



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



2024 INTERIM  
REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. CHEUNG Tak On (*Chairman*)  
Mr. CAI Yingjie (*Vice-chairman*)  
Mr. WANG Zhigao (*Vice-chairman*)  
Mr. XU Yue  
(*Vice-chairman, President and Chief Executive Officer*)  
Ms. CHEN Yi (*Vice-president*)  
Mr. TANG Liang (*Vice-president*)

### Independent Non-executive Directors

Ms. ZHU Anna Dezhen  
Mr. LYU Wei  
Mr. MU Binrui

## CORPORATE HEADQUARTER

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

## REGISTERED OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way, Camana Bay  
Grand Cayman, KY1-9009  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way, Camana Bay  
Grand Cayman KY1-9009  
Cayman Islands

## LEGAL ADVISERS TO HONG KONG LAW

Davis Polk & Wardwell  
10/F, The Hong Kong Club Building  
3A Chater Road  
Central, Hong Kong

## JOINT COMPANY SECRETARIES

Ms. ZHANG Hong  
Ms. SO Ka Man (*HKFCG(PE), FCG*)

## AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao  
Ms. SO Ka Man

## AUDIT AND COMPLIANCE COMMITTEE

Ms. ZHU Anna Dezhen (*Chairlady*)  
Mr. LYU Wei  
Mr. MU Binrui

## REMUNERATION COMMITTEE

Ms. ZHU Anna Dezhen (*Chairlady*)  
Mr. WANG Zhigao  
Mr. LYU Wei

## NOMINATION COMMITTEE

Mr. CHEUNG Tak On (*Chairman*)  
Mr. LYU Wei  
Mr. MU Binrui

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## STOCK CODE

03669

## AUDITOR

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F One Pacific Place  
88 Queensway  
Hong Kong

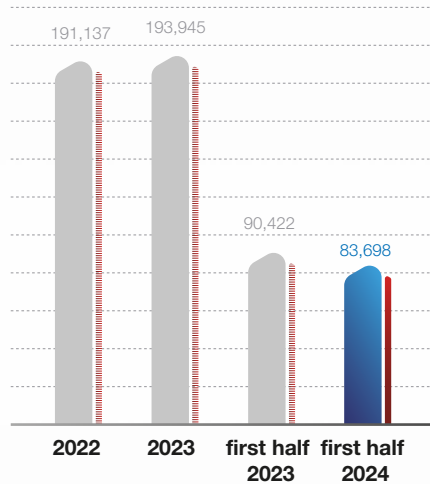
## COMPANY WEBSITE

[www.ydauto.com.cn](http://www.ydauto.com.cn)

# Financial Highlights

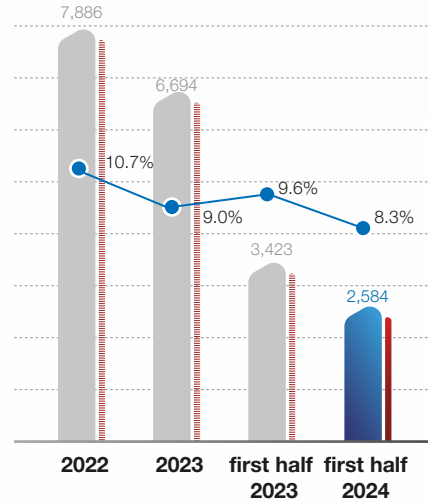
## New vehicles sales volume (Note 1)

units



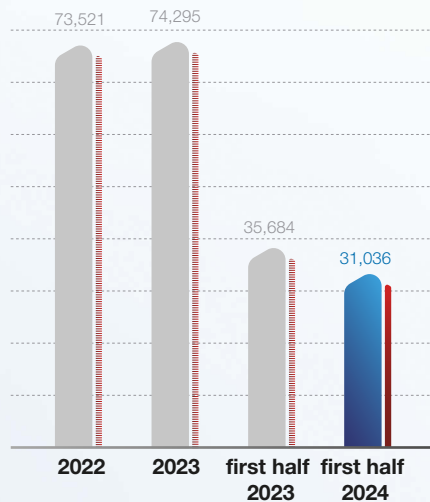
## Gross profit and gross profit margin (Note 2)

RMB million



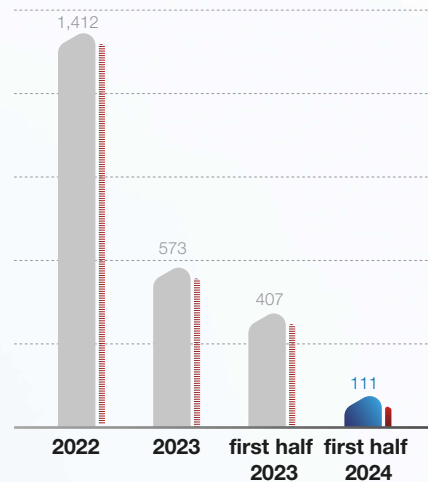
## Revenue (Note 2)

RMB million



## Profit attributable to owners of the Company

RMB million



Notes:

1. New vehicles sales volume includes sales volume of direct agency sales of independent new energy brand vehicles.
2. The historical comparative figures of revenue, gross profit and gross profit margin have been restated correspondingly, details of which are set out in note to the condensed consolidated statement of profit or loss in this interim report.



# Chairman's Statement



Dear Shareholders (the “**Shareholders**”),

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) and the management of China Yongda Automobiles Services Holdings Limited (the “**Company**”), I am pleased to present the Interim Report for the first half of 2024 of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**we**” or “**us**”).

According to the data from the China Passenger Cars Association (the “**CPCA**”), in the first half of 2024, the narrowly defined retail sales of passenger vehicles reached 9.839 million units, representing a year-on-year increase of 3.2%. Among them, the sales volume of luxury passenger vehicles reached 2.522 million units, representing a year-on-year increase of 10.8%, while the sales volume of new energy vehicles reached 4.111 million units, representing a year-on-year increase of 33.1%. According to the statistics of the China Automobile Dealers Association (中國汽車流通協會), in the first half of 2024, the transaction volume of pre-owned vehicles in China reached 9.383 million units, representing a year-on-year increase of 7.0%.

## Chairman's Statement

In the first half of 2024, our revenue and gross profit amounted to RMB31,036 million and RMB2,584 million, respectively, representing a decrease of 13.0% and 24.5%, respectively, as compared to the corresponding period in 2023; and our net profit and net profit attributable to owners of the Company amounted to RMB101 million and RMB111 million, respectively, representing a decrease of 76.1% and 72.6%, respectively, as compared to the corresponding period in 2023.

In the first half of 2024, although the overall passenger vehicles market maintained growth, the further aggravation of industry competitions brought about a continuous decline in market prices, and the industry entered a stage of survival of the fittest. As a result of the above factors, the results in the first half of 2024 showed a certain degree of decline in terms of our new vehicle business, pre-owned vehicles business and gross profit of new vehicles; however, the after-sales business and operational efficiency remained in good condition, and we maintained sound operations as a whole.

### **KEY OPERATING RESULTS AND MANAGEMENT PERFORMANCE DURING THE REPORTING PERIOD**

In the first half of 2024, the sales volume of new vehicles reached 83,698 units, representing a decrease of 7.4% as compared to the corresponding period in 2023; the revenue from our new vehicle sales and related services amounted to RMB23,984 million and the gross profit margin from new vehicle sales and related services was 1.64%.

In the first half of 2024, our after-sales service business achieved revenue of RMB4,778 million, representing a decrease of 0.3% as compared to the corresponding period in 2023; and the gross profit margin of our after-sales service was 42.23%, remained basically unchanged as compared to the corresponding period in 2023.

In the first half of 2024, the transaction volume of our pre-owned vehicles business was 35,236 units, representing a year-on-year decrease of 14.2%; the revenue from distribution of pre-owned vehicles amounted to RMB2,064 million, representing a year-on-year decrease of 15.8%; the gross profit margin from distribution of pre-owned vehicles was 5.61%, representing a year-on-year decrease of 0.90 percentage points.

