
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Yongda Automobiles Services Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

PROPOSALS FOR ADOPTION OF SHARE AWARD SCHEME
AND
ISSUE OF SHARES UNDER ANNUAL SCHEME MANDATE
AND
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
DECLARATION OF FINAL DIVIDEND
AND
RE-APPOINTMENT OF AUDITOR
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of China Yongda Automobiles Services Holdings Limited to be held at 10:30 a.m. on Wednesday, June 1, 2022 at Conference Center, 2/F Yongda International Tower, 2277 Longyang Road, Pudong, Shanghai, the People's Republic of China, is set out on pages 33 to 39 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed (i.e. before 10:30 a.m. on Monday, May 30, 2022) for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish. **The Company strongly recommends you to monitor the development of the COVID-19 situation and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

April 22, 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Adoption Date”	being the date on which the Share Award Scheme is adopted by the Company upon the approval by the Shareholders of the Share Award Scheme and the grant by the Shareholders of a mandate to allot and issue Shares under the Share Award Scheme at a general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at 10:30 a.m. on Wednesday, June 1, 2022 at Conference Center, 2/F Yongda International Tower, 2277 Longyang Road, Pudong, Shanghai, the People’s Republic of China, or any adjournment thereof and notice of which is set out on pages 33 to 39 of this circular
“Annual Scheme Mandate”	a proposed annual scheme mandate to be granted to the Directors at the Annual General Meeting to allot and issue new Shares under the Share Award Scheme not exceeding 3% of the number of issued shares of the Company as at the date of passing the resolution
“Articles of Association”	the amended and restated articles of association of the Company adopted on May 5, 2012 and effective on July 12, 2012, and as amended from time to time
“Award(s)”	Award(s) granted by the Board to a Selected Participant pursuant to the Share Award Scheme, which vests in the form of Awarded Shares in accordance with the Scheme Rules
“Awarded Share(s)”	Share(s) underlying the Award(s) granted to the Selected Participants under the Scheme Rules
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which the banks are open for business in Hong Kong
“Board”	board of Directors
“Company”	China Yongda Automobiles Services Holdings Limited, an exempted company incorporated on November 7, 2011 in the Cayman Islands with limited liability, with its Shares listed on the Main Board of the Stock Exchange
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“COVID-19”	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
“Director(s)”	the director(s) of the Company
“Employee”	any director or employee of any member of the Group (including persons who are granted Shares under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group)
“Excluded Participant”	any Participant who is resident in a place where the grant of Award, award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Participant
“General Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or otherwise deal with securities not exceeding 20% of the number of the issued Shares as at the date of passing of the relevant resolution granting the General Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Latest Practicable Date”	April 12, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Participant”	includes any Employee

DEFINITIONS

“PRC”	The People’s Republic of China
“Pre-IPO Incentive Scheme”	the Company’s employee pre-IPO incentive scheme conditionally approved and adopted by the Company on April 3, 2012 and amended on August 30, 2013 and June 18, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any cash income or dividends derived from Shares held under the Trust; (ii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iii) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the number of issued Shares as at the date of passing of the relevant resolution granting the Repurchase Mandate
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Selected Participant(s)”	Participant(s) selected by the Board for participation in the Scheme
“Scheme Rules”	the rules relating to the Share Award Scheme, as amended, modified or supplemented from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Share Award Scheme” or “Scheme”	the share award scheme adopted by the Company on the Adoption Date
“Share Option Scheme”	the Company’s share option scheme adopted on October 10, 2013
“Shareholder(s)”	the holder(s) of the Share(s)
“SSE”	Shanghai Stock Exchange
“SZSE”	Shenzhen Stock Exchange
“Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy backs, as amended from time to time
“Trust”	the trust constituted by the Trust Deed
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Participants), including without limitation: (a) HK\$100 as initial sum; (b) all Shares acquired by the Trustee for the purpose of the Trust and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust; (c) any Residual Cash; (d) any Awarded Shares to be vested or not vested with the Selected Participants under the terms of the Scheme; and (e) all other properties from time to time representing (a), (b), (c) and (d) above
“Trust Period”	means the period beginning with the Adoption Date and ending upon the expiry of the period of ten years beginning from the Adoption Date or such date of early termination as determined by the Board
“Trustee”	BOCI Trustee (Hong Kong) Limited (which is independent and not connected with the Company, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Vesting Date”	in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant in accordance with the Share Award Scheme

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Cheung Tak On
Mr. Cai Yingjie
Mr. Wang Zhigao
Mr. Xu Yue
Ms. Chen Yi
Mr. Tang Liang

Independent Non-Executive Directors:

Ms. Zhu Anna Dezhen
Mr. Lyu Wei
Mr. Mu Binrui

Registered Office:

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

Corporate Headquarters:

299 Ruijin Nan Road
Huangpu District
Shanghai
PRC

Principal Place of Business in Hong Kong:

Unit 5708, 57/F, The Center
99 Queen's Road Central
Central
Hong Kong

April 22, 2022

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR ADOPTION OF SHARE AWARD SCHEME
AND
ISSUE OF SHARES UNDER ANNUAL SCHEME MANDATE
AND
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
DECLARATION OF FINAL DIVIDEND
AND
RE-APPOINTMENT OF AUDITOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and the following proposals (among others) to be put forward at the Annual General Meeting including: a) adoption of the Share Award Scheme; b) issue of Shares under Annual Scheme Mandate; c) granting of the General Mandate to issue securities and the Repurchase Mandate to repurchase Shares; d) the re-election of Directors; e) declaration of final dividend; and f) re-appointment of auditor.

2. ADOPTION OF THE SHARE AWARD SCHEME

Reference is made to the Company's announcement dated April 7, 2022 in relation to, among others, the proposed adoption of the Share Award Scheme. At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to adopt the Share Award Scheme. The Share Award Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules.

Major Terms of the Share Award Scheme

A summary of the principal terms of the Share Award Scheme is set out below:

Purpose of the Share Award Scheme

The specific objectives of Share Award Scheme are (i) to recognize the contributions by certain Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Administration

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The Board may by resolution delegate any or all of its powers in the administration of the Share Award Scheme to the administration committee or any other committee or sub-committee or any person(s) as from time to time authorized by the Board for such purpose. The decision of the Board with respect to any matter arising under the Share Award Scheme (including the interpretation of any provision) shall be final and binding.

Selected Participants

The Selected Participants include any Employee at any time during the Trust Period selected by the Board for participation in the Share Award Scheme.

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Scheme Limit

The maximum number of Awarded Shares underlying the Awards (the “**Scheme Limit**”) awarded by the Board under the Share Award Scheme (i) shall not exceed 10% of the total issued share capital of the Company from time to time throughout the Trust Period unless otherwise approved by the Shareholders and (ii) shall be subject to an annual limit of 3% of the total issued share capital of the Company at the relevant time unless otherwise approved by the Shareholders.

The maximum number of Awarded Shares underlying the Awards which may be awarded to any Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period unless otherwise approved by the Shareholders or otherwise provided under the Share Award Scheme. Awards lapsed in accordance with the terms of the Share Award Scheme shall not be counted for the purpose of calculating the limit.

The maximum number of Awarded Shares underlying the Awards which may be awarded to any Director, chief executive of the Company, substantial shareholder of the Company or connected person of the Company under the Scheme shall not exceed 0.1% of the issued share capital of the Company in any 12-month period unless approved by the Independent Shareholders.

