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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, 2021**

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, 2021, together with comparative figures for the year ended December 31, 2020.

**GROUP FINANCIAL HIGHLIGHTS**

- Comprehensive revenue including revenue from agency services for the twelve months ended December 31, 2021 was RMB79,205 million, a 14.3% increase from RMB69,300 million for the twelve months ended December 31, 2020.
- Comprehensive gross profit including revenue from agency services for the twelve months ended December 31, 2021 was RMB9,041 million, a 25.0% increase from RMB7,230 million for the twelve months ended December 31, 2020.
- Revenue from new vehicles for the twelve months ended December 31, 2021 was RMB63,782 million, a 9.5% increase from RMB58,229 million for the twelve months ended December 31, 2020.
- Revenue from new vehicles of luxury brands for the twelve months ended December 31, 2021 was RMB53,950 million, a 10.3% increase from RMB48,933 million for the twelve months ended December 31, 2020.

- Revenue of after-sales services for the twelve months ended December 31, 2021 was RMB11,543 million, a 20.5% increase from RMB9,576 million for the twelve months ended December 31, 2020.
- Transactional volume of pre-owned vehicles for the twelve months ended December 31, 2021 was 71,605 units, a 37.0% increase from 52,280 units for the twelve months ended December 31, 2020.
- Net profit from continuing operations for the twelve months ended December 31, 2021 was RMB2,538 million, a 57.1% increase from RMB1,616 million for the twelve months ended December 31, 2020.
- Net profit for the twelve months ended December 31, 2021 was RMB2,618 million, a 51.1% increase from RMB1,733 million for the twelve months ended December 31, 2020.
- Net profit attributable to the owners of the Company for the twelve months ended December 31, 2021 was RMB2,480 million, a 52.6% increase from RMB1,625 million for the twelve months ended December 31, 2020.
- Turnover days of inventories for the twelve months ended December 31, 2021 was 23.1 days, a decrease of 7.7 days from 30.8 days for the twelve months ended December 31, 2020.
- Net cash generated from operating activities of automobile sales and services business for the twelve months ended December 31, 2021 was RMB4,868 million, a 12.2% increase from RMB4,339 million for the twelve months ended December 31, 2020.
- Basic earnings per share for the twelve months ended December 31, 2021 was RMB1.26 (twelve months ended December 31, 2020: RMB0.85).

## MANAGEMENT DISCUSSION & ANALYSIS

### MARKET REVIEW

According to the data from China Passenger Cars Association (“CPCA”), in 2021, the overall retail sales of passenger vehicles in China reached 20.146 million units, representing a year-on-year increase of 4.4%. Among them, the sales volume of luxury vehicles reached 3.669 million units, representing a year-on-year increase of 6.6%. Affected by the shortage of automotive chip supply in the second half of 2021, the supply in the domestic vehicle consumption market has slightly slowed down, nevertheless, the gross profit of new vehicles has increased significantly, and thus the profitability of leading automobile dealers enhanced significantly.

In 2021, although the overall performance of the global vehicles market was relatively flat, the sales volume of luxury and ultra luxury vehicles increased sharply against the trend. On the one hand, the consumption desire of the rich was improved due to the COVID-19 pandemic (the “**Pandemic**”). On the other hand, in order to respond to the Pandemic, major economies in the world have implemented loose monetary policy in the recent two years, which has lifted up the prices of assets such as stocks and commodities, and the number of young rich has increased accordingly. There was a strong demand for luxury vehicles in the domestic market, and the performance of luxury automobile dealers has increased significantly.

In the recent two years, luxury vehicles have become a new drive for the development of the automobile market, and the PRC market was the main force of luxury vehicles consumption. In 2021, the BMW’s sales volume in China exceeded 800,000 units, representing a year-on-year increase of 8.3%. In 2021, China has become the largest single market of Porsche for the seventh consecutive year in the world, with delivery volume of the PRC market of 95,671 units throughout the year, accounted for 31.7% of its total sales volume, representing an increase of 8% as compared with the record year of 2020. In 2021, the PRC market once again became the market with the strongest sales growth of Bentley vehicles, accounting for 27.5% of its global sales volume, and its sales volume was closely in line with that of the American market for the first time in recent decade.

In 2021, new energy vehicles were undoubtedly one of the tracks of most concern. Looking back on the whole year of 2021, under the tone of “dual carbon”, the sales volume of new energy vehicles has ushered in explosive growth. Driven by independent and new powerful brands, the market penetration has increased rapidly. According to the data from CPCA, the sales volume of new energy vehicles in 2021 increased by 169.1% year-on-year to 2.989 million units, of which pure electric vehicles accounted for 81.8%. Emerging brands of new energy vehicles continued to maintain rapid development, and new brands continued to enter the market. New energy vehicles of self-owned brands, represented by Great Wall, BYD and Geely, launched a variety of competitive products and won praise from the market. BYD has set a new record once again in China with sales volume of new energy passenger vehicles reaching 593,700 units in 2021, representing a year-on-year increase of 231.6%. In the camp of new vehicle manufacturing forces, the total delivery volume of Xiaopeng reached 98,155 units in 2021, representing a year-on-year increase of more than 263%; and the total sales volume of Li Auto was 90,491 units in 2021, representing a year-on-year increase of 177.4%. Pure electric vehicles of traditional joint venture brands have also advanced their respective electrification plans and launched pure electric models one after another. It is expected that the overall new energy vehicle market will maintain rapid growth for a long period of time.

Besides, the domestic pre-owned vehicles market is stepping into a brand new stage. Particularly, since the announcement in early April 2020 that the rate of value-added tax on the disposal/sales of pre-owned vehicles by pre-owned vehicle dealers has been reduced from 2% to 0.5%, the pre-owned vehicle business has also officially become the strategic focus of the mainstream dealers in the next stage. According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 17.5851 million units in 2021, representing a year-on-year increase of 22.62%. The average transaction price of pre-owned vehicles in China was RMB64,000, while vehicles with an age of less than 6 years accounted for 59.7% of the total transaction volume. The overall passenger vehicles market in China has fully entered the upgrade and replacement market. It is believed that with the further lifting of restricted relocation policy of pre-owned vehicles and the improving pre-owned vehicles business model, the pre-owned vehicles trade market in the PRC will usher in a stage of rapid growth in the future.

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 2021, the passenger vehicle ownership in China reached 302 million units. According to the forecast of Huatai Research, the passenger vehicle ownership in China will reach 400 million units in 2030. Besides, with the increase in average vehicle age, the size of passenger vehicles after-sales repair and maintenance market in China is expected to steadily increase from RMB0.75 trillion in 2020 to RMB1.7 trillion in 2030. Among which, the profitability of the after-sales repair and maintenance market for luxury vehicles will be 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 show 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.

## **BUSINESS REVIEW**

In 2021, benefiting from the booming luxury vehicles market, our Group also achieved fruitful results in both revenue and profit as one of the leading dealers. In 2021, our comprehensive revenue and comprehensive gross profit including the revenue from agency services amounted to RMB79,205 million and RMB9,041 million respectively, representing an increase of 14.3% and 25.0% respectively compared with the same period of 2020. In 2021, our net profit and net profit attributable to owners of the Company amounted to RMB2,618 million and RMB2,480 million respectively, representing an increase of 51.1% and 52.6% respectively compared with the same period of 2020.

Our inventory turnover days in 2021 have been significantly reduced to 23.1 days from 30.8 days in the same period of 2020.

Set forth below is a summary of our business development in 2021:

## **Significant Increase in Sales Revenue from New Vehicle and Brilliant Performance of Luxury Vehicles**

In 2021, there was a shortage of new vehicle resource caused by the automotive chip factor. Through the use of digital management tools, we have further improved the follow-up and management mechanism for information, and ensured the continuous improvement of the utilization rate and conversion rate of new vehicle sales information. The sales volume of new vehicles was 213,907 units during the year, a year-on-year increase of 4.6% compared with 2020. Our new vehicle sales of luxury brands increased by 4.0% year-on-year to 141,067 units, of which sales of BMW brand increased by 14.8% year-on-year.