In the first half of 2024, the sales volume of our new energy vehicles of all brands reached 14,467 units, representing a year-on-year decrease of 10.9% and accounting for 17.3% of the total sales volume, and the share of new energy vehicle sales increased by 1.1 percentage points year-on-year; and the sales volume of vehicles of independent new energy brands reached 6,923 units, of which 4,298 units were sold under the dealership model and 2,625 units under the direct sales model.

As at June 30, 2024, our inventory balance amounted to RMB3,955 million, representing a decrease of 9.4% compared with the end of 2023. We maintained a relatively healthy inventory turnover of 26.7 days. In the first half of 2024, our net cash from operating activities was RMB699 million, and our net gearing ratio as of June 30, 2024 was 12.5%.



## Chairman's Statement

In the first half of 2024, in the face of unprecedented changes and challenges in China's automobile market, we responded proactively based on the market trends, and constantly made optimization and adjustments to our development strategies. Under the pressure, we have maintained stable operation, and have maintained positive and stable net cash inflows and also maintained a healthy level of balance sheet structure in the face of adversity in the first half of the year.

### **FUTURE DEVELOPMENT STRATEGIES**

We expect that the challenges and difficulties currently faced by the entire industry will continue for some time, and the industry will also face the survival-of-the-fittest and integration. Therefore, we shall closely follow the market trends and adopt more focused, integrated and robust business strategies. In the second half of 2024, we will focus on ensuring safe and healthy cash flow, and continuously optimize and adjust all operation and management work, including the following aspects:

#### **I. Pragmatically Focus on the “Luxury Vehicles Business”**

In terms of new vehicles sales, we will improve turnover efficiency on the basis of maintaining scale, and pursue the maximization of the benefits of commercial policy on the premise of operational quality, and strive to stabilize the gross profit level of our luxury vehicles. In terms of after-sales maintenance business, we will focus on customer retention, ensure steady scale growth and continuously improve the absorption rate of retail services. Besides, we will continue to promote the optimization and integration of existing outlets, and focus on the continuous improvement of the operation quality of core luxury brand outlets.

#### **II. Continue to Deeply Cultivate and Strengthen the “Yongda Pre-owned Vehicles”**

We will continue to leverage inherent advantages in terms of brand, vehicle sources, outlets, after-sales, funding, management and other aspects of our pre-owned vehicle business, promote the construction of the retail capacity of officially certified pre-owned vehicles by the manufacturers and Yongda certified pre-owned vehicles, actively seek for centralized procurement opportunities of various brands, maintain efficient inventory turnover on the basis of ensuring retail quality, so as to build Yongda pre-owned vehicle business into an important driving engine for the vehicle service industry.

#### **III. Precisely Develop the “Yongda New Energy”**

We will continue to maintain the first mover advantages, focus on major core brands, further summarize and optimize the layout of the new energy networks, and improve the overall profitability of outlets and brands. We will also continue to expand business in the “battery recycling industry”, and gradually build the battery business into a new growth highlight for us in the value chain of new energy vehicle industry by focusing on the full lifecycle service of new energy battery. We are aimed to build the Company into the “automobile service expert with most electrification capacity”.

#### **IV. Focus on Promoting Various Cost Reduction and Expense Control Measures**

We will achieve effective reduction in our sales and management expenses through organizational optimization, personnel effectiveness optimization, further stringent implementation of measures to control costs and expenses in respect of venue leasing, marketing and administration, and further adoption of input-output evaluation and dynamic control mechanism. We are also speeding up the construction of a “sharing platform” for users, finance and human resources, and give full play to the ability to share traffic and create value among main businesses, thereby ultimately achieving efficiency improvement and effective cost reduction.



## Chairman's Statement

### **V. Improve Quality and Efficiency Through Digital Intelligence**

Against the backdrop of the increasingly upsurge of big data and metaverse technology, we will also keep up with the trend by accelerating the pace of digital and intelligent transformation, implementing comprehensive digital retail processes, establishing an accurate marketing system for all users, and exploring the full lifecycle value of customers. Furthermore, we will further explore the application and pilot of new technologies such as AI, ChatGPT, digital person and intelligent machinery in the business operation and management scenarios, so as to enhance efficiency while empowering businesses.

### **VI. Talent Reserve and Cultivation Contribute to Stability and Progress**

With the development of the automobile industry entering the era of “new four modernizations” and in line with the Company's overall industrial transformation and development needs, we will also simultaneously strengthen talent cultivation and reserves in the fields of new energy, pre-owned vehicles, digitization and intelligence, and further optimize assessment and incentive mechanism. Moreover, we will promote the position evaluation and survival-of-the-fittest, and create a comprehensive transboundary management talent and professional technical talent echelon that is more in line with future trends and more enterprising, so as to ensure the Company's long-term sustainable development.

### **VII. Ensure the Sound Net Operating Cash Flow**

We will strongly safeguard the Group's cash flow. On the one hand, we will continue to optimize financing channels and structures and overall management of funds, strengthen fund forecasting and application analysis, accelerate inventory turnover, speed up the recovery of accounts receivables; on the other hand we will further speed up the shutdown of continuing non-profitable entities, effectively control net cash outflow, thereby ensuring the effective cash reserves.

### **VIII. Continue to Pay Attention to the Return of Shareholders**

Under the current market environment, from the beginning of the year till now, we repurchased a total of over 30 million shares, and the number of shares purchased has exceeded that of the whole of 2023. In addition to the repurchase, we will also intensify the dividend distribution, and we will continue to make interim dividend distribution and increase the dividend payout ratio this year.

Dear Shareholders, with the rapid changes, price wars and intensified competition in the current automobile market accelerating the evolution of the industrial structure, we are of the opinion that the brand communication of dealer channel network and the value of post-market services still play an irreplaceable and important role in the automobile dealer industry chain. We will ensure our stable and orderly operation amid continuous changes, and seek new opportunities and growth points. We are confident that we can get through the current market trough, and win the knockout competition of the automobile market.

**CHEUNG Tak On**  
*Chairman*

August 30, 2024

# Management Discussion & Analysis



## MARKET REVIEW

According to the data from the CPCA, in the first half of 2024, the narrowly defined retail sales of passenger vehicles reached 9.839 million units, representing a year-on-year increase of 3.2%. Among them, the cumulative sales volume of luxury passenger vehicles in the first half of the year reached 2.522 million units, representing a year-on-year increase of 10.8%, with the growth rate of luxury new energy vehicles remaining relatively high, and the growth in the sales volume of traditional luxury car brands being relatively weak. Overall, the domestic passenger vehicle market became increasingly competitive in the first half of 2024, and the sales targets of various brands were set too high in the face of weaker overall demand, with major automakers, including new energy vehicle brands, lowering prices to boost sales and capture market share, resulting in a serious oversupply situation.

## Management Discussion & Analysis

The new energy vehicle market continued to grow in the first half of 2024. According to the data from the CPCA, the retail sales of new energy vehicles in the first half of 2024 in China amounted to 4.111 million units, representing a year-on-year increase of 33.1%, with a market penetration rate of nearly 42%, in which BYD continued to lead the market in the first half of 2024. In addition to BYD, Chinese brands such as Geely, Li Auto, and AITO also performed well in the new energy vehicle market, realizing larger year-on-year growth.

According to the statistics of the China Automobile Dealers Association (中國汽車流通協會), in the first half of 2024, the transaction volume of pre-owned vehicles in China reached 9.383 million units, representing a year-on-year increase of 7.0%. The growing domestic vehicle ownership and a series of the PRC government policies on the distribution of pre-owned vehicles in recent years, such as the simplification of transfer procedures and the abolition of restrictions on relocation, further boosted the overall market growth. In addition, the overall profitability of pre-owned vehicles in the first half of 2024 was significantly affected by the price war of new vehicles, which to a certain extent limited the growth rate of the business.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of June 2024, the motor vehicle ownership in China reached 440 million, of which 345 million were automobiles, and there were 24.72 million new energy vehicles, accounting for 7.2% of the total number of automobiles, of which 18.134 million were purely electric vehicles, accounting for 73.4% of the total number of new energy vehicles. Domestic motor vehicle ownership has maintained a trend of continuous growth, along with the next phase of the renewal policy, the overall structure of vehicle ownership will continue to be optimized, the automotive aftermarket is still a growing trillion-dollar market.