Approval is to be sought from the Shareholders at the Annual General Meeting for the Annual Scheme Mandate to allot and issue new Shares under the Share Award Scheme not exceeding 3% of the number of issued shares of the Company as at the date of passing the resolution, during the period from passing the resolution until the earlier of (a) the conclusion of the next annual general meeting of the Company and (b) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting. The Annual Scheme Mandate will be subject to refreshment by approval of the Shareholders upon its expiry.

Restrictions

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Share Award Scheme:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results, to any Director;
- (iii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarterly or half-year period of the financial period up to the publication date of the results, to any Director;

LETTER FROM THE BOARD

- (iv) during the period commencing one month immediately before the earlier of (1) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, to any Selected Participant other than Directors; or
- (v) in any circumstance which is prohibited under the Listing Rules, the Securities and Futures Ordinance or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

Operation

According to the Share Award Scheme, any Awarded Shares shall be new Shares to be allotted and issued to the Trustee by the Company pursuant to a valid mandate granted by Shareholders at general meeting(s) of the Company from time to time pursuant to the Listing Rules.

Subject to the Scheme Rules, in the event that the Awarded Shares are to be allotted and issued as new Shares for the purpose of the Trust, the Selected Participant shall cause an amount equal to the total subscription price of such new Shares to be allotted and issued to be transferred to the Trustee according to the Scheme Rules and the Board shall cause to issue and allot to the Trustee such number of new Shares corresponding to the aforesaid total subscription price at such issue price per Share as shall be determined by the Board subject to the terms and conditions set out in the Scheme Rules. Such Shares shall be held upon trust for the relevant Selected Participant subject to the terms and conditions set out in the Scheme Rules and the Trust Deed. The Company shall issue and allot such new Shares at not less than nominal value to the Trustee. The Company shall comply with the relevant Listing Rules and the Articles of Association when allotting and issuing any new Shares and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued to the Trustee. Such allotment and issue should only be made upon fulfillment of the following conditions: (i) the Company having obtained Shareholders' approval in general meeting under a valid mandate to authorize the Directors to allot and issue new Shares, provided that the total number of Shares to be allotted and issued to the Trustee under the Share Award Scheme shall not exceed the scheme limit; and (ii) the listing committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Trustee pursuant to the Share Award Scheme. For avoidance of doubt, the Awards under the Share Award Scheme will be satisfied with new Shares to be allotted and issued under the Annual Scheme Mandate, and will not be satisfied with existing issued Shares.

The Company intends to seek a mandate from the Shareholders for the issue and allotment of Awarded Shares as required under the Listing Rules. As such, the new Shares to satisfy any Awards will be issued under a mandate to be approved by the Shareholders for the relevant Award. The Company therefore considers that Shareholders would be able to evaluate the relevant diluting effect

LETTER FROM THE BOARD

before they vote in respect of the relevant mandate. In any event, the Company will comply with the announcement, Shareholders' approval and other requirements (if and as applicable) under the Listing Rules in terms of the Awards to be satisfied by the issue and subscription of new Shares.

Grant

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Participant (other than any Excluded Participant) for participation in the Share Award Scheme as a Selected Participant, and grant such number of Awards to any Selected Participant at such consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. The grant price which shall be not less than the highest of:

- (a) 50% of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a Business Day;
- (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the grant notice; and
- (c) the nominal value of the Shares.

The grant price under the Share Award Scheme is determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Company's Share price in recent years and the actual situation of the Company. The purpose of the above pricing method is to ensure the effectiveness of the Share Award Scheme, further stabilize and motivate the Employees, and provide mechanism and talent guarantee for the long-term and stable development of the Company. The pricing has comprehensively considered the effectiveness of the Share Award Scheme and the impact of the Company's expenses, and will not have a negative impact on the Company's operation, reflecting the actual incentive needs of the Company and is reasonable.

The major purpose of the Share Award Scheme is to attract, retain and incentivize outstanding talents for the Group. In order for the Share Award Scheme to achieve its objective of motivating and incentivizing the Participants, the grant price would necessarily be of a discount to the share price of the Company.

Historically, the Company has adopted the Share Option Scheme and the Pre-IPO Incentive Scheme. Under the Share Option Scheme, the exercise price of share options shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a Share. With the stock price fluctuations in the market, the exercise price under the Share Option Scheme may become comparatively high when compared with the market price of the Shares

LETTER FROM THE BOARD

from time to time, due to which the option grantees may be deterred from exercising their outstanding share options, thereby compromising the incentivizing effect of the Share Option Scheme. Under the Pre-IPO Incentive Scheme, the beneficiary is not required to pay any price for the awards granted.

In comparison, the grant price under the Share Award Scheme will be determined with reference to half of the market price of the Shares on or before the date of the grant notice, aligning and binding the interest of the grantees and that of the Company. On one hand, as compared with the Share Option Scheme, the prices paid by the grantees for the Awards represents approximately a 50% discount on the market price of the Shares, whereby striking a balance between the optimal incentivizing effect and costs borne by the grantees and generating stronger incentives to the Employees. On the other hand, as compared with the Pre-IPO Incentive Scheme, the Company would be able to reduce its costs on maintaining the scheme with the grant price paid by the Participants.

Having considered a wide range of factors, including the number of Awarded Shares to be granted, the aforesaid portfolio of incentive schemes of the Company, the expected impact on the grant of Awarded Shares on the Group's financial performance, the expected effect on the motivation of Participants as part of the Company's long-term mechanism, and the complementary features of the incentive schemes of the Company, the Board is of the view that the grant price under the Share Award Scheme is fair and reasonable and is in the interest of the Shareholders as a whole, and is expected to provide stronger incentives to the Employees, thereby serving the purpose of the Share Award Scheme.

In the event that a Selected Participant or his/her/its associate(s) is a member of the Board, such person will abstain from voting on any approval by the Board of the Award to such Selected Participant. In determining the number of Awarded Shares underlying the Awards to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to:

- (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
- (b) the general financial condition of the Group;
- (c) the Group's overall business objectives and future development plan; and
- (d) any other matter which the Board considers relevant.

Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Group, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Where any grant of Award is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or

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shareholders' approval requirements, unless otherwise exempted under the Listing Rules. The allotment and issue of new Shares in satisfaction of Awards granted to connected persons of the Company, which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, will be subject to independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to the Vesting Date, any Award made under the Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Awarded Shares referable to him/her pursuant to such Award, unless the Award or any interest thereof is transferred as a result of the Selected Participant's death in accordance with the terms of the Share Award Scheme or otherwise provided under the Listing Rules.

Vesting and lapse

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting of the Awards on the Selected Participant.

The Board will carefully assess the performance and contribution of an Employee and will impose vesting conditions with performance targets at the Company level and individual level on a case-by-case basis to ensure that the vesting of Awards would be beneficial to the Group. The performance targets at the Company level will take into account the growth and development of the Group, the key performance indicators of which will tentatively tie to the phased revenue, profits or operating development of the Group. The performance targets at the individual level will take into account position and responsibilities, work performance and quality, attitude, capabilities, teamwork and relevant factors relevant to the Participant. For position and responsibilities, the Board will take into account the level and importance of the Participant and the expected responsibilities that such Participant shall take. For work performance and quality, the Board will take into account the key performance indicators expected to be achieved by such Participant. For attitude, the Board will consider whether such Participant is disciplined, humble and responsible. For capabilities, the Board will take into account the work capabilities and independent and creative thinking skills of such Participant. For teamwork, the Board will take into account the communication skills of such Participant and whether such Participant is a team player. The Board will also take into account other relevant factors specific to the Participant as appropriate.

Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any Awards granted under the Share Award Scheme that lapse for any reason without having been exercised and Shares underlying the unexercised portion of any Awards in case of partial exercise will, to the extent not prohibited by applicable laws and regulations, be available for subsequent Award grants under the Share Award Scheme. Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Selected Participant and all requirements applicable to such Selected Participant as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Selected Participant pursuant to the provision of the Scheme Rules shall vest in such Selected Participant in accordance with the

LETTER FROM THE BOARD

vesting schedule as set out in the grant notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant on the Vesting Date. The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice.

In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 Business Days prior to the Vesting Date, the Awards which would have otherwise vested in such Selected Participant shall automatically lapse and the Awarded Shares shall remain as part of the Trust Fund, and such returned Awarded Shares shall be applied by the Trustee towards future Awards in accordance with the Scheme Rules.

In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awards of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

The Board may at its discretion, with or without further conditions, grant additional Shares out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected Participant upon the vesting of any Awards. In the event that an Award becomes lapsed, the Awarded Shares underlying the Awards and/or the relevant income or distributions shall remain as part of the Trust Fund.

Disqualification of Selected Participant

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be a Participant, including but not limited to the following circumstances:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the Securities and Futures Ordinance or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time,

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or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Participant, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund and such returned Awarded Shares shall be applied by the Trustee towards future Awards in accordance with the Scheme Rules, unless agreed specifically between the Selected Participant and the Company to the extent permitted under the laws or regulations of such place.

Voting Rights

The Awarded Shares, before vesting, do not carry any right to vote at general meetings of the Company. Notwithstanding that the Trustee is the legal registered holder of the Shares held upon trust pursuant to the Trust Deed, the Trustee shall not exercise the voting rights attached to such Shares. Notwithstanding any provision in the Scheme Rules, a Selected Participant shall have the right to the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from the Awarded Shares during the period commencing from the date when the Awarded Shares are allotted and issued to the Trust to the date of transfer of such Shares to such Selected Participant.

Duration

Unless terminated earlier by the Board pursuant to the Scheme Rules, the Share Award Scheme shall be valid and effective for ten years commencing from the Adoption Date, after which period no further Awards will be granted.

Upon termination, (i) no further grant of Awards may be made under the Share Award Scheme; (ii) all the Awards referable to the date of expiry of the Trust Period which are not vested shall be vested in the relevant Selected Participants and all the Awarded Shares shall continue to be held by the Trustee and be transferred to the Selected Participants according to the Scheme Rules; (iii) all Shares remaining in the Trust Fund shall be sold (or as otherwise determined by the Board) by the Trustee within 28 Business Days (on which the trading of the Shares has not been suspended); and (iv) net proceeds of sale (if so sold) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions) shall be remitted to the Company forthwith (except as otherwise determined by the Board).

Alteration

The Share Award Scheme may be amended in any respect by a resolution of the Shareholders at a general meeting.

Reasons of the Awards

Provision of share-based incentives to participants is common among public companies. It is also in line with modern commercial practice for public companies to adopt parallel share-based incentive schemes to offer them with discretion to link the value of the companies with the interests

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of the participants thereunder, enabling those participants and the companies to develop together and promote the corporate culture of the companies. The Share Award Scheme will be used in parallel with the Pre-IPO Incentive Scheme and the Share Option Scheme.

Though the Share Award Scheme serves similar incentive purposes as the Pre-IPO Incentive Scheme and the Share Option Scheme, the Share Award Scheme improves the Company's long-term incentive mechanism by providing an additional means, thereby enabling the Company to have more flexibility in terms of the form of awards and to select the appropriate form of award taking into account the factors such as the timing and grantee of the awards to be granted.

By granting share options to a wide variety of participants under the Share Option Scheme (including Directors and employee of the Group and other participants), incentive is provided to various participants to contribute to the development and growth of the Group in order to obtain financial rewards when the market price of the Shares exceeds the exercise price of the share options. By granting awards under the Pre-IPO Incentive Scheme, incentive is given to Directors, employees and senior management members of the Group in the form of Shares or dividend payments on Shares under the scheme. By granting the Award Shares under the Share Award Scheme dedicated to the Employees, the interests of the Employees can be further aligned directly with the performance of the Group and the interests of the Shareholders through the ownership of the Shares.

In addition, the grant price under the Share Award Scheme referring to 50% of the price of the Shares would provide the Company with another option when determining the rewards to be made, which is distinguishable from the Share Option Scheme and the Pre-IPO Incentive Scheme and provides stronger incentives to the Employees. See "2. Adoption of the Share Award Scheme – Major Terms of the Share Award Scheme – Grant" above for further details.

The Board believes that the parallel share-based incentive schemes will provide the Group with greater flexibility under particular circumstances of each grant, facilitate the incentivizing purposes of the incentive portfolio of the Group, and offer meaningful incentives that suit different categories of participants who will contribute to the business performance of the Group.

The Directors believes that the ability to attract and retain talent and business relationships is vital to its success. The terms and conditions of the Share Award Scheme are on normal commercial terms, fair and reasonable. Adoption of the Share Award Scheme provides flexibility for the Company to achieve its objectives to attract and motivate talents and to retain them in the Group and to develop and strengthen their relationships with the Group. Therefore, the Directors consider that the adoption of the Share Award Scheme and its implementation including the Annual Scheme Mandate are in the interests of the Company and the Shareholders as a whole.

None of the Directors have abstained from voting on the relevant Board resolutions as a result of their participation in the Share Award Scheme. None of the Directors have a material interest in the Share Award Scheme.

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As at the Latest Practicable Date, the Board has no current intention to grant any awards under the Pre-IPO Incentive Scheme, any Share options under the Share Option Scheme, or any Awarded Shares under the Share Award Scheme. The Company will not issue Shares under the Pre-IPO Incentive Scheme.

Appointment of Trustee

The Company has entered into the Trust Deed with BOCI Trustee (Hong Kong) Limited (“**BOCI**”) on April 7 2022 and appointed BOCI as the initial Trustee under the Share Award Scheme. To the best knowledge, information and belief of the Board after making all reasonable enquiries, BOCI is a professional trustee engaged by the Company for the Share Award Scheme. BOCI and its ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons.

The Trustee will not become a connected person of the Company under Rules 14A.07 and 14A.12 of the Listing Rules. Even though the Share Award Scheme would enable the Trustee to hold up to 10% of the issued share capital of the Company upon trust for the benefit of Selected Participants before vesting of the Awards, the Trustee would not become a “substantial shareholder” of the Company (as defined in Chapter 1 of the Listing Rules) because the Trustee is not entitled to exercise or control the exercise of the voting rights in respect of any Shares held by it under the Trust Deed. As such, the Trustee will not have 10% or more of the voting power at any general meeting of the Company.

Further, Rule 14A.12(1)(b) of the Listing Rules exempts trustee for trust which is an employees’ share scheme or occupational pension scheme established for a wide scope of participants and the connected persons’ aggregate interests in the scheme are less than 30%.

