile finance and insurance products, as well as brokerage services of pre-owned vehicles. As at the date of this announcement, to the best of the Directors’ knowledge and having made all reasonable enquiries, the ultimate beneficial owner of the Company is Mr. Cheung Tak On who is the Controlling Shareholder and Director of the Company.

Yongda Information, a company incorporated in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company as of the date of this announcement, mainly engaged in the design and production of computer software, provision of related technical consulting and technical services, business management consulting, business information consulting.

Yongda Investment, a company incorporated in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company as at the date of this announcement, mainly engaged in investment in automobile sales and foreign investment permitted by the PRC.

Binxin Partnership, a partnership incorporated in the PRC with limited liability. At the date of this announcement, its general partner is Sun Minjie (孫敏傑), who owns management rights and ultimate control and its limited partner is Ye Shun (葉順). Binxin Partnership does not have any business other than shareholding.

Yongda Corporation, a company incorporated in the PRC with limited liability, is a subsidiary of Yongda Holding. As of the date of this announcement, to the best of the Directors’ knowledge, information and belief, Yongda Holding is a majority-controlled company indirectly held by a Controlling Shareholder and a Director of the Company, Mr. Cheung Tak On, and his associates. Therefore, Yongda Corporation is a connected person of the Company. None of other shareholders (including the Directors Mr. Wang Zhigao and Mr. Cai Yingjie, and their associates) can control the exercise of more than 10% of the voting power at the shareholders meeting of Yongda Holding. Yongda Corporation is mainly engaged in investment management and real estate development.

As of the date of this announcement, to the best of the Directors' knowledge having made all reasonable enquiries, the ultimate beneficial controller of Yongda Corporation is Mr. Cheung Tak On.

Yongda Automobile, a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary of the Company as of the date of this announcement, mainly engaged in automobile wholesale and retail, automobile parts wholesale, investment consulting, insurance agent (authorized by insurance company), consulting and supporting services related to automobile sales.

Binyan Partnership, a limited partnership incorporated in the PRC, mainly engaged in corporate management, financial consulting and corporate management consulting. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the general partner of Binyan Partnership is Shanghai Zhiken Enterprise Management Co., Ltd. (上海智肯企業管理有限公司) which owns the right of management and control, and its limited partner is Gao Ju. Harmonia Capital Co., Ltd. (仁和智本有限公司) which holds 100% equity interests in Shanghai Zhiken Enterprise Management Co., Ltd. (上海智肯企業管理有限公司), and is a limited company incorporated in the PRC with registered capital of RMB1,008 million and principal businesses of industrial investment, investment management consultation, asset management consultation and enterprise management consultation services. During the eleven years upon establishment, it has been deeply involved in the fields of investment, capital operation and enterprise management, and accumulated extensive experience in investment management and asset management. Mr. Zheng Lei, through indirectly holding 92.40% equity interest in Harmonia Capital Co., Ltd. (仁和智本有限公司), has interests in and indirectly controls Binyan Partnership, and is the ultimate beneficial owner and controller of Binyan Partnership and Harmonia Capital Co., Ltd. (仁和智本有限公司).

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, as at the date of this announcement, other than Yongda Corporation, the transferees of the Disposal and their ultimate beneficial owners are independent third parties and are not connected with the Company or its connected persons.

Information on Yongda Finance Leasing

Yongda Finance Leasing, a company incorporated in the PRC with limited liability on 29 March 2013, is a wholly-owned subsidiary established and operated by the Group and indirectly held by the Company before the Disposal. It is mainly engaged in finance lease business.

Certain important financial information of Yongda Finance Leasing for the year ended 31 December 2019 and the year ended 31 December 2020 is as follows:

	For the year ended 31 December 2020 RMB'000 (Audited)*	For the year ended 31 December 2019 RMB'000 (Audited)*
Profit before tax	174,456	170,747
Profit after tax	130,842	129,328

* *has been audited in accordance with the Chinese Accounting Standards for Business Enterprises, and has been rounded to the nearest thousand*

For the year ended 31 December 2020, the total audited book value of net assets of Yongda Finance Leasing in accordance with the Chinese Accounting Standards for Business Enterprises is approximately RMB558 million.