## Management Discussion & Analysis



In March 2024, the State Council of the PRC issued the Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Replacement (《推動大規模設備更新和消費品以舊換新行動方案》), proposing to orderly promote the renewal and reconstruction of equipment in key industries and the equipment in traffic and transportation sector, and to actively carry out the replacement of automobiles, household electrical appliances and other consumer goods, so as to form the scale effect of renewal and replacement. Targeting to double the recycling volume of scrap vehicles by 2027 as compared to 2023 and to increase the transaction volume of pre-owned vehicles by 45% as compared to 2023. In July 2024, Shanghai released the Action Plan for Accelerating Vehicle Renewal and Consumption in Shanghai (2024-2027) (《上海市加快汽車更新消費行動方案(2024-2027年)》), which clearly indicates that the unified deployment will be carried out in accordance with the automobile replacement policy implemented by the State, meanwhile, it can be overlapped with the implementation of the new round of subsidies for the replacement of old vehicles with new ones, and the replacement policy for new energy vehicles in Shanghai. The above policies of replacing old vehicles with new ones will continue to promote the overall car market in the medium and long term.

# Management Discussion & Analysis

## BUSINESS REVIEW

In the first half of 2024, our revenue amounted to RMB31,036 million, representing a decrease of 13.0% as compared to the corresponding period in 2023. In the first half of 2024, our gross profit amounted to RMB2,584 million, representing a decrease of RMB838.0 million or 24.5% as compared with the corresponding period in 2023, among which the gross profit from the sales of new vehicles and related services decreased by RMB726.0 million or 64.8% year-on-year.

In the first half of 2024, the selling expenses, administrative expenses and financing costs totaled RMB2,568 million, representing a year-on-year decrease of RMB474.0 million or 15.6%.

As a result of the decrease in gross profit from new vehicle sales and related services, our net profit and net profit attributable to owners of the Company for the first half of 2024 amounted to RMB101 million and RMB111 million, representing a decrease of RMB323 million and RMB295 million, or a decrease of 76.1% and 72.6%, compared with that for the corresponding period in 2023, respectively.

In the first half of 2024, we continued to implement strict control over the pace of our inventory purchases and sales and the amount of capital expended. As of June 30, 2024, our inventory balance amounted to RMB3,955 million, representing a decrease of 9.4% as compared with that at the end of 2023. We maintained a relatively healthy inventory turnover of 26.7 days. In the first half of 2024, our net cash from operating activities was RMB699 million, and our net gearing ratio as of June 30, 2024 was 12.5%.



## Management Discussion & Analysis



Set forth below is a summary of our business development in the first half of 2024:

### **New Vehicle Sales Business**

The sales volume of new vehicles in the first half of 2024 amounted to 83,698 units, representing a year-on-year decrease of 7.4%. In the first half of 2024, revenue from new vehicle sales and related services amounted to RMB23,984 million and gross profit margin from new vehicle sales and related services was 1.64%. Due to factors such as the impact of the price war for new vehicles and the lack of launching of new vehicle models, as well as the fact that new energy brands have ensured the competitiveness of their new products and the growth of their business scale through continuous technological innovations, while at this stage, in the context of the policy of different taxes on oil and electricity, and different rights, the sales volume and gross profit of new vehicles of traditional branded automobile enterprises, such as BMW and Porsche, declined on a year-on-year basis.

In the first half of 2024, we maintained a healthy level of 26.2 days of turnover for new vehicles. At this stage, the terminal prices in the automobile market are more volatile, resulting in longer lead times for order fulfillment and delivery of new vehicles, however, we have further strengthened the control of inventory funds for new vehicles and used this as a management tool to effectively and timely intervene in the management of the import, sale and inventory of new vehicles as well as the disposal of overdue inventory, and meanwhile, we actively launched a mechanism for resource planning and deployment among enterprises of the same brand to effectively enhance the satisfaction of the resource needs of customers with orders and maximizing the turnover efficiency of new vehicles.

# Management Discussion & Analysis

## After-sales Business

Our after-sales service business achieved revenue of RMB4,778 million in the first half of 2024, representing a decrease of 0.3% as compared with the corresponding period in 2023. Among them, the revenue from repair and maintenance related services was RMB4,654 million, representing an increase of 0.2% as compared with the corresponding period in 2023. Excluding the factors of closure and transition of enterprises, the revenue from our repair and maintenance related services of continuing enterprises achieved year-on-year improvement of 3.6% in the first half of 2024. In the first half of 2024, the gross profit margin of our repair and maintenance related services was 40.69%, essentially unchanged from the same period in 2023. In the first half of 2024, the absorption rate of retail services was 78.56%, representing an increase of 11.22 percentage points as compared with the corresponding period in 2023.

In terms of user operations, with the increasing penetration and utilization of user-side adhesive products, combined with the deepening application of digital tools for user operations, we have further strengthened our ability and effectiveness in managing the full lifecycle of our users, thus ensuring that the size of the user base under our management will continue to increase.

In terms of the electrical and mechanical maintenance business, by adjusting the business structure, we have been able to effectively improve the gross profit margin of our electrical and mechanical maintenance business while meeting the demand of users for vehicle maintenance and electrical and mechanical repairs.





## Management Discussion & Analysis



In terms of the insurance business, we insisted on improving the quality of our insurance business to cope with the year-on-year decrease in insurance commissions due to the decline in new vehicle sales. In terms of the new insurance business, by increasing the amount of third party insurance coverage and the enrollment rate of the non-auto insurance business, we achieved year-on-year increase in unit premium for new vehicles in the first half of 2024. In terms of the insurance renewal, we strengthened process control to effectively control renewal costs while ensuring scale, and in the first half of 2024, we achieved a year-on-year increase in the number of insurance renewals and gross profit margin.

In terms of accident vehicle business, we insisted on continuously improving the quality of our accident vehicle business operations through full marketing of accident claims, vehicle related insurance products and the application of digital management tools. On this basis, we launched a pilot middle-end operation model for accident claims in Shanghai to further enhance the capacity and efficiency of our claims operations. Meanwhile, we took the initiative to communicate with insurance companies and launched a “maintenance instead of replacement” pilot cooperation to realize a win-win situation between us and the insurance companies, laying the foundation for a long-term strategic partnership. In the first half of 2024, we achieved a year-on-year growth in revenue from our accident vehicle business.



## Management Discussion & Analysis

In terms of inventory efficiency control, we adjusted our procurement strategy in a timely manner based on the trend of changes in our business and the ex-warehouse frequency of various types of spare parts and supplies, and strictly controlled use of prepayments the procurement of non-recurring spare parts and supplies, which resulted in a decrease in the amount of spare parts and supplies in stock (including prepayment) as at the end of June 2024 as compared with that as at the end of 2023.

### **Pre-owned Vehicle Business**

In the first half of 2024, we adopted the business strategy of “stable operation, efficient turnover, strict risk control and transformation and development”, proactively resolved the corresponding systemic risks brought by the rapid downturn of new vehicle market to the pre-owned vehicle business, and actively responded to the opportunities and challenges of the new energy pre-owned business scenario. We made positive progress in consolidating inventories, business innovation, efficiency optimization and other aspects. In the first half of 2024, our pre-owned vehicles transaction volume was 35,236 units, representing a year-on-year decrease of 14.2%, of which the distribution volume was 17,025 units, representing a year-on-year decrease of 14.5%, and the revenue from distribution amounted to RMB2,064 million, representing a year-on-year decrease of 15.8%; the gross profit from distribution amounted to RMB116 million, representing a year-on-year decrease of 27.5%; the average distribution revenue per unit was RMB121,000, and the gross profit margin from distribution was 5.61%. Despite the adverse market environment with severe fluctuations, we have maintained a steady increase in the new-to-pre-owned ratio and the proportion of retail business, as well as a healthy and efficient inventory turnover, which has ensured business scale and profitability.