Currently, none of the connected persons has 30% or more interest in the Share Award Scheme. The Trustee will not hold more than 10% of the total Shares in issue of the Company in aggregate at any time after adoption of the Share Award Scheme. On the basis that (i) the Share Award Scheme is an employees’ share scheme established for a wide scope of participants, (ii) the maximum number of Shares underlying the Awards that can be awarded by the Board under the Share Award Scheme shall not exceed 10% of the total issued share capital of the Company from time to time, and (iii) the connected persons’ aggregate interests in the Share Award Scheme would be less than 30%, the Trustee is not an associate of connected person as such, the Trustee will not become a connected person of the Company. If the Trustee becomes a connected person of the Company as the number of Awards held by it for the benefit of the connected persons of the Company equals or exceeds 30% of the pool of the Awards pursuant to Rule 14A.12, it shall comply with the relevant requirements under Chapter 14A of the Listing Rules.

The Shares held by the Trustee will not be regarded as being “in public hands” when the Trustee becomes a close associate (within the meaning of Rule 1.01 of the Listing Rules) of the Directors by reason of holding Awarded Shares on trust for the Directors and therefore the Trustee will become a core connected person for the purpose of Rule 8.24 of the Listing Rules.

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As of the Latest Practicable Date, approximately 66.60% of the total issued Shares of the Company is held by the public. Assuming (i) the Scheme Limit would be fully utilized; (ii) all the Awarded Shares granted under the Share Award Scheme would be held by the Trustee; and (iii) the Shares held by the Trustee would not be regarded as being “in public hands”; and (iv) no change in the Company’s 1,967,270,013 total issued shares, approximately 60.55% of the Shares in issue will be regarded as being “in public hands” which will meet the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. The Company will take appropriate measures to ensure at least 25% of the Company’s total issued Shares are held by the public Shareholders from time to time.

Listing Rules Implication

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The Annual Scheme Mandate will be sought from the Shareholders at the Annual General Meeting in respect of the issuance of the Awarded Shares. As at the Latest Practicable Date, the Board has no present intention to grant any Award immediately upon adoption of the Share Award Scheme at the Annual General Meeting. For details, please see the section headed “Issue of Shares under Annual Scheme Mandate” below.

As at the Latest Practicable Date, the Board has not identified any grantee who is a connected person of the Company. Where any Awarded Shares are proposed to be issued to any Selected Participant who is a connected person, the Company shall comply with such provisions of Chapter 14A of the Listing Rules as may be applicable, including any reporting, announcement and/or Independent Shareholders’ approval requirements, unless otherwise exempted under the Listing Rules.

While considering the other factors in granting of the Awarded Shares to the Selected Participants, the Company is well aware of the minimum public float requirement of 25% pursuant to the Listing Rules. The Group has adopted internal measures in ensuring public float requirement to be fulfilled at all times, including granting of Award Shares to both connected persons and non-connected persons at the same time in respective proportions in maintaining public float requirement. The Group will closely monitor the public float percentage and take appropriate measures as above to ensure maintenance of public float at all times.

3. ISSUE OF SHARES UNDER ANNUAL SCHEME MANDATE

Reference is made to the Company’s announcement dated April 7, 2022 in relation to, among others, the proposed adoption of the Share Award Scheme. Approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the Annual Scheme Mandate to issue securities under the Share Award Scheme.

Subject to the approval by the Shareholders at the Annual General Meeting, the Board has resolved to issue Shares representing no more than 10% of the total issued share capital of the Company from time to time throughout the Trust Period (being 196,727,001 Shares assuming no change in the Company’s

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1,967,270,013 total issued shares as of the Latest Practicable Date), all of which will be granted to the Selected Participants under the Share Award Scheme. The Shares to be granted will be issued and allotted under the Annual Scheme Mandate which may be granted at the Annual General Meeting.

Applications will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in the Awarded Shares on the Stock Exchange to be issued and allotted under the Annual Scheme Mandate.

In addition to the principal terms of the Share Award Scheme as set out in the section headed “Adoption of Share Award Scheme” above, further information in relation to the issue and allotment of Shares under the Share Award Scheme are set out below:

(I) Total Amount to be Raised and Proposed Use of Proceeds

An amount of approximately HK\$796,774,354 (the “**Expected Proceeds**”), being the total grant price, is expected to be paid by the Selected Participants to subscribe for the Shares to be issued under the Share Award Scheme (assuming 196,727,001 Awarded Shares will be issued), which is calculated based on 50% of the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five Business Days immediately preceding the Latest Practicable Date, which is higher than the closing price of the Shares on the Latest Practicable Date. The proceeds received by the Company from the Share Award Scheme will be used to supply the working capital of the Group.

As the grant price will be determined based on the closing price of the Shares on the date of the grant notice and the average closing price of the Shares for the five Business Days preceding the date of the grant notice as further elaborated below, the aforesaid calculation is for illustrative purpose only, and may not be the actual total consideration of grant under the Share Award Scheme.

(II) Grant Price

The grant price of the Awards under the Share Award Scheme shall be not less than the highest of:

- (a) 50% of the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the grant notice, which must be a Business Day;
- (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of the grant notice; and
- (c) the nominal value of the Shares.

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(III) Dilution Effect

The shareholding structure of the Company, before and after all the Awards granted to the Selected Participants under the Share Award Scheme have been granted and vested, and all Awarded Shares underlying the Awards have been issued (assuming 196,727,001 Awarded Shares will be issued and no Awarded Shares will be awarded to the existing Directors), is as follows:

	Shareholding as of the Latest Practicable Date		Shareholding immediately after the grant and issue of all the Awarded Shares under the Share Award Scheme	
	Number of Shares held or controlled	Percentage of shareholding (%)	Number of Shares held or controlled	Percentage of shareholding (%)
Selected Participants	–	–	196,727,001	9.09
Mr. Cheung Tak On ^{(1) (5)}	579,792,500	29.47	579,792,500	26.79
Mr. Cai Yingjie ^{(2) (5)}	61,462,500	3.12	61,462,500	2.84
Mr. Wang Zhigao ^{(3) (5)}	9,570,500	0.49	9,570,500	0.44
Mr. Xu Yue ^{(4) (5)}	5,208,000	0.26	5,208,000	0.24
Ms. Chen Yi ⁽⁵⁾	537,000	0.03	537,000	0.02
Mr. Tang Liang ⁽⁵⁾	405,000	0.02	405,000	0.02
Other shareholders	1,310,294,513	66.60	1,310,294,513	60.55
Total Number of Shares	1,967,270,013	100	2,163,997,014	100.00

Notes:

- (1) (i) Mr. Cheung Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited (“**HSBC International Trustee**”) acts as its trustee and the beneficiaries of which are Mr. Cheung Tak On and certain of his family members (the “**Family Trust**”). Palace Wonder Company Limited (栢麗萬得有限公司) (“**Palace Wonder**”) is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) (“**Regency Valley**”), which is in turn wholly-owned by HSBC International Trustee, as the trustee of the Family Trust. Mr. Cheung Tak On (as founder of the Family Trust), HSBC International Trustee and Regency Valley are deemed to be interested in the 403,409,500 Shares held by Palace Wonder. (ii) Asset Link Investment Limited (“**Asset Link**”) is wholly-owned by Mr. Cheung Tak On and he is deemed to be interested in the 167,080,000 Shares held by Asset Link. (iii) Mr. Cheung Tak On also holds 9,303,000 Shares as beneficial owner.
- (2) Mr. Cai Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited (“**Ample Glory**”) and he is deemed to be interested in the 60,788,000 Shares held by Ample Glory. He also holds 674,500 Shares as beneficial owner.
- (3) Mr. Wang Zhigao holds 100% of the issued share capital of Golden Rock Global Investment Company Limited (“**Golden Rock**”) and he is deemed to be interested in the 8,660,000 Shares held by Golden Rock. He also holds 910,500 Shares as beneficial owner.
- (4) Mr. Xu Yue is deemed to be interested in the 2,200,000 Shares held by his spouse, Ms. Zhang Yanyu. He also holds 3,008,000 Shares as beneficial owner.
- (5) Each of these individuals is a Director.