Impact of the Disposal on the Finance of the Group

Immediately after the completion of the Disposal, Yongda Finance Leasing will cease to be a subsidiary of the Company, and its financial results will be no longer consolidated into the financial statements of the Company and the Group. As the consideration for the Disposal was determined based on the total audited net assets of Yongda Finance Leasing as of 31 December 2020 after profit distribution, and in accordance with the proportion interest in the corresponding equity into Yongda Finance Leasing transferred, the Company does not expect any material gains or losses upon the completion of the Disposal. Shareholders should note that the financial impact set out above is for illustrative purposes only. The actual amount of gains or losses to be recorded by the Company as a result of the Disposal will be subject to review and final audit by the Company's auditors.

Reasons for and Benefits of the Disposal and the Use of Proceeds

By disposing of the equity interest in Yongda Finance Leasing, the Company can realize the assets of the proprietary financial business, improve the balance sheet structure, increase the capital turnover rate, and enhance the Group's ability to focus on the development of the main business of automobile sales services. The Disposal will not have a significant impact on the business and performance of the Group, and it is expected that the proceeds from the Disposal will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Related Equity Transfer Agreements are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and its Shareholders as a whole. Since the Directors, namely Mr. Cheung Tak On, Mr. Cai Yingjie and Mr. Wang Zhigao have conflict of interests or potential interests in the Disposal through indirectly holding the equity interest in Yongda Corporation, the connected person, all of whom have abstained from voting on board resolutions on the connected transactions and discloseable transactions contained in this announcement. Save as disclosed above, none of the Directors has any material interest in the Disposal or is required to abstain from voting on the board resolutions of the above connected transactions and discloseable transactions.

Listing Rules Implications regarding the Disposal

As at the date of this announcement, Yongda Corporation is a subsidiary of Yongda Holding (a company in which Mr. Cheung Tak On, a Controlling Shareholder and a Director of the Company, and his associates (has the meaning ascribed thereto under the Listing Rules) indirectly holds a majority control), therefore Yongda Corporation is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the disposal of 28% equity interest in Yongda Finance Leasing by Yongda Information to Yongda Corporation constitutes a connected transaction of the Group. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the equity transfer to Yongda Corporation is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The indirect transfer of the 47% equity interest in Yongda Finance Leasing through the transfer of it 100% equity interest in Rui Se Qi Information by Yongda Information to Binyan Partnership, and the transfer of the 5% equity interest in Yongda Finance Leasing by Yongda Investment to Binxin Partnership, aggregated with the aforementioned connected transaction, the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the foregoing Disposal constitutes discloseable transactions of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, as at the date of this announcement, other than Yongda Corporation, the ultimate beneficial owners of the transferees of the Disposal are independent third parties and are not connected with the Company or its connected persons.

II. PREVIOUS GUARANTEES PROVIDED BY THE GROUP TO YONGDA FINANCE LEASING BEFORE THE DISPOSAL

The Group has provided guarantees in favour of certain banks in the PRC (the "**Banks**") in respect of a series of credits of Yongda Finance Leasing respectively to secure the timely performance of the obligations under the credit agreements (including but not limited to the principal, interest, indemnity, compensation or other cost and expenses of the debts payable) by Yongda Finance Leasing. As at 31 May 2021, the relevant facilities and guarantees are listed as follows:

- (i) For the credit provided by BoCom for the term from 19 January 2020 to 19 January 2021, the balance of loans drawn by Yongda Finance Leasing totals RMB200 million, and the maturity date of the last principal debt is 19 July 2021;
- (ii) For the credit provided by BoCom for the term from 2 April 2021 to 2 April 2022, the maximum guarantee limit of the Group is RMB800 million (for this guarantee, the loan must be drawn by 31 December 2021), the balance of loan drawn by Yongda Finance Leasing is RMB500 million with the maturity date of 25 May 2022;
- (iii) For the credit provided by DBS Bank, the maximum guarantee limit of the Group is RMB400 million, and the loan has not been drawn yet;
- (iv) For the credit provided by Guangfa Bank for a term from 13 March 2020 to 12 March 2021, the balance of loan drawn by Yongda Finance Leasing is RMB200 million, and the maturity date is 9 June 2021;
- (v) For the credit provided by Minsheng Bank for a term from 30 October 2020 to 29 October 2021, the maximum guarantee limit of the Group is RMB300 million, and the loan has not been drawn yet;
- (vi) For the credit provided by Hang Seng Bank, the maximum guarantee limit of the Group is RMB200 million, the balance of loan drawn by Yongda Finance Leasing totals RMB200 million, and the maturity date of the last principal debt is 18 January 2022;
- (vii) For the credit provided by SPDB for a term from 21 August 2020 to 21 August 2021, the maximum guarantee limit of the Group is RMB400 million, and the total balance of loan drawn by Yongda Finance Leasing is RMB236.68 million, the maturity date of the last principal debt is 28 October 2021;
- (viii) For the credit provided by Standard Chartered Bank, the maximum guarantee limit of the Group is RMB200 million, and the loan has not been drawn yet.