In 2021, our sales revenue from new vehicles reached RMB63,782 million, representing a year-on-year increase of 9.5% compared with 2020. We gave full play to the advantages of core luxury brand dealers, maintained close communication and cooperation with original equipment manufacturers of the brand, and strived for more new vehicle sales resources. Besides, we have further implemented the management of sales price approval for the hot-selling models and key profitable models, ensured a steady increase in the sales revenue of new vehicles. The sales revenue from luxury brand new vehicles increased year-on-year by 10.3% to RMB53,950 million, of which, sales revenue from new vehicles of the BMW and Porsche brands increased year-on-year by 16.0% and 9.1% respectively.

In 2021, the gross profit margin of our new vehicle sales was 3.49%, representing a year-on-year increase of 0.82 percentage point compared with 2020. The gross profit margin of our new vehicles of luxury brands was 4.09%, representing a year-on-year increase of 0.95 percentage point compared with 2020. Among them, the gross profit margin of new vehicles of BMW brand was 3.05%, representing a year-on-year increase of 0.40 percentage point; the gross profit margin of new vehicles of Porsche brand was 8.73%, representing a year-on-year increase of 1.37 percentage points. We implemented pre-warning and real-time supervision on the target acquisition results of the business policies of each brand model to ensure the maximum acquisition of brand business policy support. Besides, by reserving scarce existing car resources in the market, we have further promoted the improvement of new vehicle sales quality.

In 2021, the turnover days of our new vehicles were 22.5 days, a year-on-year decrease of 7.9 days compared with 2020. Through data analysis, including the assessment of the supply and demand of resources of models for various brands, the research and judgment of market changes, and the forecast of turnover days, we have further improved the management requirements for “purchase, sales and stock” of new vehicles. Besides, we have strengthened the reserve of forward orders for various brands, enhanced our ability to resist market risks, and ensured the balance in the progress of the wholesale and retail (purchase and sales) of new vehicles. In addition, we have also ensured the rationality of the inventory structure and the proportion of funds.

## **Steady Growth in After-sales Services**

In 2021, the revenue of our after-sales service business, including repair and maintenance services and extended automotive products and services, achieved steady growth, reaching RMB11,543 million, an increase of 20.5% compared to the same period in 2020. The revenue of our after-sales service increased by 9.2% in the second half of the year compared with the first half of the year. Our shop absorption rate reached 88.92%, an increase of 4.33 percentage points over the same period last year. In 2021, the gross profit margin of our after-sales service was 45.10% (or 46.07% if adding back the gross profit of pre-owned vehicles dealership), generally in line with that of the same period in 2020.

As of December 31, 2021, the number of our customers under management reached 1,121 thousand, representing an increase of 18.6% over the end of 2020. The number of customers under management continued to increase. In addition to continuing local retail and after-sales solicitation of new vehicles, we have also developed an online service platform for users, which improved the convenience of vehicle repair and maintenance for customers. Besides, through the online customer evaluation module, we can timely understand and actively respond to customer demands, thereby further improving customer experience. In 2021, our comprehensive customer satisfaction value reached 9.8 points, the annual revenue from mechanical and electrical maintenance business increased by 17.0% year-on-year, and the unit customer price of maintenance increased by 3.5% year-on-year.

In terms of enhancement in accident car business, on the one hand, we actively carried out the full-staff marketing of accident car information, which has further improved the quantity and timeliness of accident information acquisition of customers under management. On the other hand, we have proactively communicated with insurance companies to seek more information and more favorable compensation policies. This series of measures have enabled our accident vehicle business revenue in 2021 increase by 27.1% compared to the same period in 2020, and the gross profit margin has remained basically the same.

In terms of inventory efficiency control, we have focused on and have continued to optimize the inventory structure of spare parts and supplies. On the premise of ensuring the punctuality of supply delivery, our inventory turnover days were 31.0 days in 2021, representing a decrease of 6.1 days compared with the same period in 2020.

In terms of after-sales skill improvement, we have established a special management department to better motivate and retain high-level skilled talents. Besides, we have set up online repair skill training courses and exams so that technicians could study by utilizing spare time frequently, which effectively improved the training results. Furthermore, we also actively cooperate with Porsche and other major luxury brand manufacturers and colleges and universities to cultivate talents for after-sales business and further perfect echelon training system for after-sales talents.



## **Steady Improvement in Financial Insurance Business**

In 2021, the revenue of our financial insurance agency service reached RMB1,270 million, an increase of 14.6% compared to the same period in 2020.

In terms of automobile finance business, the Group focused on business quality, designed and developed financial data models, supervised and managed business process indicators, conducted horizontal and vertical benchmarking of profit process indicators, and strengthened the promotion of scale penetration rate and unit commission rate. At the same time, the Group continued to optimize cooperative institutions and strengthen commission management. In 2021, the revenue of our finance agency business reached RMB930 million, representing a year-on-year increase of 32.9%; the penetration rate of financial services was 62.8%, representing a year-on-year increase of 4.8 percentage points.

In terms of insurance business, on the one hand, we actively communicated with insurance companies to seek more policy support to hedge the impact of comprehensive reform of automobile insurance. On the other hand, we strived to improve the quality of our new car insurance business, and focused on the limits of third-party insurance and the penetration rate of additional insurance such as scratch insurance; we carried out refined management for renewal business to ensure the simultaneous improvement of renewal penetration rate and quality; meanwhile, we actively promoted the non-auto insurance business and expanded the types and scale of non-auto insurance. In 2021, the number of insured units and premium scale increased by 16.6% and 12.8% respectively compared to the same period in 2020, thus effectively guaranteeing the further improvement of after-sales accident car business.

## **The Scale and Profit of Pre-owned Vehicles Have Risen Sharply and Achieved Business Upgrading and Development**

As part of the automobile after-sales service industry, benefiting from the vigorous regulation and promotion of the development of pre-owned vehicles industry by the state, the industrial center has transferred and the back-end market of the pre-owned vehicles business is experiencing a fast release. In 2021, our sales volume of pre-owned vehicles was 71,605 units, representing a year-on-year increase of 37.0%, of which 11,080 units were distributed by us and recorded a revenue of RMB2,243.01 million, and 60,525 units were sold for which we acted as an agent and recorded the agency revenue generated from pre-owned vehicles of RMB171.05 million. The gross profit of pre-owned vehicles was RMB377.92 million, representing a year-on-year increase of 116.0%, including RMB206.87 million from distribution and RMB171.05 million from agency sales.

In 2021, we comprehensively promoted the growth of the pre-owned vehicle business as a new growth engine for the principal business of the automotive services. We took the lead in comprehensively promoting the retail distribution business in the industry. Through three aspects of business upgrading, namely the wholesale mode to the retail mode, the agency mode to the distribution mode, and the traditional operation mode to the digital and omni-channel operation mode, we realized the continuous improvement in business scale, retail capacity and profitability.

We actively built a “2+1” new retail business model of pre-owned vehicles, and achieved the digital and omni-channel business layout with online and offline integration. “2” represents the dual offline retail channels. Our 4S stores have fully obtained the official OEM certification and authorization qualification, supplemented and coordinated by 13 independent Yongda pre-owned vehicles retail chain outlets; “1” represents the official website of Yongda pre-owned vehicles, the capacity of resource sharing and clue management of which has been continuously enhancing, together with the third-party vertical media and We Media, an online marketing matrix was established. 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 2021, our average retail sales revenue per unit was RMB202,400, and gross profit margin was 9.2%, 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 evaluation in terms of retail scale and operation results.

We continued to strengthen the vehicles replacement and acquisition in 4S store channels, and achieved sustained and rapid quality growth, with the annual new-to-pre-owned ratio of 33.3%. 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 of pre-owned vehicles, and formulated refined inventory management and forced liquidation system for retail and wholesale vehicles respectively to ensure healthy inventory and operation.

We actively explored the business opportunities of new energy pre-owned vehicles, and cooperated with many mainstream manufacturers on the inspection, marketing and operation of pre-owned vehicles in the supermarket pipeline. At the same time, we actively promoted the export of new energy pre-owned vehicles and the vehicle repurchase business of manufacturers, and entered the track ahead of schedule.