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Assuming all Awards under the Share Award Scheme are granted and vested and all Awarded Shares underlying the Awards are issued, the grant price under the Share Award Scheme represents a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 4.75%, which was calculated with reference to the discount of the theoretical diluted price of the Shares of approximately RMB8.083 per Share¹ to the benchmarked price of the Shares of approximately HK\$8.486 per Share².

The Company will ensure its continued compliance with the requirements for public float under the Listing Rules upon completion of the issuance of the Awarded Shares.

(IV) Aggregate Nominal Value

The par value of our Shares is HK\$0.01 per Share. The aggregate nominal value of the Awarded Shares to be issued under the Share Award Scheme shall not exceed HK\$1,967,270, assuming no change in the Company's 1,967,270,013 total issued shares as of the Latest Practicable Date.

(V) Fund Raising Activities in the Previous 12 Months

The Company has not conducted any equity fund raising activity in the 12 months preceding the Latest Practicable Date.

4. GENERAL MANDATE TO ISSUE SECURITIES

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new securities, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the General Mandate to issue securities. At the Annual General Meeting, an ordinary resolution no. 9(A) will be proposed to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and/or otherwise deal with the additional securities of the Company not exceeding 20% of the number of issued Shares as at the date of passing of the resolution in relation to the General Mandate. The General Mandate shall be limited by the applicable laws, rules and requirements of the Stock Exchange as amended from time to time, including the restrictions for using the General Mandate to issue (i) securities convertible into new Shares for cash consideration, if the initial conversion price of such convertible securities is lower than the benchmarked price (as hereinafter defined) of the Shares at the time of the relevant placing; and (ii) warrants, options or similar rights to subscribe for new Shares or securities convertible into new Shares for cash consideration.

¹ The theoretical diluted price was calculated by adding the Company's total market capitalization (with reference to the benchmarked price and the number of issued Shares immediately before the issuance of the Awarded Shares assuming no change in the issued Shares since the Latest Practicable Date, i.e. 1,967,270,013 Shares, being the total number of issued Shares as at the Latest Practicable Date) and the Expected Proceeds (being the total amount of HK\$796,774,354 expected to be raised by the Company by reason of the issuance of the Awarded Shares), divided by the total number of issued Shares as enlarged by the grant of the Awarded Shares assuming no change in the issued Shares since the Latest Practicable Date, i.e. 2,163,997,014 Shares. Please refer to note 2 below in relation to the determination of the benchmarked price.

² The average closing price of the Shares in the five trading days immediately preceding the date (the "Announcement Date") of the Company's announcement of the proposed adoption of the Share Award Scheme, which is higher than the closing price of the Shares on the Announcement Date, is the benchmarked price.

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As at the Latest Practicable Date, there were 1,967,270,013 Shares which have been fully paid. Subject to the passing of the ordinary resolution no. 9(A) and on the basis that no further securities are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 393,454,002 Shares (whether by way of Shares or otherwise).

In addition, subject to a separate approval of ordinary resolution no. 9(C), the number of Shares purchased by the Company under ordinary resolution no. 9(B) will also be added to extend the General Mandate as mentioned in ordinary resolution no. 9(A), provided that such additional value shall represent up to 10% of the number of issued Shares as at the date of passing the resolutions in relation to the General Mandate and Repurchase Mandate. The Directors wish to state that they have no immediate plans to issue any new securities of the Company pursuant to the General Mandate.

5. GENERAL MANDATE TO REPURCHASE SHARES

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10% of the number of issued Shares as at the date of passing of the resolution in relation to the Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

6. RE-ELECTION OF DIRECTORS

In accordance with Article 104 of the Articles of Association, Mr. Cheung Tak On, Ms. Zhu Anna Dezhen and Mr. Mu Binrui shall retire by rotation and, being eligible, offered themselves for re-election at the Annual General Meeting.

In accordance with Article 99(3) of the Articles of Association, Mr. Tang Liang shall retire and, being eligible, offered himself for re-election at the Annual General Meeting.

The re-appointment of the abovenamed Directors has been reviewed by the nomination committee of the Company (the “**Nomination Committee**”) which made recommendation to the Board that the re-election be proposed for Shareholders’ approval at the Annual General Meeting. The Nomination Committee has recommended four Directors to the Board for re-election at the Annual General Meeting.

The Nomination Committee has also reviewed and assessed the independence of Ms. Zhu Anna Dezhen and Mr. Mu Binrui based on their respective confirmation of independence pursuant to the independence guidelines as set out in Rule 3.13 of the Listing Rules. Ms. Zhu Anna Dezhen and Mr. Mu Binrui are not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of their independent judgment. In addition, taking into consideration of the diversity perspectives (including but not limited to gender, age, cultural and educational background, professional experience, length of service, skills and knowledge) and the current public directorships held by

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the relevant individuals, the Board is satisfied that Ms. Zhu Anna Dezhen and Mr. Mu Binrui are of such character, integrity and experience commensurating with the office of independent non-executive Directors. The Board believes that they will be able to devote sufficient time to the Board and will continue to provide independent, balanced and objective view to the Company's affairs.

Details of the above Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

7. RE-APPOINTMENT OF AUDITOR

The Board proposes to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company for the year ending December 31, 2022 and hold the office until the conclusion of the next annual general meeting of the Company. A resolution will also be proposed to authorize the Board to fix the auditor's remuneration for the ensuing year. Deloitte Touche Tohmatsu have indicated their willingness to be re-appointed as auditor of the Company for the said period.

8. FINAL DIVIDEND

Reference is made to the annual results announcement for the year ended December 31, 2021 of the Company dated March 15, 2022. The Board resolved to propose to the Shareholders in the Annual General Meeting for the distribution of a final dividend of RMB0.479 per Share for the year ended December 31, 2021 payable to the Shareholders whose names are listed in the register of members of the Company on June 9, 2022. Subject to the consideration and approval of the Shareholders at the Annual General Meeting, the final dividend will be paid in Hong Kong dollars based on the medium exchange rate between Renminbi and Hong Kong dollars as announced by the People's Bank of China on the date of the Annual General Meeting. On the basis of the total issued share capital of 1,967,270,013 Shares of the Company as of the Latest Practicable Date, 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 dividend warrants will be posted by ordinary mail to the Shareholders who are entitled to receive the dividend at their own risk on or around June 30, 2022 (Thursday).

9. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 33 to 39 of this circular is the notice of the Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve, among others, the adoption of the Share Award Scheme, issue of Shares under the Annual Scheme Mandate, granting of the General Mandate to issue securities and the Repurchase Mandate to repurchase Shares, the re-election of Directors, the re-appointment of auditor and the declaration of final dividend.

10. FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare

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Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting (i.e. before 10:30 a.m. on Monday, May 30, 2022). Completion and delivery of the form of proxy will not preclude the Shareholders from attending and voting at the Annual General Meeting if they so wish. **The Company strongly recommends you to monitor the development of the COVID-19 situation and to assess, based on the social distancing policies, the necessity for attending the Annual General Meeting in person.**

11. VOTING BY POLL

There is no Shareholder who has any material interest in the proposed resolutions, and therefore none of the Shareholders is required to abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 81 of the Articles of Association, at any general meeting a resolution to be voted on by shareholders must be taken by way of a poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his/her/its name in the register. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

12. PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Taking into account of the recent development of the epidemic caused by COVID-19, the Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the Shareholders from the risk of infection:

- (i) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;
- (ii) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
- (iii) no souvenirs will be provided at the Annual General Meeting; and
- (iv) no refreshments will be served at the Annual General Meeting.

13. RECOMMENDATION

The Directors consider that the proposed resolutions for the adoption of the Share Award Scheme, the issue of Shares under the Annual Scheme Mandate, granting of the General Mandate to issue securities, the Repurchase Mandate to repurchase Shares, the re-election of Directors, the re-appointment of auditor, and

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the declaration of final dividend are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

14. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, provides information in relation to the Company in compliance with the Listing Rules. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully

By Order of the Board

China Yongda Automobiles Services Holdings Limited

Cheung Tak On

Chairman

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting:

MR. CHEUNG TAK ON

CHEUNG Tak On (張德安), aged 55, is our Chairman and was appointed as our executive Director on January 18, 2012 and he is currently the vice chairman of the Shanghai Enterprise Confederation/Entrepreneur Association and the rotating chairman of the Shanghai Entrepreneur Association. Mr. Cheung has extensive experience in the passenger vehicle dealership sector and is responsible for setting the strategic vision, direction and goals of our Group and he participates in our Group's strategic and key operational decision-making processes. Mr. Cheung was brought up in the PRC. From November 1999 to February 2005 and from November 2005 to September 2018, Mr. Cheung has been the chairman of Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司), where he has been mainly responsible for overseeing its overall development and formulating corporate and business strategies. Mr. Cheung obtained an adult higher education training certificate in economic law jointly granted by The Open University of China (中央廣播電視大學) and China University of Political Science and Law (中國政法大學) in 1996 and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2001. Mr. Cheung also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from September 1999 to December 2001, and the China CEO Program jointly offered by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, IMD and London Business School in 2011. Mr. Cheung completed the course of China CEO Global Research Proposal (《中國CEO全球研修計劃》) organized by Overseas Education Collage of Shanghai Jiao Tong University (上海交通大學) in 2014. Mr. Cheung started to course of the Entrepreneur Scholar Program and PhD in Global Management of Tsinghua University-University of Minnesota sponsored by the School of Economics and Management of Tsinghua University in 2018.

Save as disclosed above, Mr. Cheung has not held any directorship in any listed public companies which are listed in Hong Kong or overseas in the past three years, does not hold any other position with the Company and other members of the Group, and does not have other major appointments and professional qualifications.

To the best knowledge of the Company, Mr. Cheung does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company.

As at the Latest Practicable Date, Mr. Cheung was deemed to be interested in 579,792,500 Shares (as beneficial owner and also through a discretionary trust and Asset Link Investment Limited), representing approximately 29.47% in aggregate of the total number of the issued Shares. Save as disclosed herein, Mr. Cheung has no other interest in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance.

Under the service agreement entered into between the Company and Mr. Cheung, Mr. Cheung is entitled to receive a Director's remuneration in the maximum amount not exceeding RMB2,600,000 per annum (including all benefits and subject to performance appraisals) and he is an eligible person under the Pre-IPO Incentive Scheme and the Share Option Scheme. The Director's remuneration of Mr. Cheung was

determined by the Remuneration Committee with reference to his time commitment, responsibilities, employment condition in the Group and comparable companies. The Director's remuneration of Mr. Cheung is subject to review by the Remuneration Committee from time to time and adjustments will be made if necessary. Mr. Cheung's appointment continued for a period of three years, subject to one-month notice of termination by either party or the payment of one month's salary in lieu of the one-month notice by the Company. Mr. Cheung is subject to the provisions of his service agreement and the retirement and rotation provisions in the Articles of Association.

There is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

MR. TANG LIANG

TANG Liang (唐亮), aged 44, was appointed as our Vice-president since September 12, 2016 and was appointed as our executive Director since December 21, 2021. He is responsible for assisting the President of the Group in work execution related to the operation and management of the automobile sales service business. Mr. Tang is currently also a director of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司). Mr. Tang was the assistant to our President of the Group from March 2015 to February 2016. Mr. Tang joined us on May 4, 2010 and served as the deputy general manager and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) and the vice director of Baozen Business Division. Mr. Tang has over 17 years of working experience in the automobile industry. Prior to joining us, Mr. Tang worked at SGM Automobile Manufacturing Department (上海通用汽車製造部) from April 2004 to the end of 2008, during which period he held a number of managerial positions in respect of engineering and production, and later served as the assistant to the vice president of SGM Automobile Marketing (上海通用汽車營銷) from the end of 2008 until he joined our Group. Mr. Tang graduated from the Material Science and Engineering Institute of Shanghai Jiao Tong University (上海交通大學) in 2001 with a bachelor's degree in material science and engineering, and obtained a master's degree in the same major in 2004. Mr. Tang received a master's degree in Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in September 2016.

Save as disclosed above, Mr. Tang has not held any directorship in any listed public companies which are listed in Hong Kong or overseas in the past three years, does not hold any other position with the Company and other members of the Group, and does not have other major appointments and professional qualifications.

To the best knowledge of the Company, Mr. Tang does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company.

As at the Latest Practicable Date, Mr. Tang is interested in 405,000 shares of the Company as the beneficial owner and holds 3,000,000 share options of the Company, which were granted by the Company under the Share Option Scheme representing an aggregate of approximately 0.17% of the issued Shares. Save as disclosed herein, Mr. Tang has no other interest in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance.

Under the service agreement entered into between the Company and Mr. Tang, Mr. Tang is entitled to receive a remuneration of RMB960,000 per annum and discretionary bonus, and he is an eligible person under the Pre-IPO Incentive Scheme and the Share Option Scheme. The remuneration package of Mr. Tang was determined by the Remuneration Committee with reference to his time commitment, responsibilities, employment condition in the Group and comparable companies. The remuneration package of Mr. Tang is subject to review by the Remuneration Committee from time to time and adjustments will be made if necessary. Mr. Tang's appointment continued for a period of three years, subject to one-month notice of termination by either party or the payment of one month's salary in lieu of the one-month notice by the Company. Mr. Tang is subject to the provisions of his service agreement and the retirement and rotation provisions in the Articles of Association.