The credit guarantee limit was determined based on the funding needs of Yongda Finance Leasing's daily operations. These Banks are registered financial institutions and are mainly engaged in banking business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, those Banks and their ultimate beneficial owners are independent third parties.

The Group expected that Yongda Finance Leasing will repay the borrowings on or before the expiry date of debts. With regard to the credit and guarantee agreements that have been signed as of the date of this announcement, the Group expects that the amount already drawn by Yongda Finance Leasing, or the amount newly drawn within the credit and guarantee period according to the signed credit and guarantee agreements, will expire in 2022 at the latest. After the repayment of the aforesaid amounts by Yongda Finance Leasing, the Group will no longer have guarantee obligations for the above-mentioned credits.

After the expiry of the signed credit and guarantee agreements, Yongda Finance Leasing intends to renew relevant credit and guarantee agreements with those Banks. If Yongda Finance Leasing requires, the Group will then provide guarantee in proportion to its shareholding in Yongda Finance Leasing.

Reasons for and Benefits of the Guarantees

The Directors are of the opinion that, the guarantees provide by the Group before the Disposal in favour of certain banks in the PRC in respect of a series of credits for Yongda Finance Leasing are normal financial assistance of the Group to its subsidiary and beneficial for the normal operation of such subsidiary before the expiry of the signed credit and guarantee agreements.

The Directors (including independent non-executive Directors) believe that the terms and conditions of the credit guarantee are fair and reasonable and are in the interests of shareholders as a whole, and the continuing connected transactions contemplated thereunder are carried out on normal commercial terms in the ordinary business of the Group, and in line with the interests of the Company and shareholders as a whole.

Listing Rules Implications for Guarantees

Immediately upon the completion of the Disposal, Yongda Finance Leasing will cease to be a subsidiary of the Company. Yongda Investment, a member of the Group, is a shareholder of Yongda Finance Leasing, and Yongda Corporation, a connected person of the Company, is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of Yongda Finance Leasing. Therefore, as defined under Rule 14A.27 of the Listing Rules, Yongda Finance Leasing is a commonly held entity, and thus in accordance with Rule 14A.26 of the Listing Rules, the provision of financial assistance by providing credit

guarantees by the Group to Yongda Finance Leasing constitutes a continuing connected transaction of the Group. According to Rule 14A.60 of the Listing Rules, the provision of financial assistance by the Group to Yongda Finance Leasing before the completion of the Disposal is subject to the requirements for annual review, publication of announcements and annual reporting of continuing connected transactions after Yongda Finance Leasing becomes a commonly held entity of the Group. In the event of any change or renewal of these transactions, the Company will be in full compliance with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

III. UPDATE ON THE STRATEGIC ADJUSTMENT IN RELATION TO THE PROPRIETARY FINANCIAL BUSINESS OF THE COMPANY

Cease of New Business

Yongda Microfinance is a company established in the PRC with limited liability, and is principally engaged in microfinance business. As at 31 May 2021, the balance of loan receivables of Yongda Microfinance was approximately RMB75.88 million. According to the relevant contracts, 95% and 5% of the balance of loan receivables are expected to be recovered in 2021 and 2022, respectively. The Company intends that Yongda Microfinance will no longer carry out new businesses from the date of this announcement.