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



## **Accelerating the Layout of New Energy Vehicle Business**

Under the goal of “dual carbon”, new energy vehicles stand in the tailwind. We closely followed up the development trend of the industry, took the lead in layout, actively expanded new energy business, and took the initiative to create first mover advantages in the field of new energy vehicle sales and after-sales service.

The Company has established the new energy vehicle service industry development committee and working group, formed an independent new energy vehicle service group, and cultivated a group of young backup teams in the new energy vehicle service industry. The new energy vehicle group, authorized by the Board, independently carries out the new energy vehicle service industry business, and will focus on promoting the rapid development of authorized brand agency, comprehensive after-sales service and other business sectors. In 2021, our sales volume of new energy vehicles reached 15,920 units, representing a year-on-year increase of 55.0%, accounting for 7.4% of the total sales volume, representing a year-on-year increase of 2.3 percentage points, of which the sales volume of independent new energy brands reached 2,986 units, representing a year-on-year increase of 135.5%, including the sales volume of factory direct sales agency of new energy vehicles of 1,863 units.

In 2021, we further expanded in the field of new power and other independent new energy brands. Among the established Xiaopeng authorized stores, Shanghai Pudong Yuqiao store ranks first in Shanghai in terms of sales, demonstrating the excellent operational capabilities of our Group in the new retail field. In terms of new authorization, we have obtained store authorization from leading new energy brands such as AITO, Xiaopeng, BYD, Great Wall ORA and Leapmotor respectively, and opened up active exploration of various new retail models. On the basis of the new energy brand authorization, we have also launched multi-dimensional business exploration and implementation such as energy supplementation, modification, independent sheet metal paintings and user operation, and are committed to creating a full ecological service industry chain for new energy vehicle users.

In 2021, we actively cooperated with the transformation and exploration of traditional luxury brands in the new retail model of new energy vehicles. We successively completed BMW I-Space and I Showroom; Volvo New Energy City Center Store; Volkswagen ID Store; Cadillac New Energy City Showroom, and further developed the sales and service business of new energy models for traditional automobile brands such as BMW, Porsche, Audi, Mercedes-Benz, Volvo and General Motors.

## **Accelerating the Layout of Network**

In terms of network, on the one hand, we continued to work on the network expansion of major luxury brands, strengthening the advantages of brand portfolio in key areas while continuously optimizing and improving network structure. Through self-built outlets and acquisitions and mergers, we consolidated the market share of existing major luxury brands and continued to expand the network layout of other major luxury brands. At present, we have 19 Porsche stores and 71 BMW stores in aggregate, continuing to maintain the largest share in China. On the other hand, we proactively planned to cooperate with outlets of various new energy brands, took initiative to explore and attempt a new asset-light cooperation mode, and constantly studied brand new scenarios of new energy after-sales service business.

In 2021, we newly opened 24 self-built brand outlets and obtained 33 new authorizations. In 2021, we followed the trend of industrial transformation, and accelerated the development of new energy networks by virtue of our own industry advantages. We newly opened 13 outlets of independent new energy brands, and obtained 15 new authorizations from independent new energy brands, including Xiaopeng, ORA, BYD, AITO, SAIC Zhiji, etc.

In 2021, in terms of merger and acquisition, we acquired 4 luxury brand 4S stores in Jiangsu, including 2 BMW 4S stores and 2 Lexus 4S stores. We have always considered it as alternative main channel for network expansion. We considered the brand value, regional advantage and existing and future profitability and meanwhile took into account that the acquisition price was kept within a reasonable range.

We actively promoted the asset evaluation and disposal of existing outlets. Based on the evaluation results of comprehensive asset evaluation system, we took the initiative to close outlets with weaker profitability, and further focused on major luxury brands and key regional markets; continuously enhanced the functional expansion of existing properties, and reserved space requirements for new energy business; and continuously improved the return on assets of the Company in combination with corporate operation improvements. A total of 17 brand outlets were closed in 2021.

As of December 31, 2021, our total number of outlets that were opened amounted to 237. Such outlets spread across 4 municipalities and 19 provinces in China. Set out below are the details of our outlets as at December 31, 2021:

	<b>Outlets opened</b>	<b>Authorized outlets to be opened</b>
4S dealerships of luxury and ultra-luxury brands	133	2
City showrooms of luxury brands	22	5
Authorized maintenance centers of luxury brands	<u>3</u>	<u>0</u>
<b>Luxury and ultra-luxury brands</b>	<b><u>158</u></b>	<b><u>7</u></b>
4S dealerships of mid-to-high-end brands	43	0
City showrooms of mid-to-high-end brands	<u>5</u>	<u>1</u>
<b>Mid-to-high-end brands</b>	<b><u>48</u></b>	<b><u>1</u></b>
4S dealerships of new energy brands	3	1
City showrooms of new energy brands	11	2
Authorized maintenance centers of new energy brands	<u>4</u>	<u>0</u>
<b>New energy brands</b>	<b><u>18</u></b>	<b><u>3</u></b>
<b>Yongda Pre-owned Vehicle Malls</b>	<b><u>13</u></b>	<b><u>0</u></b>
<b>Total outlets</b>	<b><u><u>237</u></u></b>	<b><u><u>11</u></u></b>

### **Continuous Improvement in Management**

In 2021, in terms of automobile sales services business, we continued to pay attention to the improvement in operational efficiency. In terms of sales, we continued to pay attention to the improvement in the acquisition and conversion of omni-channel clues, and gradually set up the order gradient management and the purchase, sales and stock linkage system, thereby the effective retail ratio recorded an improvement to a greater extent. In terms of after-sales service, through the optimization and improvement of customer solicitation system, we effectively improved the conversion ratio of units of electromechanical and sheet spray businesses, and achieved a better year-on-year increase in the output value and revenue of workshops. Meanwhile, the Company continued to promote the shutdown and transfer of certain outlets that was inefficient and unprofitable, and was inconsistent with the Company's long-term business strategy, in order to help the Company's overall asset return on investment to maintain a sustainable increase in the future.

The Company has formed the new energy automobile service industry development committee and working group, established the independent new energy automobile services group, and cultivated a group of young reserve team for new energy automobile service industry. The new energy automobile group independently conducts businesses in new energy automobile service industry under the authorization of the Board, and will focus on advancing the rapid development of authorized brand agency and comprehensive after-sales service and other business segments.

In terms of customer management, we completed the construction of customer intelligent data platform, through which we could achieved the full life cycle management of personnel and automobiles of all brands under operation. Upon putting into operation of the system, phased results have been obtained in terms of the replacement and repurchase by retention customers and the retention ratio of customers. In the future, combining with the automatic marketing tools and scenario mode settings, we will empower enterprises to better maintain connections and relations with customers digitally and will also make well preparation for ToB digital customer operation system.

In terms of team building, on the one hand, the Company focused on the cultivation of young management talents. Through diversified internal training mechanism, the Company has formed an internal talent flow mechanism to provide talents for new energy, pre-owned vehicles and other industries and sectors that need rapid development. On the other hand, for the positions with strong professionalism, we carried out the selection of the first lot of after-sales chief professionals and completed the setting of relevant incentive mechanism last year through professional talent reserves and selection of elite professionals and chief professionals. Besides, we completed the comprehensive promotion of the Company's internal digital online study platform, with more than 500 online courses.

We continued to advance the digital transformation. Innovation breakthroughs have been made driven by digitalism, phased results have been achieved in the construction of digital infrastructures, and a brand new digital operation management platform was fully launched among subsidiaries, which realized the digital analysis and traceability at the level of business receipts, and further perfected the construction of enterprise digital warehouse. On this basis, the Company further promoted the construction of digital capabilities of customer interface, and introduced multiple ToC APPs including membership and aftersales reservation door-to-door service, further enhancing the user interaction experience.

## **FUTURE OUTLOOK AND STRATEGIES**

Automobile consumption market in the PRC is undergoing a period of upgrading, transformation and change. It is expected that in the future, driven by upgrading and replacement of existing automobiles as well as the demand of young consumers, the consumption market of luxury passenger vehicles will maintain steady growth and the penetration ratio will further increase. The pre-owned vehicles business will also enter a rapid growth period. The ownership proportion of luxury passenger vehicle will continue to increase, and will also bring more development opportunities to the automotive aftermarket businesses, such as vehicle maintenance. Meanwhile, as the electrical and intelligent development in automobile industry is speeding up, the production and sales of new energy automobiles will experience relatively rapid growth for a certain period, which will bring new development opportunities to the industry.