There is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

MS. ZHU ANNA DEZHEN

ZHU Anna Dezhen (朱德貞), aged 64, was appointed as our independent non-executive Director on May 8, 2015, and is currently the chairman of the board of Xiamen De Yi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司), where she is mainly responsible for operation and management of investment. Ms. Zhu has also served as a non-executive director of Fuyao Glass Industry Group Co., Ltd. (SSE stock code: 600660 and SEHK stock code: 03606) since November 2011, an independent director of Bright Dairy & Food Co., Ltd. (SSE stock code: 600597) since April 2015. Ms. Zhu has over 30 years of extensive experience in financial analysis, market analysis, investment management and general corporate management. Before joining Xiamen De Yi Equity Investment Management Co., Ltd., Ms. Zhu was a senior manager of China National Offshore Oil Corporation, where she was mainly responsible for analysis of crude oil market, from October 1982 to September 1988. From March 1992 to June 1993, Ms. Zhu was an analyst at The Bank of New York Company, Inc., where she was mainly responsible for systems analysis. From June 1993 to September 1999, Ms. Zhu was the vice chairman of business of JP Morgan Investment Bank of the United States, where she was mainly responsible for establishing the financial model. Ms. Zhu was a manager of Strategic Planning of Micron Technology, Inc. (New York Stock Exchange stock code: MU), where she was mainly responsible for strategic planning, from May 2000 to October 2001; the chief operating officer of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司), from October 2001 to June 2003; and the president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), where she was mainly responsible for operations management, from June 2003 to May 2008. From May 2008 to December 2010, Ms. Zhu was the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, where she was mainly responsible for the operation and management of investment. From December 2010 to June 2016, Ms. Zhu was the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. Ms. Zhu has served as an independent director of Hunan TV & Broadcast Intermediary Co. Ltd. (SZSE stock code: 000917) from August 2016 to December 2019. In the area of professional qualification, Ms. Zhu is a director of the Chinese Economists 50 Forum, a director of Heren Charitable Foundation and a director of the Western Returned Scholars Association. With respect to the academy, Ms. Zhu is a part-time professor in the School of Management of Xiamen University (廈門大學).

Ms. Zhu received a bachelor's degree in literature from Xiamen University in 1982, a bachelor's degree in economics from College of Saint Elizabeth in 1990 and a master's degree in business administration from Pace University in 1992. Ms. Zhu obtained a doctor's degree in economics from Xiamen University in 2013.

Save as disclosed above, Ms. Zhu has not held any directorship in any listed public companies which are listed in Hong Kong or overseas in the past three years, does not hold any other position with the Company and other members of the Group, and does not have other major appointments and professional qualifications.

To the best knowledge of the Company, Ms. Zhu does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company.

As at the Latest Practicable Date, Ms. Zhu was not interested in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. Zhu has a letter of appointment with the Company. Ms. Zhu's remuneration comprises an annual Director's fee of RMB280,000 and she is an eligible person under the Pre-IPO Incentive Scheme and the Share Option Scheme. The Director's remuneration of Ms. Zhu was determined by the Board with reference to her time commitment, responsibilities, employment condition in the Group, prevailing market rate and comparable companies. The Director's remuneration of Ms. Zhu is subject to review by the Remuneration Committee from time to time and adjustments will be made if necessary. Ms. Zhu's appointment continued for a period of three years, subject to one-month notice of termination by either party. Ms. Zhu is subject to the provisions of her appointment letter and the retirement and rotation provisions in the Articles of Association.

There is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

MR. MU BINRUI

MU Binrui (牟斌瑞), aged 65, has been appointed as an independent non-executive Director of the Company with effect from 1 January 2019. Mr. Mu has over 35 years of extensive experience in the banking industry. Before joining the Company, Mr. Mu joined Bank of China in 1980, and was transferred to the headquarters of Bank of Communications in 1992, where he held the positions of deputy director, director and deputy general manager of the international business department as well as the deputy general manager of the corporate affairs department, respectively, during 1992 to 2004. Mr. Mu was appointed as general manager of the credit management department of the headquarters of Bank of Communications in 2004, and subsequently the deputy chief credit officer and general manager of the credit management department of Bank of Communications in 2013. Mr. Mu was awarded State Council Special Allowance by the People's Republic of China in February 2013, and retired in October 2016. From January 2017 to March 2018, Mr. Mu held the position of an independent non-executive director of Huabang Technology Holdings Limited (previously known as Huabang Financial Holdings Limited and Goldenmars Technology Holdings Limited) (stock code: 3638), a company listed on the main board of the Stock Exchange. Since September 2018, Mr. Mu has been an independent non-executive director of China Bohai Bank Co., Ltd. (stock code: 9668), a

company listed on the main board of the Stock Exchange since July 2020. Mr. Mu graduated from Renmin University of China with a bachelor's degree in finance in 1987, and obtained the title of Senior Economist in 1997.

Save as disclosed above, Mr. Mu has not held any directorship in any listed public companies which are listed in Hong Kong or overseas in the past three years, does not hold any other position with the Company and other members of the Group, and does not have other major appointments and professional qualifications.

To the best knowledge of the Company, Mr. Mu does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company.

As at the Latest Practicable Date, Mr. Mu was not interested in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Mu has a letter of appointment with the Company. Mr. Mu's remuneration comprises an annual Director's fee of RMB280,000 and he is an eligible person under the Pre-IPO Incentive Scheme and the Share Option Scheme. The Director's remuneration of Mr. Mu was determined by the Board with reference to his time commitment, responsibilities, employment condition in the Group, prevailing market rate and comparable companies. The Director's remuneration of Mr. Mu is subject to review by the Remuneration Committee from time to time and adjustments will be made if necessary. Mr. Mu's appointment continued for a period of three years, subject to one-month notice of termination by either party. Mr. Mu is subject to the provisions of his appointment letter and the retirement and rotation provisions in the Articles of Association.

There is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

(1) ISSUED SHARES

As at the Latest Practicable Date, the number of issued Shares was 1,967,270,013 Shares of nominal value of HK\$0.01 each which have been fully paid. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 196,727,001 Shares which represent 10% of the issued Shares during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the revocation or variation by an ordinary resolution of the Shareholders in general meeting.

(2) REASONS AND FUNDING OF REPURCHASES

The Directors believe that it is in the Company's and the Shareholders' best interests for the Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

The repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. The Directors may not repurchase the Shares on the Stock Exchange for consideration other than cash or for settlement other than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make repurchases with profits of the Company or out of a new issuance of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company.

The Directors believe that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements of the Company as at December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(3) GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intend to sell any Shares to the Company or its subsidiaries, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

No core connected person, as defined in the Listing Rules, has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

(4) TAKEOVERS CODE IMPLICATIONS

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

Mr. Cheung Tak On set up a discretionary trust, being the Family Trust, on April 5, 2012 with himself as settlor and protector, and HSBC International Trustee as trustee. The beneficiary objects of the Family Trust are Mr. Cheung and certain of his family members. Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee as the trustee of the Family Trust. As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Cheung (as founder of the Family Trust), HSBC International Trustee and Regency Valley are deemed to be interested in the 403,409,500 Shares held by Palace Wonder. Asset Link is wholly-owned by Mr. Cheung and he is deemed to be interested in the 167,080,000 Shares held by Asset Link. Mr. Cheung also holds 9,303,000 Shares as the beneficial owner. Therefore, Mr. Cheung is deemed to be interested in 579,792,500 Shares (through the Family Trust, Asset Link and himself), representing approximately 29.47% in aggregate of the total number of the issued Shares.