We continued to deepen the “2+1” new retail business model of pre-owned vehicles, and achieved the digital and platform-based business layout with online and offline integration. We continued to strengthen digital operation capabilities by actively building a marketing matrix that combines official websites, new media and vertical media to promote online transactions. We established a regionally centralized pre-owned vehicles renovation center to significantly improve renovation and turnover efficiency. We developed the pre-owned vehicles retail business to drive the growth of extended businesses such as finance and insurance, and promoted comprehensive profitability and customer retention scale of pre-owned vehicles. We implemented a refined inventory turnover management system, and controlled business risks through strict turnover and fund management, so as to maintain healthy inventory and efficient operations.

We actively utilized various subsidy policies to carry out replacement business, and boosted new vehicle sales with a stable high replacement rate. Besides, we actively explored and captured incremental opportunities in the inventory market, and innovated business models, including 1) cooperating with many new energy vehicle brands on bulk vehicle sources to help manufacturers carry out subscription, leasing and sale, vehicle disposal and stabilize residual values, as well as to bring stable and high-quality retail vehicle sources to our own channels; 2) accelerating the deployment of new channels for new energy pre-owned vehicles, and cooperating with a number of new energy manufacturers on new channels for pre-owned vehicle replacement and retailing; 3) implementing centralized pricing and disposal models of pre-owned vehicles, and exploring open, market-oriented and platform-based operations; 4) actively promoting the export of pre-owned vehicles to realize a diversified sales strategy.



## Management Discussion & Analysis

### **New Energy Vehicle Business**

In the first half of 2024, we further adjusted and focused on independent new energy brands. In the first half of 2024, we further closed certain less efficient city showrooms and focused our development efforts on leading independent new energy brands with core product competitiveness and high brand awareness. We also successfully undertook business during the hot selling period of new products such as AITO M9 and Xiaomi SU7 during the period.

In terms of sales volume, in the first half of 2024, the sales volume of our new energy vehicles of all brands reached 14,467 units, representing a year-on-year decrease of 10.9%. In particular, the sales volume of independent new energy vehicle brand segment reached 6,923 units in the first half of 2024, of which 4,298 units were sold under the dealership model and 2,625 units were sold under the direct sales model. With the launch of high-value models such as AITO M9, the average selling price of new vehicles in the first half of 2024 increased to RMB274,000 from RMB238,000 in the second half of 2023, and the comprehensive gross profit per new unit also increased to RMB13,100. In the first half of 2024, we focused on building sales store efficiency and personnel efficiency, and achieved significant improvement. With the popularity of some models of agency brands, as of the first half of 2024, the retained orders of independent new energy brands increased significantly compared to the end of 2023, laying the foundation for sustained business growth in the second half of 2024.

In terms of after-sales, in the first half of 2024, the after-sales business of independent new energy vehicle brands continued to maintain rapid growth momentum. In the first half of 2024, the repair and maintenance revenue amounted to RMB122.65 million, representing a year-on-year increase of 73.2%, and the average vehicle yield amounted to RMB2,958, representing a year-on-year increase of 19.4%. The number of after-sales customers of independent new energy brands reached 43,567 at the end of June 2024, representing an increase of 121.3% as compared to the end of 2023. At present, the number of after-sales customers of our independent new energy brands is growing at an average rate of 5% per month, and the after-sales business of independent new energy brands is in a rapid growth stage.

### **Changes of Outlet**

In the first half of 2024, we built and opened five outlets, including one Xiaomi, one Xpeng, one Smart and two Zeekr. In addition, we acquired three new licenses for new energy brands. In the first half of 2024, we closed nine stores and further optimized our network distribution.

As at the end of the first half of 2024, we operated a total of 226 outlets, and we have six outlets authorized to open. Based on the analysis of brand structure, luxury brands account for 65.5%, mid-to-high-end brands account for 12.8%, independent new energy brands account for 15.9%, and Yongda Pre-owned Vehicle Malls account for 5.8%.

## Management Discussion & Analysis

Set out below are the details and changes of our opened outlets as of June 30, 2024:

	Outlets opened as of December 31, 2023	Outlets opened as of June 30, 2024	Changes of outlet
4S dealerships of luxury and ultra-luxury brands	133	<b>130</b>	-3
City showrooms of luxury brands	19	<b>18</b>	-1
Sub-total of luxury and ultra-luxury brands outlets	152	<b>148</b>	-4
4S dealerships of mid-to-high-end brands	30	<b>28</b>	-2
City showrooms of mid-to-high-end brands	2	<b>1</b>	-1
Sub-total of mid-to-high-end brands outlets	32	<b>29</b>	-3
4S dealerships of independent new energy brands	31	<b>31</b>	0
Authorized maintenance centers of independent new energy brands	3	<b>5</b>	+2
Sub-total of independent new energy brands outlets	34	<b>36</b>	+2
Outlets of Yongda Pre-owned Vehicle Malls	13	<b>13</b>	0
Total outlets	231	<b>226</b>	-5

### Continuous Improvement in Management

The first half of 2024 can be summarized simply by two word “involuntary competition”. Price competition, marketing competition and sales volume competition, especially the continuous decline in new vehicle prices, have had a serious impact on both upstream and downstream enterprises in the industry chain. Besides, the economy and consumer demand are still at a low level, and the overall market is severely oversupplied. We expect that it will take a long time for the industry to recover. At present, our operation and management is based on the core principles of efficiency and stability, and the Company has taken the initiative to accelerate adjustments to business and management in response to the market trend.



## Management Discussion & Analysis

### **Accelerated the closure and transformation of unprofitable enterprises to improve asset operating efficiency**

In the first half of 2024, we accelerated the structural optimization and adjustment of our existing brand network. In terms of brand agency, we focused on the operation and management improvement of the leading traditional luxury brands and potential independent new energy brands. We accelerated the closure and transformation of smaller and less profitable outlets; in terms of regions, we continued to focus on the optimization of the first-tier and second-tier cities as well as provincial capitals as the core regions for future development. Besides, we actively communicated with brands to accelerate the diversified utilization of existing showrooms and after-sales properties, and further reduce operating costs.

### **Focused on operating cash flow and core financial indicators to ensure sound operation**

In the first half of 2024, we further strengthened cash flow management by collecting all types of receivables and shortening the collection period of receivables while compressing the amount of receivables. In terms of inventory turnover, we strengthened the integration and coordination of resources under the same brand, and ensured that the inventory turnover efficiency was maintained at a higher level. Besides, core financial indicators such as current assets to cover liabilities and net assets to cover long-term assets and other indicators remained at a favorable and healthy level.

### **Further deepened the work of cost reduction and expense control to ensure the improvement of quality and efficiency of operations**

In the first half of 2024, we continued to make management adjustments based on major marketing and administrative expenses such as labor costs, and continued to strengthen the dynamic linkage and control of production-related expenses, which are closely related to our business. Besides, we accelerated the promotion of sharing management models for business, finance and human resources to further improve management efficiency and reduce management costs.

### **Actively built new media private domain camps to continuously improve marketing efficiency**

In the first half of 2024, on the one hand, we continued to maintain the industry leading level on the TikTok platform, while actively developing the operations of WeChat Channel and Xiaohongshu; on the other hand, the Company initiated and promoted the KOS account support policy to further increase the empowerment of various media channels for main business. In the first half of 2024, our total number of sales leads on the new media platforms increased by 53% compared to the same period of last year, extending the rapid growth momentum. The number of followers of the TikTok accounts of our main agent brands enterprises, including new energy brands, ranked first in China.

### **Accelerated the construction of digital user operation system**

In the first half of 2024, we continued to promote user-centric digitalization construction, and is currently promoting the launch of a new digital user operation system. In 2024, we strived to achieve the construction of large and small private user operation systems at both the group and enterprise levels, realize digital closed-loop management of the entire lifecycle of user assets, and fully empower our user operations in the application of AI intelligent tools.