In the future, the Company's development will be driven by three growth curves.

Firstly, the Company will maintain the first growth curve, i.e. the rapid growth of main business of luxury brand automobile sales and services, and consolidate the national leading position as the dealer of BMW and Porsche brands. The Company will take the initiative to seek for merger and acquisition opportunities of key luxury brands, advance the reconstruction and production capability expansion of existing network and facilities, optimize the brand structure and regional distribution and maintain steady growth of after-sales business.

Secondly, relying on the natural advantages of the agency group to carry out the pre-owned vehicle business, we will form the second growth curve. We will proactively transform from pre-owned vehicle agency mode to the distribution mode and rapidly improve the pre-owned vehicle distribution business scale to become the leading dealer in the pre-owned vehicle industry. 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.



The Company will seize the period with rapid growth opportunity of new energy automobiles, focus on creating the third growth curve, and accelerate the layout of new energy automobile service industry. The Company has established a specialized institution and formed a professional group, realizing the independent operation and development of new energy business sector under an independent framework. The Company will continuously carry out proactive cooperation with leading new energy automobile enterprises, take the initiative to shut down the outlets with weaker profitability and reconstruct them into new energy channel outlets in a rapid manner, forming a considerable number of new energy service outlets in the short term. The Company will, relying on human resources, customer base, marketing channels, public relations and other resource advantages, expand the new energy service industry chain and post-market business opportunities while improving the new energy automobile business scale in a rapid manner, and commit to becoming the domestic leading full ecological service provider for new energy automobile users.

The Company will continue to promote digital transformation. Internally, the Company will form a digital operation and management platform to improve efficiency and support decision-makings, and externally, the Company will enhance the digital capabilities of customer service and user operation through the APP construction of the user service aggregation platform and digital empowerment, so as to form an ever-expanding flow of online private domain. The Company will also strengthen the team building and talent reserve in the field of new energy and pre-owned vehicles in the future, optimize the appraisal management and incentive mechanism of the Company, and build a professional talent team with digital capability in line with the future trend.

In the future, we will focus on maintaining the rapid growth of the main business of luxury brand automobile service, and create the growth engines of both pre-owned vehicle business and new energy business. Meanwhile, we will continuously improve the efficiency of asset operation, and maintain the Company's cash flow and asset-liability ratio healthy and stable. The Company will also respond to the national "low carbon" strategies and commit to implement ESG-related corporate social responsibilities, and build long-term sustainable growth capacities.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED DECEMBER 31, 2021

	NOTES	2021 RMB'000	2020 RMB'000 (Restated) (Note)
<b>Continuing operations</b>			
Revenue			
Goods and services		77,389,975	67,584,976
Rental		526,579	552,004
Interests		—	64,262
Total revenue	3A/B	77,916,554	68,201,242
Cost of sales and services		(70,163,869)	(62,070,065)
Gross profit		7,752,685	6,131,177
Other income and other gains and losses	4	1,404,527	1,171,333
Distribution and selling expenses		(3,534,258)	(2,989,678)
Administrative expenses		(1,813,993)	(1,543,483)
Profit from operations		3,808,961	2,769,349
Share of profit (loss) of joint ventures		1,481	(1,915)
Share of profit of associates		70,710	47,643
Finance costs		(506,390)	(675,515)
Profit before tax	6	3,374,762	2,139,562
Income tax expense	5	(837,027)	(523,704)
Profit for the year from continuing operations		2,537,735	1,615,858
<b>Discontinued operations</b>			
Profit for the year from discontinued operations - net		80,338	117,227
<b>Profit for the year</b>		<b>2,618,073</b>	<b>1,733,085</b>

*Note:* The comparative figures in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020 has been restated to show the discontinued operations separately from continuing operations.

	<i>NOTES</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i> (Restated) (Note)
Profit for the year attributable to:			
Owners of the Company			
– from continuing operations		<b>2,399,760</b>	1,507,734
– from discontinued operations		<b>80,338</b>	117,227
		<b><u>2,480,098</u></b>	<u>1,624,961</u>
Profit for the year attributable to the non-controlling interests			
– from continuing operations		<b><u>137,975</u></b>	<u>108,124</u>
		<b><u>2,618,073</u></b>	<u>1,733,085</u>
<b>EARNINGS PER SHARE</b>			
From continuing and discontinued operations			
– basic	8	<b><u>RMB1.26</u></b>	<u>RMB0.85</u>
– diluted	8	<b><u>RMB1.26</u></b>	<u>RMB0.85</u>
From continuing operations			
– basic	8	<b><u>RMB1.22</u></b>	<u>RMB0.79</u>
– diluted	8	<b><u>RMB1.22</u></b>	<u>RMB0.79</u>

*Note:* The comparative figures in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020 has been restated to show the discontinued operations separately from continuing operations.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated) (Note)
<b>Profit for the year</b>	<b>2,618,073</b>	1,733,085
<b>Other comprehensive (expense) income</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(3,532)</u>	<u>2,289</u>
<b>Total comprehensive income for the year</b>	<b><u>2,614,541</u></b>	<b><u>1,735,374</u></b>
Total comprehensive income for the year attributable to:		
Owners of the Company	<b>2,476,566</b>	1,627,250
Non-controlling interests	<u>137,975</u>	<u>108,124</u>
	<b><u>2,614,541</u></b>	<b><u>1,735,374</u></b>
Total comprehensive income for the year attributable to the owners of the Company		
– from continuing operations	<b>2,396,228</b>	1,510,023
– from discontinued operations	<u>80,338</u>	<u>117,227</u>
	<b><u>2,476,566</u></b>	<b><u>1,627,250</u></b>
Total comprehensive income for the year attributable to the non-controlling interests		
– from continuing operations	<u>137,975</u>	<u>108,124</u>
	<b><u>2,614,541</u></b>	<b><u>1,735,374</u></b>

*Note:* The comparative figures in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020 has been restated to show the discontinued operations separately from continuing operations.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

	NOTES	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		5,838,423	6,012,300
Right-of-use assets		3,129,191	2,992,826
Goodwill		1,672,160	1,396,802
Other intangible assets		2,860,100	2,333,346
Deposits paid for acquisition of property, plant and equipment		82,871	78,390
Deposits paid for acquisition of land use rights		34,653	41,153
Equity instruments at fair value through other comprehensive income		9,415	12,947
Financial assets at fair value through profit or loss ("FVTPL")		350,180	354,934
Interests in joint ventures		47,632	92,795
Interests in associates		666,636	502,155
Finance lease receivables		–	425,313
Loan receivables		–	4,618
Deferred tax assets		186,868	208,976
Other assets	9	71,195	76,195
		<u>14,949,324</u>	<u>14,532,750</u>
<b>Current assets</b>			
Inventories	10	4,037,703	4,855,794
Finance lease receivables		–	1,988,522
Loan receivables		–	109,303
Trade and other receivables	9	9,126,717	7,510,504
Financial assets at FVTPL		2,453	302,525
Amounts due from related parties		147,626	180,018
Cash in transit		81,845	94,939
Time deposits		8,100	363,175
Restricted bank balances		962,523	1,720,094
Bank balances and cash		2,250,347	3,079,867
		<u>16,617,314</u>	<u>20,204,741</u>



	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	11	5,569,010	5,806,835
Amounts due to related parties		58,690	32,279
Tax liabilities		1,277,046	1,057,033
Borrowings		3,595,518	6,433,683
Contract liabilities		2,479,537	2,369,198
Lease liabilities		235,685	197,571
Super short-term commercial papers	12	–	99,951
Derivative financial liabilities		112,014	47,029
		<u>13,327,500</u>	<u>16,043,579</u>
<b>Net current assets</b>		<u>3,289,814</u>	<u>4,161,162</u>
<b>Total assets less current liabilities</b>		<u>18,239,138</u>	<u>18,693,912</u>
<b>Non-current liabilities</b>			
Borrowings		911,478	3,220,732
Lease liabilities		1,894,076	1,749,194
Other liabilities	11	–	11,282
Deferred tax liabilities		776,066	705,895
Medium-term note	13	368,653	367,543
Derivative financial liabilities		–	283,607
		<u>3,950,273</u>	<u>6,338,253</u>
<b>Net assets</b>		<u>14,288,865</u>	<u>12,355,659</u>
<b>Capital and reserves</b>			
Share capital		16,262	16,306
Treasury shares		(8,953)	–
Reserves		13,701,157	11,815,430
		<u>13,708,466</u>	<u>11,831,736</u>
Equity attributable to owners of the Company		13,708,466	11,831,736
Non-controlling interests		580,399	523,923
<b>Total equity</b>		<u>14,288,865</u>	<u>12,355,659</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2021

### 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 One Nexus Way, Camana Bay, Grand Cayman KY1-9005, 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 (the “**PRC**”). The Company and its subsidiaries are collectively referred to as the Group.