Yongsheng Finance Leasing is a company established in the PRC with limited liability, and is principally engaged in finance leasing business. As at 31 May 2021, the balance of finance lease receivables of Yongsheng Finance Leasing was approximately RMB11.84 million. According to the relevant contracts, 66% and 34% of the balance of finance lease receivables are expected to be recovered in 2021 and 2022, respectively. Yongsheng Finance Leasing has ceased to carry out new finance leasing business since April 2020. The Company intends to discontinue operation of Yongsheng Finance Leasing after the balance of finance lease receivables are fully recovered.

IV. DEFINITION

“Board”	the board of Directors
“BoCom”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601328) and the Main Board of the Stock Exchange (Stock Code: 3328), respectively

“Binxin Partnership”	Shanghai Binxin Enterprise Management Center (Limited Partnership) (上海濱信企業管理中心(有限合夥)), a partnership incorporated in the PRC with limited liability. As at the date of this announcement, its general partner is Sun Minjie, who enjoys management right and ultimate control, and its limited partner is Ye Shun
“Binyan Partnership”	Shanghai Binyan Enterprise Management Center (Limited Partnership) (上海濱岩企業管理中心(有限合夥)). As at the date of this announcement, its executive partner is Shanghai Zhiken Enterprise Management Co., Ltd. (上海智肯企業管理有限公司), who enjoys the right of management and control, and its limited partner is Gao Ju
“Company”	China Yongda Automobiles Services Holdings Limited (中國永達汽車服務控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed and traded on the Stock Exchange (Stock Code: 3669)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Credit Guarantee”	the guarantees provided by the Company for Yongda Finance Leasing regarding the credits from certain banks
“DBS Bank”	DBS Bank (China) Ltd., a foreign bank in the PRC incorporated in Shanghai
“Disposal”	direct or indirect disposal of the equity interest in Yongda Finance Leasing by the Company through a series of equity transfer agreements referred to in this announcement, as a result, Yongda Finance Leasing ceases to be a subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time

“Guangfa Bank”	China Guangfa Bank Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability
“Hang Seng Bank”	Hang Seng Bank (China) Limited, a foreign bank in the PRC incorporated in Shanghai
“independent third party(ies)”	individual(s) or company(ies) not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minsheng Bank”	China Minsheng Banking Corporation Limited, a company listed on the Shanghai Stock Exchange (Stock Code: 600016) and the main board of the Stock Exchange (Stock Code: 01988)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Related Equity Transfer Agreements”	A series of equity transfer agreements and framework investment agreements entered into by the Company for the Disposal
“Rui Se Qi Information”	Shanghai Rui Se Qi Information Technology Co., Ltd. (上海芮瑟奇信息技術有限公司), a company incorporated in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company as of the date of this announcement and before the Disposal
“RMB”	Renminbi, the lawful currency in PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“SPDB”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600000)

“Standard Chartered Bank”	Standard Chartered Bank (China) Limited (渣打銀行(中國)有限公司), a foreign bank in the PRC incorporated in Shanghai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yongda Automobile”	Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司), a company with limited liability incorporated in the PRC, is a wholly-owned subsidiary of the Company as of the date of this announcement
“Yongda Corporation”	Shanghai Yongda Group Company Limited (上海永達(集團)股份有限公司), a company incorporated in the PRC with limited liability, is a subsidiary of Yongda Holding
“Yongda Finance Leasing”	Shanghai Yongda Finance Leasing Co., Ltd. (上海永達融資租賃有限公司), a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary established and operated by the Group and indirectly held by the Company before the Disposal
“Yongda Holding”	Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司), a limited liability company incorporated in the PRC
“Yongda Information”	Shanghai Yongda Information Technology Group Co., Ltd. (上海永達信息技術集團有限公司), a company with limited liability incorporated in the PRC, is an indirect wholly-owned subsidiary of the Company as of the date of this announcement
“Yongda Investment”	Shanghai Yongda Investment Holdings Group Co., Ltd. (上海永達投資控股集團有限公司), a company with limited liability incorporated in the PRC, is an indirect wholly-owned subsidiary of the Company as of the date of this announcement
“Yongda Microfinance”	Shanghai Yongda Microfinance Co., Ltd. (上海永達小額貸款有限公司), a company established in the PRC with limited liability
“Yongsheng Finance Leasing”	Yongsheng Finance Leasing Co., Ltd. (永昇融資租賃有限公司), a company established in the PRC with limited liability

“%”

per cent.

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

The PRC, 29 June 2021

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