# Management Discussion & Analysis

## FINANCIAL REVIEW

### Revenue

Revenue was RMB31,035.8 million for the six months ended June 30, 2024, representing a 13.0% decrease from RMB35,684.4 million for the six months ended June 30, 2023. The decrease in revenue was mainly due to the year-on-year decrease in new vehicles sales volume and average selling price of luxury and ultra-luxury brands. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	First half of 2024			First half of 2023		
	Amount (RMB'000)	Sales Volume (Unit)	Average Selling Price (RMB'000)	Amount (RMB'000)	Sales Volume (Unit)	Average Selling Price (RMB'000)
Revenue from sales of new vehicles						
Luxury and ultra-luxury brands	<b>19,106,328</b>	<b>55,268</b>	<b>346</b>	23,671,537	62,233	380
Mid- to high-end brands	<b>2,714,040</b>	<b>21,507</b>	<b>126</b>	2,842,320	20,502	139
Independent new energy brands (distribution model)	<b>1,090,529</b>	<b>4,298</b>	<b>254</b>	529,349	3,024	175
Sub-total	<b>22,910,897</b>	<b>81,073</b>	<b>283</b>	27,043,206	85,759	315
Commission income related to new vehicle sales	<b>747,761</b>			674,269		
Others	<b>325,227</b>			534,392		
Sub-total revenue from sales of new vehicles and related services	<b>23,983,885</b>			28,251,867		
Sales of pre-owned vehicles	<b>2,063,813</b>	<b>17,025</b>	<b>121</b>	2,451,947	19,916	123
Brokerage income related to sales of pre-owned vehicles	<b>23,605</b>			27,198		
Sub-total revenue from sales of pre- owned vehicles and related services	<b>2,087,418</b>			2,479,145		
Repair and maintenance related services	<b>4,653,952</b>			4,642,785		
Commission income	<b>124,015</b>			148,195		
Sub-total revenue from after-sales services	<b>4,777,967</b>			4,790,980		
Automobile operating lease services	<b>221,028</b>			247,122		
Less: inter-segment eliminations	<b>(34,464)</b>			(84,732)		
Total	<b>31,035,834</b>			35,684,382		

Note: The comparative figures in revenue, cost of sales and services, and other income and other gains and losses for the period ended June 30, 2023 have been restated in order to conform with the current presentation format.



## Management Discussion & Analysis

The distribution sales volume of new vehicles of the passenger vehicle sales and services segment was 81,073 units for the six months ended June 30, 2024, a 5.5% decrease from 85,759 units for the six months ended June 30, 2023.

Among them, the distribution sales volume of luxury and ultra-luxury brand new vehicles was 55,268 units for the six months ended June 30, 2024, a 11.2% decrease from 62,233 units for the six months ended June 30, 2023.

Revenue from sales of new vehicles of the passenger vehicle sales and services segment was RMB22,910.9 million for the six months ended June 30, 2024, a 15.3% decrease from RMB27,043.2 million for the six months ended June 30, 2023.

Among them, revenue from sales of luxury and ultra-luxury brand new vehicles was RMB19,106.3 million for the six months ended June 30, 2024, a 19.3% decrease from RMB23,671.5 million for the six months ended June 30, 2023.

Commission income related to the sales of new vehicles of the passenger vehicle sales and services segment was RMB747.8 million for the six months ended June 30, 2024, a 10.9% increase from RMB674.3 million for the six months ended June 30, 2023.

The sales volume of direct agency sales of independent new energy brand vehicles was 2,625 units for the six months ended June 30, 2024, a 43.7% decrease from 4,663 units for the six months ended June 30, 2023.

Other revenue related to new vehicles of the passenger vehicle sales and services segment was RMB325.2 million for the six months ended June 30, 2024, a 39.1% decrease from RMB534.4 million for the six months ended June 30, 2023.

Total revenue from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB23,983.9 million for the six months ended June 30, 2024, a 15.1% decrease from RMB28,251.9 million for the six months ended June 30, 2023.

The distribution volume of pre-owned vehicles was 17,025 units for the six months ended June 30, 2024, a 14.5% decrease from 19,916 units for the six months ended June 30, 2023.

Revenue from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB2,063.8 million for the six months ended June 30, 2024, a 15.8% decrease from RMB2,451.9 million for the six months ended June 30, 2023.

## Management Discussion & Analysis

Brokerage income from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB23.6 million for the six months ended June 30, 2024, a 13.2% decrease from RMB27.2 million for the six months ended June 30, 2023.

Revenue from after-sales services for the passenger vehicle sales and services segment was RMB4,778.0 million for the six months ended June 30, 2024, a 0.3% decrease from RMB4,791.0 million for the six months ended June 30, 2023.

Among them, the revenue from repair and maintenance related services was RMB4,654.0 million for the six months ended June 30, 2024, a 0.2% increase from RMB4,642.8 million for the six months ended June 30, 2023.

Among them, the commission income was RMB124.0 million for the six months ended June 30, 2024, a 16.3% decrease from RMB148.2 million for the six months ended June 30, 2023.

Revenue from the automobile operating lease services segment was RMB221.0 million for the six months ended June 30, 2024, a 10.6% decrease from RMB247.1 million for the six months ended June 30, 2023.

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

Cost of sales and services was RMB28,451.6 million for the six months ended June 30, 2024, a 11.8% decrease from RMB32,261.7 million for the six months ended June 30, 2023.

Cost of sales of new vehicles and cost of related services of the passenger vehicle sales and services segment was RMB23,590.1 million for the six months ended June 30, 2024, a 13.1% decrease from RMB27,132.3 million for the six months ended June 30, 2023.

Cost of sales of pre-owned vehicles and cost of related services was RMB1,948.0 million for the six months ended June 30, 2024, a 15.0% decrease from RMB2,292.3 million for the six months ended June 30, 2023.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,760.3 million for the six months ended June 30, 2024, a 0.7% increase from RMB2,742.4 million for the six months ended June 30, 2023.

Cost of services for the automobile operating lease services segment was RMB182.2 million for the six months ended June 30, 2024, a 4.7% increase from RMB174.1 million for the six months ended June 30, 2023.



## Management Discussion & Analysis

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

As a result of the foregoing, gross profit was RMB2,584.2 million for the six months ended June 30, 2024, a 24.5% decrease from RMB3,422.6 million for the six months ended June 30, 2023.

Gross profit margin was 8.33% for the six months ended June 30, 2024, a decrease of 1.26 percentage points from the gross profit margin of 9.59% for the six months ended June 30, 2023. The decrease in gross margin was mainly due to the decline in gross profit margin of new vehicles as a result of the decline in new vehicle prices.

Gross profit from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB393.8 million for the six months ended June 30, 2024, a 64.8% decrease from RMB1,119.6 million for the six months ended June 30, 2023.

Gross profit margin for sales of new vehicles and related services decreased to 1.64% for the six months ended June 30, 2024 from 3.96% for the six months ended June 30, 2023.

Gross profit from sales of pre-owned vehicles and related services of the passenger vehicle sales and services segment was RMB139.4 million for the six months ended June 30, 2024, a 25.4% decrease from RMB186.9 million for the six months ended June 30, 2023.

Gross profit margin for distribution of pre-owned vehicles of the passenger vehicle sales and services segment decreased to 5.61% for the six months ended June 30, 2024 from 6.51% for the six months ended June 30, 2023.

Gross profit from after-sales services for the passenger vehicle sales and services segment was RMB2,017.6 million for the six months ended June 30, 2024, a 1.5% decrease from RMB2,048.6 million for the six months ended June 30, 2023.

Gross profit margin for repair and maintenance was 40.69% for the six months ended June 30, 2024, which was basically the same as 40.93% for the six months ended June 30, 2023.

Gross profit from the automobile operating lease services segment was RMB38.8 million for the six months ended June 30, 2024, a 46.9% decrease from RMB73.0 million for the six months ended June 30, 2023.