During the current year, the Group proprietary finance operation was discontinued upon the disposal of Shanghai Yongda Finance Leasing Co. Ltd.

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 annual periods beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

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

The Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
<b>Types of goods or services</b>		
Sale of new vehicles:		
– Luxury and ultra-luxury brands ( <i>note a</i> )	53,885,900	48,874,098
– Mid-to-high-end brands ( <i>note b</i> )	9,723,985	9,140,216
Sales of Pre-owned vehicles distribution ( <i>note c</i> )	<u>2,243,011</u>	<u>–</u>
	65,852,896	58,014,314
Services		
– After-sales services	<u>11,537,079</u>	<u>9,570,662</u>
Total	<u><u>77,389,975</u></u>	<u><u>67,584,976</u></u>
<b>Geographical markets</b>		
Mainland China	<u><u>77,389,975</u></u>	<u><u>67,584,976</u></u>
<b>Timing of revenue recognition</b>		
A point in time	65,852,896	58,014,314
Over time	<u>11,537,079</u>	<u>9,570,662</u>
Total	<u><u>77,389,975</u></u>	<u><u>67,584,976</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, Weltmeister and others.
- c. The revenue on sales 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, 2021</b>		<b>For the year ended December 31, 2020</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>65,852,896</b>	<b>11,537,079</b>	58,014,314	9,570,662
Inter-segment	<b>171,964</b>	<b>5,495</b>	214,296	5,768
<b>Total</b>	<b>66,024,860</b>	<b>11,542,574</b>	58,228,610	9,576,430
<b>Eliminations</b>	<b>(171,964)</b>	<b>(5,495)</b>	(214,296)	(5,768)
<b>Revenue from contracts with customers</b>	<b>65,852,896</b>	<b>11,537,079</b>	<b>58,014,314</b>	<b>9,570,662</b>

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

Revenue on sales 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 Group's contracts have an original expected duration of less than one year.

**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, 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, 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 ( <i>note a</i> )	77,567,434	537,967	(188,847)	77,916,554
Segment cost ( <i>note b</i> )	<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>8,946,965</u>	<u>124,100</u>	<u>(29,816)</u>	9,041,249
Other income and other gains and losses ( <i>note c</i> )				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>3,374,762</u>



## Continuing operations

	Passenger vehicle sales services RMB'000 (Restated)	Automobile operating lease services RMB'000 (Restated)	Others RMB'000 (Restated) (note d)	Eliminations RMB'000 (Restated)	Total RMB'000 (Restated)
<b>For the year ended December 31, 2020</b>					
External revenue	67,584,976	552,004	64,262	–	68,201,242
Inter-segment revenue	220,064	12,129	1,753	(233,946)	–
Segment revenue (note a)	67,805,040	564,133	66,015	(233,946)	68,201,242
Segment cost (note b)	(61,844,919)	(438,309)	(10,089)	223,252	(62,070,065)
Segment gross profit	5,960,121	125,824	55,926	(10,694)	6,131,177
Service income	1,107,973	–	–	(8,864)	1,099,109
Segment results	7,068,094	125,824	55,926	(19,558)	7,230,286
Other income and other gains and losses (note c)					72,224
Distribution and selling expenses					(2,989,678)
Administrative expenses					(1,543,483)
Finance costs					(675,515)
Share of loss of joint ventures					(1,915)
Share of profit of associates					47,643
Profit before tax					2,139,562

### Notes:

- The segment revenue of passenger vehicles sales and services for the year ended December 31, 2021 was approximately RMB77,567,434,000(2020: RMB67,805,040,000) which included the sales of passenger vehicles amounting to approximately RMB66,024,860,000(2020: RMB58,228,610,000) and the after-sales services revenue amounting to approximately RMB11,542,574,000(2020: RMB9,576,430,000).
- The segment cost of passenger vehicles sales and services for the year ended December 31, 2021 was approximately RMB69,927,461,000(2020: RMB61,844,919,000) which included the cost of sales of passenger vehicles amounting to approximately RMB63,591,116,000 (2020: RMB56,674,572,000) and the cost of after-sales services amounting to approximately RMB6,336,345,000(2020: RMB5,170,347,000).
- The amount excludes the services income generated from the passenger vehicle sales and services segment, which is included in the segment results above.
- Historically the propriety finance business segment of the Group mainly represented finance leasing services while a small portion of which was small loan services. During the year ended December 31, 2021, the entire finance leasing services were disposed of through the disposal of Shanghai Yongda Finance Leasing Co. Ltd and therefore the propriety finance business is accounted for as a discontinued operation. As such, the segment business disclosed above represents the segment revenue, the associated finance costs and results of small loan services.

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 profit (loss) 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, 2021 and 2020.

## 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021 RMB'000	2020 RMB'000 (Restated)
<b>Continuing operations</b>		
Other income comprises:		
Service income ( <i>note a</i> )	1,288,564	1,099,109
Government grants ( <i>note b</i> )	30,968	29,748
Interest income on bank deposits	57,958	44,041
Interest income from a related party	—	2,304
	<u>1,377,490</u>	<u>1,175,202</u>
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment and other intangible assets	27,378	22,068
Gain (loss) on fair value change of financial assets at FVTPL	6,922	(7,159)
Net foreign exchange (loss) gain	(96,819)	218,638
Net gain (loss) on changes in fair value of derivative financial instruments	98,470	(228,137)
Loss on disposal of subsidiaries	(10,411)	(9,526)
Loss on disposal of an associate	(3,644)	—
Gain on disposal of a joint venture	2,231	—
Others	2,910	247
	<u>27,037</u>	<u>(3,869)</u>
Total	<u><u>1,404,527</u></u>	<u><u>1,171,333</u></u>

### Notes:

- 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 Group's contract has an original expected duration of less than one year.
- Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.

## 5. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
<b>Continuing operations</b>		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	888,540	574,110
Underprovision of PRC EIT in prior years	<u>489</u>	<u>3,176</u>
	889,029	577,286
Deferred tax:		
Current year credit	<u>(52,002)</u>	<u>(53,582)</u>
	<u><u>837,027</u></u>	<u><u>523,704</u></u>

## 6. PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Staff costs, including directors’ remuneration:		
Salaries, wages and other benefits	1,995,592	1,622,286
Retirement benefits scheme contributions	146,238	40,396
Share-based payment expenses	<u>37,870</u>	<u>31,254</u>
Total staff costs	<u>2,179,700</u>	<u>1,693,936</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>3,735</u>	<u>2,883</u>
Total auditors’ remuneration	<u>10,655</u>	<u>9,803</u>
Cost of inventories recognized as an expense	69,718,751	61,630,623
Depreciation of property, plant and equipment	787,831	746,879
Depreciation of right-of-use assets	284,062	284,173
Amortization of other intangibles assets	78,600	60,957
Covid-19-related rent concessions (deducted in the related expenses)	<u><u>–</u></u>	<u><u>(15,080)</u></u>

## 7. DIVIDENDS

2021	2020
<i>RMB'000</i>	<i>RMB'000</i>

Dividends for ordinary shareholders of the Company recognized as distribution during the year:

2020 final dividends – RMB0.288

(2020: special dividends – HK\$0.27 (equivalent to RMB0.247))

<b>569,065</b>	<b>486,454</b>
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A final dividend of RMB0.479 per share with the total amount of approximately RMB942,322,000 in respect of the year ended December 31, 2021 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 per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

2021	2020
<i>RMB'000</i>	<i>RMB'000</i>

### Earnings figures are calculated as follow:

Profit for the year attributable to owners of the Company

<b>2,480,098</b>	<b>1,624,961</b>
------------------	------------------

2021	2020
<i>'000</i>	<i>'000</i>

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share

<b>1,974,777</b>	<b>1,909,805</b>
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Effect of dilutive potential ordinary shares:

Share options

<b>1,293</b>	<b>10,816</b>
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Weighted average number of ordinary shares for the purpose of diluted earnings per share

<b>1,976,070</b>	<b>1,920,621</b>
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### 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings figures are calculated as follow:		
Profit for the year attributable to owners of the Company	<u>2,480,098</u>	<u>1,624,961</u>
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	<u>80,338</u>	<u>117,227</u>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u>2,399,760</u>	<u>1,507,734</u>

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

### From discontinued operations

Basic earnings per share for the discontinued operations is RMB0.04 per share (2020: RMB0.06 per share) and diluted earnings per share for the discontinued operations is RMB0.04 per share (2020: RMB0.06 per share), based on the profit for the year from the discontinued operations of approximately RMB80 million (2020: profit for the year of RMB117 million) and the denominators detailed above for both basic and diluted earnings per share.



## 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 for 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current</b>		
Trade receivables	915,739	1,019,557
Bills receivables	<u>6,354</u>	<u>1,827</u>
	<u>922,093</u>	<u>1,021,384</u>
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	5,076,197	2,999,115
Deposits to entities controlled by suppliers for borrowings	243,798	178,846
Prepayments and rental deposits on properties	196,378	65,311
Rebate receivables from suppliers	2,077,110	2,343,564
Finance and insurance commission receivables	177,342	194,624
Staff advances	5,079	12,164
Value-added tax recoverable	196,787	323,580
Receivables from former shareholders of acquired subsidiaries	–	66,728
Advances to non-controlling interests ( <i>note a</i> )	57,161	64,891
Advances to independent third parties ( <i>note a</i> )	7,520	7,520
Others	167,252	232,777
Less: allowance for impairment losses under expected credit loss model	<u>–</u>	<u>–</u>
	<u>8,204,624</u>	<u>6,489,120</u>
	<u>9,126,717</u>	<u>7,510,504</u>
<b>Non-current</b>		
<b>Other assets</b>		
Receivables from disposal of land use right	<u>71,195</u>	<u>76,195</u>

*Note:*

- a. Except for advance to non-controlling interests of RMB6,900,000 (2020: RMB30,000,000) which carried at a fixed interest rate of 4.9% per annum, the rest balances were unsecured, interest-free and repayable on demand.

As at January 1, 2020, December 31, 2020 and December 31, 2021, trade receivables from contracts with customers amounted to RMB927,211,000, RMB941,397,000 and RMB827,865,000 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:

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
0 to 90 days	<b><u>922,093</u></b>	<u>1,021,384</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

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Motor vehicles	<b>3,504,540</b>	4,362,604
Spare parts and accessories	<b><u>533,163</u></b>	<u>493,190</u>
	<b><u>4,037,703</u></b>	<u>4,855,794</u>

As at December 31, 2021, vehicle certificates (“車輛合格證”) for certain of the Group's inventories with an aggregate carrying amount of RMB1,202,793,000 (2020: RMB1,678,657,000) were pledged as securities for the Group's interest-bearing bank and other borrowings.

As at December 31, 2021, vehicle certificates of the Group's inventories with an aggregate carrying amount of RMB1,123,451,000 (2020: RMB1,450,561,000) were pledged as security for the Group's bills payables.

# 11. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	2021 RMB'000	2020 RMB'000
<b>Current</b>		
Trade payables	832,292	925,650
Bills payables	<u>3,781,745</u>	<u>3,798,958</u>
	<u>4,614,037</u>	<u>4,724,608</u>
<b>Other payables</b>		
Other tax payables	165,607	165,533
Payable for acquisition of property, plant and equipment	43,086	53,492
Salary and welfare payables	224,837	212,352
Accrued interest	24,181	32,453
Accrued audit fee	5,600	5,320
Consideration payables for acquisition of subsidiaries (note)	48,008	69,377
Consideration payables for acquisition of non-controlling interests (note)	–	26,186
Advance from non-controlling interests (note)	47,629	137,892
Dividend payable to non-controlling interests	12,340	1,932
Deposits received from customers under finance leases	–	54,844
Other accrued expenses	117,521	99,592
Others	<u>266,164</u>	<u>223,254</u>
	<u>954,973</u>	<u>1,082,227</u>
	<u>5,569,010</u>	<u>5,806,835</u>
<b>Non-current</b>		
<b>Other liabilities</b>		
Deposits received from customers under finance leases	<u>–</u>	<u>11,282</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:

	2021 RMB'000	2020 RMB'000
0 to 90 days	4,489,419	3,807,534
91 to 180 days	<u>124,618</u>	<u>917,074</u>
	<u>4,614,037</u>	<u>4,724,608</u>

## 12. SUPER SHORT-TERM COMMERCIAL PAPERS

On May 20, 2019, Shanghai Yongda Investment Holdings Group Co., Ltd. (“**Shanghai Yongda Investment**”) received a notice of acceptance of registration (the “**Notice**”) issued from National Association of Financial Market Institutional Investors to issue super short-term commercial papers of an aggregate registered amount of RMB2 billion. According to the Notice, the registered amount is effective for two years commencing from the date of issue of the Notice.

On April 23, 2020, Shanghai Yongda Investment issued a tranche of the super short-term commercial papers, with an aggregate principal amount of RMB100 million, which are repayable within 270 days from the date of issuance. The super short-term commercial papers are unsecured and carry interest at a rate of 3.59% per annum. The interest is payable upon maturity. The super short-term commercial papers were issued to domestic institutional investors in the PRC which are independent third parties. The net proceeds from the issue of the super short-term commercial papers are intended to be used for repayment of existing debts of the Company.

Movement of the super short-term commercial papers during the six months ended December 31, 2021 was as follows:

	<i>RMB'000</i>
At December 31, 2020	99,951
Add: interest expense – amortization of transaction costs	49
Less: Repayment of super short-term commercial papers	<u>(100,000)</u>
At December 31, 2021	<u><u>–</u></u>

## 13. MEDIUM-TERM NOTE

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

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

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

Movement of the medium-term note during the year ended December 31, 2021 was as follows:

	<i>RMB'000</i>
At December 31, 2020	367,543
Add: capitalized transaction costs in relation to issuance	<u>1,110</u>
At December 31, 2021	<u><u>368,653</u></u>

# FINANCIAL REVIEW

## Continuing Operations

### Revenue

Revenue was RMB77,916.6 million for the twelve months ended December 31, 2021, representing a 14.2% increase from RMB68,201.2 million for the twelve months ended December 31, 2020, which was primarily due to the growth of sales and after-sales services of passenger vehicles. 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,					
	2021			2020		
	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	53,950,033	141,067	382	48,932,854	135,679	361
Mid-to-high-end brands	9,831,816	72,840	135	9,295,756	68,917	135
Subtotal	<u>63,781,849</u>	<u>213,907</u>	<u>298</u>	<u>58,228,610</u>	<u>204,596</u>	<u>285</u>
Pre-owned vehicles distribution	2,243,011	11,080	202	–	–	–
After-sales services	11,542,574	–	–	9,576,430	–	–
Automobile rental services	537,967	–	–	564,133	–	–
Others	–	–	–	66,015	–	–
Less: inter-segment eliminations	<u>(188,847)</u>	<u>–</u>	<u>–</u>	<u>(233,946)</u>	<u>–</u>	<u>–</u>
Total	<u><u>77,916,554</u></u>			<u><u>68,201,242</u></u>		

The sales volume of new vehicles of the passenger vehicle sales and services segment was 213,907 units for the twelve months ended December 31, 2021, a 4.6% increase from 204,596 units for the twelve months ended December 31, 2020.