In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of Mr. Cheung (through the Family Trust, Asset Link and himself) in the Company will be increased to approximately 32.75% of the number of the issued Shares. To the best knowledge and belief of the Directors, such increase will give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have confirmed that they have no present intention to repurchase the Shares to the extent that will trigger the obligations under the Takeovers Code for Mr. Cheung, Asset Link, Palace Wonder and Regency Valley to make a mandatory offer.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued Shares of the Company would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

(5) SHARE REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has repurchased its Shares on the Stock Exchange as follows:

Date of Repurchase	No. of Shares Repurchased	Price per Share		Aggregate consideration paid
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
December 16, 2021	500,000	10.92	10.78	5,422,500
December 17, 2021	500,000	11.16	10.92	5,527,850
January 10, 2022	300,000	8.84	8.78	2,642,970
January 11, 2022	500,000	9.02	8.83	4,469,650
January 12, 2022	<u>500,000</u>	9.50	9.11	4,664,050
	<u><u>2,300,000</u></u>			

Save as disclosed above, the Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

(6) SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during 12 months preceding the Latest Practicable Date:

Month	Highest prices <i>HK\$</i>	Lowest prices <i>HK\$</i>
2021		
April	15.24	12.80
May	14.66	12.70
June	14.38	12.40
July	17.14	13.42
August	14.94	11.38
September	13.34	10.88
October	13.58	10.32
November	12.88	11.60
December	12.12	9.96
2022		
January	10.50	8.72
February	10.30	8.92
March	9.54	6.51
April (up to and including the Latest Practicable Date)	8.67	7.50

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of China Yongda Automobiles Services Holdings Limited (the “**Company**”) will be held at 10:30 a.m. on Wednesday, June 1, 2022 at Conference Center, 2/F Yongda International Tower, 2277 Longyang Road, Pudong, Shanghai, the People’s Republic of China for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and the auditor for the year ended December 31, 2021.
2. To declare a final dividend of RMB0.479 per share for the year ended December 31, 2021.
3. To re-elect Mr. Cheung Tak On as an executive director of the Company.
4. To re-elect Mr. Tang Liang as an executive director of the Company.
5. To re-elect Ms. Zhu Anna Dezhen as an independent non-executive director of the Company.
6. To re-elect Mr. Mu Binrui as an independent non-executive director of the Company.
7. To authorize the board of directors of the Company to fix the remuneration of the directors.
8. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and authorize the board of directors of the Company to fix its remuneration.
9. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “**That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants

NOTICE OF ANNUAL GENERAL MEETING

and debentures convertible into shares of the Company) which may require the exercise of such powers, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) above (otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any subscription rights which may be granted under any share option scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted by the shareholders of the Company or an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company) with an aggregate number of not more than 20% of the number of issued shares of the Company as at the date of passing this resolution; and that this resolution shall be limited by the applicable laws, rules and requirements of the Stock Exchange as amended from time to time, including the restrictions for using this general mandate to issue (i) securities convertible into new shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereinafter defined) of the shares at the time of the relevant placing; and (ii) warrants, options or similar rights to subscribe for new shares or securities convertible into new shares for cash consideration;
- (iv) for the purposes of this resolution:
 - (a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
 - (1) the conclusion of the next annual general meeting of the Company; and
 - (2) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

- (b) **“Rights Issue”** means an offer of shares in the capital of the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose name appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognized regulatory body or any stock exchange applicable to the Company); and
- (c) **“Benchmarked Price”** means the higher of (a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (b) the average closing price in the 5 trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate to be approved under this resolution; (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (iii) the date on which the placing or subscription price is fixed.”

(B) **“That:**

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of and on behalf of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Listing Rules, be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the shares of the Company, which may be repurchased by the Company during the Relevant Period (as hereinafter defined) pursuant to the approval in paragraph (i) above shall represent up to 10% of the number of issued shares of the Company as at the date of passing of this resolution;

NOTICE OF ANNUAL GENERAL MEETING

(iii) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (a) the conclusion of the next annual general meeting of the Company; and
- (b) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**That** conditional upon the resolutions numbered 9(A) and 9(B) set out above being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and/or otherwise deal with new securities of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 9(A) set out above be and is hereby extended by the addition to the number of issued shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the number of issued shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 9(B) set out above, provided that such extended amount shall represent up to 10% of the number of issued shares of the Company as at the date of passing of the Company’s resolutions.”

10. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “**That** the share award scheme (the “**Share Award Scheme**”) proposed by the board of directors of the Company, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, be and is hereby approved and adopted and the directors of the Company be and are hereby authorized to grant the awards (“**Awards**”), and do all such acts and execute all such documents as the directors of the Company may consider necessary or expedient in order to give full effect to the Share Award Scheme.”

(B) “**That**

- (i) Conditional upon resolution no. 10(A) above in this notice being passed at the Annual General Meeting, an annual scheme mandate (the “**Annual Scheme Mandate**”) be and is hereby given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to allot and issue new shares in the Company underlying any Awards granted under and pursuant to the terms of the Share Award Scheme at the Grant Price (as hereinafter defined) and the maximum number of new shares underlying Awards which may be granted by the directors of the Company during the Relevant Period (as hereinafter defined) shall not exceed 3% of the number of issued shares of the Company as at the date of passing of this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) for the purposes of this resolution:

“**Relevant Period**” means period from the passing of this resolution until whichever is the earlier of:

- (a) the conclusion of the next annual general meeting of the Company; and
- (b) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Grant Price**” shall be not less than the highest of: (a) 50% of the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of the grant notice, which must be a business day; (b) 50% of the average of the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the grant notice; and (c) the nominal value of the shares of the Company.”

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

PRC, April 22, 2022

Registered Office:

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

Corporate Headquarters:

299 Ruijin Nan Road
Huangpu District
Shanghai
PRC

Principal Place of Business in

Hong Kong:
Unit 5708, 57/F, The Center
99 Queen’s Road Central
Hong Kong

Notes:

- (i) Ordinary resolution numbered 9(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 9(A) and 9(B) are passed by the shareholders of the Company. Ordinary resolution numbered 10(B) will be proposed to the shareholders for approval provided that ordinary resolution numbered 10(A) is passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. **The Company strongly recommends you to monitor the development of the situation with the novel coronavirus pneumonia (COVID-19) and to assess, based on the social distancing policies, the necessity for attending the above meeting in person, and the board of directors of the Company respectfully requests that, for the same reason, the shareholders to appoint the chairman of the above meeting as their proxy rather than a third party to attend and vote on their behalf at the above meeting (or any adjournment thereof).**

NOTICE OF ANNUAL GENERAL MEETING

- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. before 10:30 a.m., on Monday, May 30, 2022) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the Annual General Meeting (or any adjourned meeting thereof) if they so wish.
- (v) Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, May 26, 2022 (the "**Record Date**") will be entitled to attend the Annual General Meeting. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on the Record Date.
- (vi) For the purpose of determining members who are qualified for the proposed final dividend, conditional upon the passing of resolution numbered 2 above, the register of members of the Company will be closed from Thursday, June 9, 2022 to Monday, June 13, 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, June 8, 2022.
- (vii) In respect of ordinary resolutions numbered 3 to 6 above, Mr. Cheung Tak On, Mr. Tang Liang, Ms. Zhu Anna Dezhen and Mr. Mu Binrui shall retire and, being eligible, offered themselves for re-election. Details of the above directors are set out in Appendix I to the accompanied circular dated April 22, 2022.
- (viii) In respect of the ordinary resolution numbered 9(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new securities of the Company referred therein. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.
- (ix) In respect of ordinary resolution numbered 9(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the repurchase mandate to repurchase shares of the Company in circumstances which they deem appropriate and for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated April 22, 2022.
- (x) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in the notice of the Annual General Meeting will be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
- (xi) Taking into account of the recent development of the epidemic caused by COVID-19, the Company will implement the following prevention and control measures at the Annual General Meeting against the epidemic to protect the shareholders of the Company from the risk of infection:
 - (1) compulsory body temperature check will be conducted for every shareholder of the Company or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;

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- (2) every shareholder of the Company or proxy is required to wear surgical face mask throughout the meeting;
- (3) no souvenirs will be provided at the meeting; and
- (4) no refreshments will be served at the meeting.