Gross profit margin for the automobile operating lease services segment was 17.56% for the six months ended June 30, 2024, a decrease of 12.00 percentage points from 29.56% for the six months ended June 30, 2023.

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

Other income, other gains and losses were net gains of RMB60.1 million for the six months ended June 30, 2024, a 49.4% decrease from RMB118.9 million for the six months ended June 30, 2023.



# Management Discussion & Analysis

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

Distribution and selling expenses and administrative expenses were RMB2,420.2 million for the six months ended June 30, 2024, a 15.8% decrease from RMB2,873.7 million for the six months ended June 30, 2023.

The ratio of distribution, selling and administrative expenses over revenue was 7.80% for the six months ended June 30, 2024, a decrease of 0.25 percentage points from 8.05% for the six months ended June 30, 2023.

## **Operating Profit**

As a result of the foregoing, operating profit was RMB224.2 million for the six months ended June 30, 2024, a 66.4% decrease from RMB667.8 million for the six months ended June 30, 2023.

## **Finance Costs**

Finance costs were RMB148.0 million for the six months ended June 30, 2024, a 12.2% decrease from RMB168.5 million for the six months ended June 30, 2023.

The percentage of the finance costs to revenue for the six months ended June 30, 2024 was 0.48%, basically unchanged from the percentage of the finance costs to revenue for the six months ended June 30, 2023.

## **Profit before Tax**

As a result of the foregoing, profit before tax was RMB126.2 million for the six months ended June 30, 2024, a 77.1% decrease from RMB552.0 million for the six months ended June 30, 2023.

## **Income Tax Expense**

Income tax expense was RMB24.7 million for the six months ended June 30, 2024, an 80.6% decrease from RMB127.2 million for the six months ended June 30, 2023.

## **Profit**

As a result of the foregoing, the profit was RMB101.5 million for the six months ended June 30, 2024, a 76.1% decrease from RMB424.8 million for the six months ended June 30, 2023.

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

As a result of the foregoing, the profit attributable to the owners of the Company was RMB111.5 million for the six months ended June 30, 2024, a 72.6% decrease from RMB406.5 million for the six months ended June 30, 2023.



# Management Discussion & Analysis

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, issuance of bonds, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

For the six months ended June 30, 2024, our net cash generated from operating activities was RMB699.2 million, which included cash generated before working capital changes of RMB807.4 million, cash generated from working capital changes of RMB18.1 million and the payment of income tax of RMB126.3 million. For the six months ended June 30, 2023, our net cash generated from operating activities was RMB1,099.4 million, which included cash generated before working capital changes of RMB1,237.1 million, cash generated from working capital changes of RMB197.8 million and the payment of income tax of RMB335.5 million.

For the six months ended June 30, 2024, our net cash used in investing activities was RMB229.9 million, which mainly included the amounts for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB824.8 million, which was partially offset by the proceeds of RMB494.2 million from the disposal of property, plant and equipment, intangible assets and right-to-use assets, the proceeds of RMB16.6 million from the disposal of financial assets at fair value through profit or loss, the proceeds of RMB35.0 million from the disposal of subsidiaries and dividends of RMB25.8 million received from joint ventures and associates. For the six months ended June 30, 2023, our net cash used in investing activities was RMB130.6 million, which mainly included the amounts for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB857.2 million, which was partially offset by the proceeds of RMB316.3 million from the disposal of property, plant and equipment, the proceeds of RMB222.5 million from the disposal of financial assets at fair value through profit or loss and the proceeds of RMB112.4 million from the disposal of subsidiaries.

For the six months ended June 30, 2024, our net cash used in financing activities was RMB1,045.5 million, which mainly included the net repayment of borrowings of RMB542.4 million, the payment of dividends to the Shareholders of RMB102.5 million, the payment of dividends to minority shareholders of subsidiaries of RMB30.4 million, the payment of interest of RMB149.4 million, the repayment of lease liabilities of RMB176.4 million and the payment for repurchase of shares of the Company of RMB41.8 million. For the six months ended June 30, 2023, net cash used in financing activities was RMB1,343.0 million, which mainly included the net repayment of interest-bearing liabilities of RMB273.3 million, the payment of dividend of RMB576.0 million, the payment of interest of RMB190.9 million, the repayment of lease liabilities of RMB193.9 million and the payment for repurchase of shares of the Company of RMB72.8 million.

## Management Discussion & Analysis

### Inventories

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

Our inventories balance was RMB3,954.7 million as of June 30, 2024, a 9.4% decrease from RMB4,363.2 million as of December 31, 2023. The following table sets forth our average inventory turnover days for the periods indicated:

	As of June 30,	
	2024	2023
Average inventory turnover days	26.7	24.4

### Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets, which were partially offset by the proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets. As of June 30, 2024, our total capital expenditures were RMB330.6 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	As of June 30, 2024 (RMB million)
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease purposes	558.3
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	212.9
Expenditures on purchase of intangible assets (vehicle licences and softwares)	53.6
Proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets (mainly test-drive automobiles and vehicles for operating lease purposes)	(494.2)
<b>Total</b>	<b>330.6</b>

# Management Discussion & Analysis

## Borrowings

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) to fund our working capital and network expansion. As of June 30, 2024, the outstanding amount of our borrowings amounted to RMB3,418.2 million, a decrease of 13.7% from RMB3,960.6 million as of December 31, 2023. The following table sets forth the maturity profile of our borrowings as of June 30, 2024:

	As of June 30, 2024 (RMB million)
Within one year	1,947.0
One to two years	455.2
Two to five years	1,016.0
Total	3,418.2

As of June 30, 2024, our net gearing ratio (being net liabilities divided by total equity) was 12.5% (as of December 31, 2023: 12.2%). Net liabilities represent borrowings minus cash and cash equivalents and time deposits.

As of June 30, 2024, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2024 consisted of (i) inventories of RMB568.1 million; (ii) property, plant and equipment of RMB31.1 million; (iii) land use rights of RMB44.6 million; and (iv) equity interests of the subsidiaries of RMB530.8 million.

## Contingent Liabilities

As of June 30, 2024, the Group provided guarantees of RMB210 million to Shanghai Yongda Finance Leasing Co., Ltd. in respect of its borrowing principal balance on normal commercial terms and on several basis in proportion to the Group's shareholding in Shanghai Yongda Finance Leasing Co., Ltd., save for which we did not have any material contingent liabilities.

## Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the loan prime rate (LPR). Increases in interest rates could result in an increase in our borrowing costs, which in turn could adversely affect our finance costs, profit and our financial condition.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of June 30, 2024, we had no financial borrowings denominated in foreign currencies.

# Management Discussion & Analysis

## **DEVELOPMENT OUTLOOK AND STRATEGIES**

In the first half of 2024, many imbalances were hidden in the domestic automobile market amid the overall market rise. Under the background of the continuing involution trend since 2023, the growth of domestic demand was relatively slow, and the overall operation of the industry still faced greater pressure. At the existing market stage, the intensified competition coupled with the impact of the new energy wave resulted in the highlighting of the survival-of-the-fittest, and the supply and demand imbalance has further exacerbated the price decline, and price for quantity remains the practice in the market. Meanwhile, the emergence of new technologies and the continuous development of autonomous driving, intelligent networking, battery and fast-charge technologies also brought new opportunities for the automobile industry. In summary, in the first half of 2024, growth came along with challenges, and the market was also undergoing an unprecedented stage of major revolution and reshuffles.

In the face of increasingly fierce competition in the automobile market, we closely followed the market trends, and adopted more centralized, consolidated and stable operating strategies. We will focus on the vehicle service industry, strive to achieve a stable price recovery in the new vehicle sales business on the basis of guaranteeing the scale, continue to optimize the brand structure, enhance the efficiency of single store, ensure the stability of the after-sales business, and realize quality development. We will also continue to promote the strengthening of pre-owned vehicle business, accurately develop the new energy vehicle industry, accelerate the layout of the battery recycling industry, and focus on various cost reduction and cost control work. While improving our profitability, we will also safeguard our healthy operating cash flows and achieve stable operations in the face of adversity.