Among them, the sales volume of luxury and ultra-luxury brand new vehicles was 141,067 units for the twelve months ended December 31, 2021, a 4.0% increase from 135,679 units for the twelve months ended December 31, 2020.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB63,781.8 million for the twelve months ended December 31, 2021, a 9.5% increase from RMB58,228.6 million for the twelve months ended December 31, 2020.

Among them, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB53,950.0 million for the twelve months ended December 31, 2021, a 10.3% increase from RMB48,932.9 million for the twelve months ended December 31, 2020.

The distribution volume of pre-owned vehicles was 11,080 units for the twelve months ended December 31, 2021 (same period in 2020: nil).

Revenue from distribution of pre-owned vehicles was RMB2,243.0 million for the twelve months ended December 31, 2021 (same period in 2020: nil).

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB11,542.6 million for the twelve months ended December 31, 2021, a 20.5% increase from RMB9,576.4 million for the twelve months ended December 31, 2020.

Revenue from the automobile rental services segment was RMB538.0 million for the twelve months ended December 31, 2021, a 4.6% decrease from RMB564.1 million for the twelve months ended December 31, 2020.

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

Cost of sales and services was RMB70,163.9 million for the twelve months ended December 31, 2021, a 13.0% increase from RMB62,070.1 million for the twelve months ended December 31, 2020.

Cost of sales of new vehicles of the passenger vehicle sales and services segment was RMB61,555.0 million for the twelve months ended December 31, 2021, an 8.6% increase from RMB56,674.6 million for the twelve months ended December 31, 2020.

The distribution costs of pre-owned vehicles were RMB2,036.1 million for the twelve months ended December 31, 2021 (same period in 2020: nil).

Cost of after-sales services for the passenger vehicle sales and services segment was RMB6,336.3 million for the twelve months ended December 31, 2021, a 22.6% increase from RMB5,170.3 million for the twelve months ended December 31, 2020.

Cost of services for the automobile rental services segment was RMB413.9 million for the twelve months ended December 31, 2021, a 5.6% decrease from RMB438.3 million for the twelve months ended December 31, 2020.

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

As a result of the foregoing, gross profit was RMB7,752.7 million for the twelve months ended December 31, 2021, a 26.4% increase from RMB6,131.2 million for the twelve months ended December 31, 2020.

Gross profit margin was 9.95% for the twelve months ended December 31, 2021, an increase of 0.96 percentage point from the gross profit margin of 8.99% for the twelve months ended December 31, 2020.

Gross profit from the sales of new vehicles of the passenger vehicle sales and services segment was RMB2,226.9 million for the twelve months ended December 31, 2021, a 43.3% increase from RMB1,554.0 million for the twelve months ended December 31, 2020.

Gross profit margin for the sales of new vehicles increased to 3.49% for the twelve months ended December 31, 2021 from 2.67% for the twelve months ended December 31, 2020.

The gross profit from distribution of pre-owned vehicles was RMB206.9 million for the twelve months ended December 31, 2021 (same period in 2020: nil).

The gross profit margin from distribution of pre-owned vehicles was 9.22% for the twelve months ended December 31, 2021 (same period in 2020: nil).

Gross profit for after-sales services from the passenger vehicle sales and services segment was RMB5,206.2 million for the twelve months ended December 31, 2021, an 18.2% increase from RMB4,406.1 million for the twelve months ended December 31, 2020.

Gross profit margin for after-sales services was 45.10% for the twelve months ended December 31, 2021, a slight decrease of 0.91 percentage point from 46.01% for the twelve months ended December 31, 2020.

Gross profit from the automobile rental services segment was RMB124.1 million for the twelve months ended December 31, 2021, a slight decrease of 1.4% from RMB125.8 million for the twelve months ended December 31, 2020.

Gross profit margin for the automobile rental services segment was 23.07% for the twelve months ended December 31, 2021, an increase of 0.77 percentage point from 22.30% for the twelve months ended December 31, 2020.



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

Other income and other gains and losses were net gains of RMB1,404.5 million for the twelve months ended December 31, 2021, a 19.9% increase from RMB1,171.3 million for the twelve months ended December 31, 2020.

Among them, the revenue from the finance and insurance related agency services of the passenger vehicle sales and services segment was RMB1,270.2 million for the twelve months ended December 31, 2021, a 14.6% increase from RMB1,108.0 million for the twelve months ended December 31, 2020.

Among them, the revenue from factory direct sales agency services of new energy automobiles was RMB36.7 million for the twelve months ended December 31, 2021, and the number of agency sales of automobiles was 1,863 units (same period in 2020: nil).

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

Distribution and selling expenses and administrative expenses were RMB5,348.3 million for the twelve months ended December 31, 2021, a 18.0% increase from RMB4,533.2 million for the twelve months ended December 31, 2020.

The ratio of distribution, selling and administrative expenses over revenue was 6.86% for the twelve months ended December 31, 2021, which was generally in line with that of 6.65% for the twelve months ended December 31, 2020.

## **Operating Profit**

As a result of the foregoing, operating profit was RMB3,809.0 million for the twelve months ended December 31, 2021, a 37.5% increase from RMB2,769.3 million for the twelve months ended December 31, 2020.

## **Finance Costs**

Finance costs were RMB506.4 million for the twelve months ended December 31, 2021, a 25.0% decrease from RMB675.5 million for the twelve months ended December 31, 2020.

The percentage of the finance costs for the twelve months ended December 31, 2021 decreased to 0.65% from 0.99% for the twelve months ended December 31, 2020.

## **Profit before Tax**

As a result of the foregoing, profit before tax was RMB3,374.8 million for the twelve months ended December 31, 2021, a 57.7% increase from RMB2,139.6 million for the twelve months ended December 31, 2020.

## **Income Tax Expense**

Income tax expense was RMB837.0 million for the twelve months ended December 31, 2021, a 59.8% increase from RMB523.7 million for the twelve months ended December 31, 2020. Our effective income tax rate was 24.8% for the twelve months ended December 31, 2021, a slight increase from 24.5% for the twelve months ended December 31, 2020.

## **Profit from Continuing Operations**

As a result of the foregoing, the profit from continuing operations was RMB2,537.7 million for the twelve months ended December 31, 2021, a 57.1% increase from RMB1,615.9 million for the twelve months ended December 31, 2020.

## **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 revenue, costs, expenses and profits of Yongda Finance Leasing for the eleven months ended November 30, 2021 and the twelve months ended December 31, 2020 have been included in the profit from discontinued operations. The profit from discontinued operations was RMB80.3 million for the eleven months ended November 30, 2021, a 31.5% decrease from RMB117.2 million for the twelve months ended December 31, 2020.

## **Profit**

As a result of the foregoing, the profit was RMB2,618.1 million for the twelve months ended December 31, 2021, a 51.1% increase from RMB1,733.1 million for the twelve months ended December 31, 2020.

## **Profit Attributable to the Owners of the Company**

As a result of the foregoing, the profit attributable to the owners of the Company was RMB2,480.1 million for the twelve months ended December 31, 2021, a 52.6% increase from RMB1,625.0 million for the twelve months ended December 31, 2020.

# 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, 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. For the twelve months ended December 31, 2020, our net cash from operating activities was RMB5,729.0 million, of which the net cash generated from operating activities of automobile sales and services business was RMB4,338.7 million, and the net cash generated from operating activities of proprietary finance business was RMB1,390.3 million.

Compared to the twelve months ended December 31, 2020, the net cash generated from operating activities of automobile sales and services business increased by RMB529.0 million, mainly due to the increase in profit for the twelve months ended December 31, 2021 compared to the corresponding period of last year. The net cash generated from operating activities of proprietary finance business decreased by RMB1,243.2 million, mainly due to the decrease in the scale of interest-earning assets compared with the same period last year.

For the twelve months ended December 31, 2021, our net cash used in investment activities was RMB282.2 million, which mainly included the amounts for purchase of property, plant and equipment, land use rights and intangible assets of RMB1,102.1 million and acquisition of subsidiaries of RMB680.1 million, which was partially offset by the proceeds from the disposal of property, plant and equipment and intangible assets of RMB387.8 million, the proceeds from the disposal of subsidiaries of RMB301.6 million (mainly including the amount after offsetting the proceeds from disposal of 80% equity interest in Yongda Finance Leasing of RMB446.5 million with the book cash of Yongda Finance Leasing of RMB138.5 million upon completion of the disposal), the collection of fixed deposits of RMB378.2 million and the net proceeds from the collection of financial assets of RMB311.7 million. For the twelve months ended December 31, 2020, our net cash used in investing activities was RMB1,668.4 million.

For the twelve months ended December 31, 2021, our net cash used in financing activities was RMB5,562.2 million, which mainly included the net repayment of bank loans and super short-term commercial papers of RMB4,020.2 million, the payment of interest of RMB514.6 million, the payment of dividends of RMB672.2 million, the repayments of leases liabilities of RMB162.5 million. For the twelve months ended December 31, 2020, our net cash used in financing activities was RMB3,191.2 million.

## **Inventories**

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

Our inventories were RMB4,037.7 million as of December 31, 2021, a 16.8% decrease from RMB4,855.8 million as of December 31, 2020. The following table sets forth our average inventory turnover days for the periods indicated:

	<b>For the year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Average inventory turnover days	<u><b>23.1</b></u>	<u><b>30.8</b></u>

## **Capital Expenditures and Investment**

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, land use rights, intangible assets (vehicle license plates and softwares) and acquisition of subsidiaries, which was partially offset by the proceeds from the disposal of property, plant and equipment and intangible assets. For the twelve months ended December 31, 2021, our total capital expenditures were RMB1,394.4 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	<b>For the twelve months ended December 31, 2021 (RMB million)</b>
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease purposes	<b>779.7</b>
Expenditures on purchase of property, plant and equipment – primarily used for establishing new automobile sales and service outlets	<b>228.1</b>
Expenditures on purchase of land use rights assets	<b>33.9</b>
Expenditures on purchase of intangible assets (vehicle licences and softwares)	<b>60.4</b>
Expenditures on acquisition of subsidiaries	<b>680.1</b>
Proceeds from the disposal of property, plant and equipment and intangible assets (mainly test-drive automobiles and vehicles for operating lease purposes)	<u><b>(387.8)</b></u>
<b>Total</b>	<u><b>1,394.4</b></u>

## 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, 2021, the outstanding amount of our borrowings and bonds amounted to RMB4,875.6 million, a 51.8% decrease from RMB10,121.9 million as of December 31, 2020. The following table sets forth the maturity profile of our borrowings and bonds as of December 31, 2021:

	<b>As of December 31, 2021</b> <i>(RMB million)</i>
Within one year	<b>3,595.5</b>
One to two years	<b>839.1</b>
Two to five years	<b>358.5</b>
More than five years	<b>82.5</b>
	<hr/>
Total	<b><u>4,875.6</u></b>

As of December 31, 2021, our net gearing ratio (being net liabilities divided by total equity) was 18.3% (as of December 31, 2020: 54.1%). 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, 2021, 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, 2021 consisted of (i) inventories of RMB1,202.8 million; (ii) property, plant and equipment of RMB46.5 million; (iii) land use rights of RMB124.8 million; and (iv) equity interests of the subsidiaries of RMB492.0 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. As of December 31, 2021, the total outstanding maximum guarantee related to the Previous Guarantees was RMB1.700 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB1.417 billion.

The Group expects that the above borrowings drawn by Yongda Finance Leasing as of December 31, 2021 relevant to the Previous Guarantees will expire in 2022 at the latest. Upon the repayment of the above amount by Yongda Finance Leasing, the Group will no longer have guarantee obligations for the above borrowings.

Upon the Disposal, the Group guaranteed the additional credits (the “**Additional Credits**”) and corresponding debts of Yongda Finance Leasing in proportion to the Group’s 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As of December 31, 2021, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing upon the Disposal was RMB643 million, of which the guarantee amount provided by the Group was RMB129 million.

As of December 31, 2021, 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 LIBOR. 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, 2021, 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.

### **Use of proceeds**

In June 2020, 120,000,000 ordinary shares of the Company have been placed to no less than six places under the general mandate at the placing price of HK\$8.29 per share, and then top-up subscription of 120,000,000 new ordinary shares have been completed at the subscription price of HK\$8.29 per share. The placing and the top-up subscription of new shares are to broaden the shareholder base, strengthen capital base, improve financial condition and net asset base, and will support the long-term development and growth.

The net proceeds amounted to approximately HK\$983 million (equivalent to RMB904.2 million) which is intended to be utilized for further expansion of the dealership network of the Company, mainly by way of acquisition or establishment of new 4S dealerships with an aim to consolidate the leading position of the Company with continued focus on ultra-luxury and luxury brands, subject to any change in market conditions. During the year ended December 31, 2021, the Company has used RMB680.1 million for the acquisition of 4S dealerships. The use of these proceeds was in line with the planned use as disclosed in the announcement dated June 10, 2020 in relation to placing of existing shares and top-up subscription of new shares under the general mandate, and there was no significant change. As at December 31, 2021, the net proceeds have all been utilized.



## **Impact of Novel Coronavirus Pandemic**

In the first quarter of 2021, the business and operation of the Group were affected by the Pandemic. At the beginning of the Pandemic, the Chinese government adopted extensive lockdowns, closed workplaces, and implemented travel restrictions to curb the virus spread. We have taken measures to reduce the impact of the Pandemic, including some of our business entities and service outlets strictly implementing self-isolation and disinfection measures in accordance with relevant government regulations. Since March 2021, the Group's businesses gradually resumed. For the whole year of 2021, the Pandemic did not have significantly adverse impact on the operation, financial condition and cash flows of the Group.

Given that the development of the Pandemic is currently still uncertain and unpredictable, the extent of the impact of the Pandemic on our operating performance, financial condition and cash flows will depend on the future development of the Pandemic, which has brought operation challenges to our businesses. In addition, provided that the overall economy of the PRC suffered loss as a result of the outbreak of the Pandemic, our operating results may be adversely affected.

## **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, 2021.

### **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, 2021. 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, 2021, the Company repurchased a total of 7,629,000 ordinary shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$88,774,658. Particulars of the repurchase are as follows:

Month/Year	Number of Shares Repurchased	Price paid per share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
September 2021	6,629,000	12.18	11.06	77,824,308
December 2021	1,000,000	11.16	10.78	10,950,350
Total	7,629,000			88,774,658

The 6,629,000 Shares Repurchased in September 2021 and 1,000,000 Shares Repurchased in December 2021 were cancelled on October 29, 2021 and February 11, 2022, respectively. The repurchase of the Company's shares during the year ended December 31, 2021 was effected by the Directors pursuant to the general mandate granted to the Directors at the annual general meeting dated May 20, 2021, 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, 2021.

## Audit and Compliance Committee

The audit and compliance committee of the Company (the “**Audit and Compliance Committee**”) has three members comprising three independent non-executive Directors, being Ms. Zhu Anna Dezhen (chairman), Mr. Lyu Wei and Mr. Mu Binrui, with terms of reference in compliance with the Listing Rules.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considered that the annual financial results for the year ended December 31, 2021 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, 2021 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 26, 2022 (Thursday) (the “**Record Date**”) will be entitled to attend the forthcoming annual general meeting to be held on June 1, 2022 (Wednesday) (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, 2022 (Wednesday) for the distribution of a final dividend of RMB0.479 per share for the year ended December 31, 2021. The final dividend is expected to be paid on or around June 30, 2022 (Thursday) to the shareholders whose names are listed in the register of members of the Company on June 9, 2022 (Thursday). On the basis of the total issued share capital of 1,967,270,013 shares of the Company as of February 28, 2022, it is estimated that the aggregate amount of final dividend would be approximately RMB942.3 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, 2022 (Thursday) to June 13, 2022 (Monday), 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, 2022 (Wednesday).

## **EVENTS AFTER REPORTING PERIOD**

As of the date of this announcement, there is no significant event subsequent to December 31, 2021 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, 2021 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, 15 March 2022

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