### **Pragmatically focus on the luxury vehicles business**

In terms of new vehicles, we will improve turnover efficiency on the basis of maintaining scale, pursue the maximization of the benefits of commercial policy on the premise of operational quality, maintain good communication and exchanges with major brand manufacturers such as Porsche and BMW, report the market condition in a timely manner, improve the sales quality and reduce the operating costs targeting the balance between the supply and demand, dedicating to stabilize the prices and gross profit level of luxury vehicles. In terms of after-sales maintenance business, we will continuously optimize the business structure, strengthen business solicitation, enhance cost control, and improve customer retention rate and retail service absorption rate so as to achieve quality and efficiency improvement of after-sales business, and safeguard our stable development and strengthen risk-resistant capability through long-term steady growth. We will accelerate the shutdown and transfer of some brand outlets, continuously consolidate and optimize the network structure and layout, focus on the continuous improvement of operational quality of core luxury brand outlets, and support brands for stabilizing the market order and benign development of luxury vehicles.

### **Continue to deeply cultivate and strengthen the “Yongda Pre-owned Vehicles”**

With the implementation of favorable policies in the pre-owned vehicle industry, we will also continue to leverage inherent advantages in terms of brand, vehicle sources, outlets, after-sales, funding, management and other aspects of our pre-owned vehicle business. We will continue to promote the construction of the retail capacity of officially certified pre-owned vehicles by the manufacturers and Yongda certified pre-owned vehicles. We will also actively seek for bulk and centralized procurement opportunities of various brands, maintain high-efficient inventory turnover and guarantee the retail quality, so as to build Yongda pre-owned vehicle business into an important driving engine for the vehicle service industry, and make it an important supplement to the gross profit of the sales-side.



## Management Discussion & Analysis

### **Precisely develop the “Yongda New Energy”**

We will continue to maintain the first mover advantages, focus on major core brands, further summarize and optimize the layout of the new energy networks, and improve the overall profitability of outlets and brands. We will also respond to the rapid growth of after-sales demand of new energy users, and gradually build the after-sales business into an important revenue component of new energy.

We will also continue to expand business in the “battery recycling industry” by taking battery test, battery maintenance, battery replacement and other businesses as the fulcrum and focusing on the full lifecycle service of new energy vehicle battery, and gradually build the battery business into a new growth highlight for us in the value chain of new energy vehicle industry. Through the above measures, we are committed to building the Company into the “automobile service expert with most electrification capacity”.

### **Focus on promoting various cost reduction and expense control as well as cash flow control measures**

We will actively respond to the pressure on the gross profit of new vehicles caused by the continuous price wars in the industry, and implement various cost and expense controls. We will achieve effective reduction in our sales and management expenses through organizational optimization, personnel effectiveness optimization, further stringent implementation of measures to control costs and expenses in respect of venue leasing, marketing and administration, the adoption of input-output evaluation and dynamic control mechanism, and further optimization of performance and performance-related measures.

We are also building a “sharing platform” for users, finance and human resources. Through organizational changes, we will improve the work efficiency of employees, and give full play to the ability to share traffic and create value among main businesses, thereby ultimately achieving efficiency improvement and effective cost reduction.

We will strongly safeguard the Group's cash flow, continue to optimize financing channels and structures and manage funds in a coordinated manner, strengthen fund forecasting and application analysis, accelerate inventory turnover, speed up the recovery of accounts receivables, maintain effective cash reserves, and ensure the Group's healthy and stable operating cash flows with strict management and control strategies.

In the first half of 2024, we maintained a positive and stable net cash inflow. Under the current market environment, from January to July 2024, we repurchased a total of 39,215,000 shares of the Company, the scale of the repurchase has exceeded that of the entire year of 2023, the fund utilised for repurchase was nearly HK\$70 million, and we have cancelled all of the shares of the Company repurchased from January to July 2024. In addition to the foregoing repurchases, we will continue to make interim dividend distribution and increase the dividend payout ratio in 2024.

### **Improve quality and efficiency through digital intelligence**

Against the backdrop of the increasingly upsurge of big data and metaverse technology, we will also keep up with the trend by accelerating the pace of digital and intelligent transformation, implementing comprehensive digital retail processes, establishing an accurate marketing system for all users, and exploring the full lifecycle value of customers. Furthermore, we will further explore the application and pilot of new technologies such as AI, ChatGPT, digital person and intelligent robot in the business operation and management scenarios, so as to enhance efficiency while empowering businesses.

## Management Discussion & Analysis

### **Talent reserve and cultivation contribute to stability and progress**

With the development of the automobile industry entering the era of “new four modernizations” and in line with our overall industrial transformation and development needs, we will also simultaneously strengthen talent cultivation and reserves in the fields of new energy, pre-owned vehicles, digitization and intelligence, and further optimize assessment and incentive mechanism. Moreover, we will promote the position evaluation and survival-of-the-fittest, and create a comprehensive transboundary management talent and professional technical talent echelon that is more in line with future trends and more enterprising, so as to ensure our long-term sustainable development.

The rapid changes, price wars and intensified competition in the current automobile market are accelerating the evolution of the industrial structure, and the brands of OEMs are also repositioning and adjusting their strategies. Continuous differentiation of dealer networks has accelerated the reshuffle and survival-of-the-fittest, reflecting the commercial law and self-rehabilitation ability of the market, and the brand communication of dealer channel network and the value of post-market services still play an irreplaceable and important role in the automobile dealer industry chain. We will also adhere to a more centralized, consolidated and stable operating strategies, ensure healthy profitability and cash flows to cope with the current trend, ensure our stable and orderly operation amid continuous changes, and seek new opportunities and growth points. In the future, we will also actively participate in and continue to respond to the national “low-carbon” strategy and commit ourselves to fulfilling ESG-related corporate social responsibilities, and build the ability for long-term sustainable growth, so as to realize efficiency improvement against market downturn as well as stable and upward development. We are confident that we can get through the current market trough, win the knockout competition of the automobile market, and return our shareholders and investors with more stable performance.

# Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

### (A) Long positions in the Company's Shares

Name of Director	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On <sup>(1)</sup>	Founder of a discretionary trust	405,509,500	21.037
	Interest of controlled corporation	167,080,000	8.668
	Beneficial owner	9,303,000	0.483
Mr. CAI Yingjie <sup>(2)</sup>	Interest of controlled corporation	45,788,000	2.375
	Beneficial owner	674,500	0.035
Mr. WANG Zhigao <sup>(3)</sup>	Interest of controlled corporation	8,660,000	0.449
	Beneficial owner	910,500	0.047
Mr. XU Yue <sup>(4)</sup>	Beneficial owner	3,158,000	0.164
	Interest of spouse	2,350,000	0.122
Ms. CHEN Yi	Beneficial owner	537,000	0.028
Mr. TANG Liang	Beneficial owner	1,005,000	0.052



## Corporate Governance and Other Information

### Notes:

- (1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited 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 (柏麗萬得有限公司) (“**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 Limited, as the trustee of the Family Trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 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 45,788,000 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 holds 3,158,000 Shares as beneficial owner. In addition, he is deemed to be interested in the 2,350,000 Shares held by his spouse, Ms. ZHANG Yanyu.

### (B) Long positions in underlying Shares

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	Approximate Percentage of Shareholding (%)
Mr. XU Yue	Beneficial owner	7,200,000	0.374
Ms. CHEN Yi	Beneficial owner	864,000	0.045
Mr. TANG Liang	Beneficial owner	3,825,000	0.198

Save as disclosed above, as at June 30, 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO; or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, to the best of knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions in the Shares and underlying Shares

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Palace Wonder <sup>(1)</sup>	Beneficial owner	405,509,500	21.037
Regency Valley <sup>(1)</sup>	Interest of controlled corporation	405,509,500	21.037
HSBC International Trustee Limited <sup>(1)</sup>	Trustee	405,509,500	21.037
Asset Link <sup>(2)</sup>	Beneficial owner	167,080,000	8.668
FIL Limited <sup>(3)</sup>	Interest of controlled corporation	192,526,188	9.988
Pandanus Partners L.P. <sup>(3)</sup>	Interest of controlled corporation	192,526,188	9.988
Pandanus Associates Inc. <sup>(3)</sup>	Interest of controlled corporation	192,526,188	9.988
Brown Brothers Harriman & Co. <sup>(4)</sup>	Approved lending agent	171,483,182	8.896
FIDELITY FUNDS	Beneficial owner	165,729,470	8.598

#### Notes:

- (1) Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiaries of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.
- (2) 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.
- (3) Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 40.44% shareholding interest in FIL Limited. FIL Limited was deemed to be interested in these 192,526,188 Shares through a series of its subsidiaries.
- (4) Brown Brothers Harriman & Co. held 171,483,182 Shares in the capacity of approved lending agent, all of which were lending pool.

## Corporate Governance and Other Information

Save as disclosed above, as at June 30, 2024, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above or otherwise disclosed in this interim report, at no time during the reporting period and up to the date of this interim report was the Company, or any of its subsidiaries, a party to any arrangement that would enable the Company's Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Company's Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### **STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION**

As at June 30, 2024, the Group had 14,270 employees (including employees in all regions of the Group). The remuneration of the Group's employees includes salaries and allowances. Details of the staff costs during the six months ended June 30, 2024 are set out in note 6 to the Condensed Consolidated Financial Statements in this interim report. The Group also provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group offers competitive remuneration packages to the Directors, and the Board is delegated by the Shareholders at general meeting to fix the Directors' remuneration. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

### **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "2013 Share Option Scheme") pursuant to Chapter 17 of the Listing Rules on October 10, 2013, which was terminated on June 1, 2023. No further share option has been or will be granted under the 2013 Share Option Scheme since its termination, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2013 Share Option Scheme. For further details of the termination of the 2013 Share Option Scheme, please refer to the announcement of the Company dated March 24, 2023 and the circular of the Company dated April 26, 2023.



## Corporate Governance and Other Information

The Company has adopted a new share option scheme pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons (“**Eligible Persons**”) for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible Persons include (a) any Director of the Company or employee of the Group (including persons who are granted share options under the Share Option Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Persons to the grant of any share options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from June 1, 2023, after which period no further share option shall be granted. Therefore, as at June 30, 2024, the remaining life of the Share Option Scheme was approximately eight years and eleven months.

Under the Share Option Scheme, the Board shall be entitled to determine the grant of share options and the number of share options to be granted to the relevant grantees taking into account such factors as the Board may consider appropriate. The Company shall not make any further grant of share options which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Option Scheme and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at June 1, 2023, excluding the share awards and/or share options lapsed under the share schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (the “**Share Incentive Schemes**”). The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Option Scheme and the Listing Rules.

No share option shall be granted to any Eligible Person if, at the relevant time of grant, the number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any share options or awards lapsed in accordance with any share scheme(s) of the Company) to the relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting of the Company.

## Corporate Governance and Other Information

The exercise price of share options is determined by the Board and shall be at least the highest of (i) the closing price of the Company's 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 Company's 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.

The vesting period is determined at the Company's discretion and is set out in the offer letters to the grantees. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of a grant. An share option must be held by the grantee for at least 12 months before the share option can be exercised, unless a shorter vesting period is granted at the discretion of the Board and/or the remuneration committee of the Company (the "**Remuneration Committee**") as deemed appropriate under circumstances prescribed by the Share Option Scheme. The Board shall specify in an offer letter a date by which a grantee must accept an offer, being a date no later than 28 days after the date on which the share option is offered or the date on which the conditions for the offer are satisfied, if any. No payment shall be made upon acceptance of the offer.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Option Scheme, was 194,502,551 as at January 1, 2024, and 179,502,551 as at June 30, 2024. No option shall be granted to any service provider under the Share Option Scheme, and thus there is no service provider sublimit under the Share Option Scheme. As at the date of this interim report, the number of Shares available for issue under the Share Incentive Schemes, including the Share Option Scheme, amounted to 198,477,551 Shares, representing approximately 10.49% of the total number of issued Shares.

## Corporate Governance and Other Information

Details of movements during the six months ended June 30, 2024 in the share options granted under the 2013 Share Option Scheme are as follows:

Category and name of grantee	As at January 1, 2024	Granted during the six months ended June 30, 2024	Cancelled during the six months ended June 30, 2024	Exercised during the six months ended June 30, 2024	Lapsed during the six months ended June 30, 2024	As at June 30, 2024	Date of grant of share options	Vesting period of share options <sup>(1)</sup>	Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's Shares immediately before the grant date	Weighted average closing price of the Company's Shares	
											Exercise price of share options HK\$ per share	Immediately before the exercise dates	At dates of share options exercise
<i>Executive Director</i>													
XU Yue	1,000,000	-	-	-	-	1,000,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-
CHEN Yi	264,000	-	-	-	-	264,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-
TANG Liang	825,000	-	-	-	-	825,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-
<i>Other employees in aggregate</i>	1,886,000	-	-	-	-	1,886,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-

**Note:**

- (1) The vesting of share options granted under the 2013 Share Option Scheme would be subject to the performance criteria to be satisfied by the grantees as determined by the Board and/or the Remuneration Committee and specified in the respective offer letters, which may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).

## Corporate Governance and Other Information

Details of movements during the six months ended June 30, 2024 in the share options granted under the Share Option Scheme are as follows:

Category and name of grantee	As at January 1, 2024	Granted during the six months ended June 30, 2024 <sup>(3)</sup>	Cancelled during the six months ended June 30, 2024	Exercised during the six months ended June 30, 2024	Lapsed during the six months ended June 30, 2024	As at June 30, 2024	Date of grant of share options	Vesting period of share options <sup>(1)</sup>	Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's Shares immediately before the grant date of share options	Weighted average closing price of the Company's Shares immediately before the exercise dates of share options	
											HK\$ per share	Immediately before the exercise dates	At dates of exercise
<i>Executive Director</i>													
XU Yue	-	6,200,000	-	-	-	6,200,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
CHEN Yi	-	600,000	-	-	-	600,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
TANG Liang	-	3,000,000	-	-	-	3,000,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
<i>Other employees in aggregate<sup>(2)</sup></i>	-	5,200,000	-	-	-	5,200,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-

### Notes:

- (1) The vesting of share options granted is subject to the performance criteria to be satisfied by the grantees as specified in the respective offer letters of the share options, which comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).
- (2) The average fair value of the share options granted on March 28, 2024 was RMB0.7814 per Share at the date of grant. For the fair value and the accounting standard and policy adopted, please refer to note 16 to the Consolidated Financial Statements in this interim report.
- (3) Employee participants include employees of the Group.



## Corporate Governance and Other Information

### AMENDED EMPLOYEE PRE-IPO INCENTIVE SCHEME

The Company's employee pre-IPO incentive scheme (the "**Employee Pre-IPO Incentive Scheme**"), the details of which are set out in the paragraph headed "Employee Pre-IPO Incentive Scheme" in Appendix IV to the Company's prospectus dated June 29, 2012, was conditionally approved and adopted by a resolution of the Directors on April 3, 2012. The purpose of the Employee Pre-IPO Incentive Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Any employees, Directors (other than independent non-executive Directors) and members of the senior management of the Company, but excluding (a) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (b) any other person that the Board may determine from time to time, may participate in this scheme. The Company adopted the Employee Pre-IPO Incentive Scheme mainly to provide incentive or reward with its existing Shares to the employees, directors and members of senior management of the Group for their contribution to, and continuing efforts to promote the interest of, the Group.

The Remuneration Committee has full power and authority to (a) propose, select or determine which beneficiary is entitled to an award; (b) determine the amount of the award for each selected beneficiary; and (c) make the relevant award to the beneficiaries under the Employee Pre-IPO Incentive Scheme. Only the dividend payments on the Shares held by BOCI Trustee (Hong Kong) Limited ("**BOCI HK Trustee**") via special purpose vehicle under the Employee Pre-IPO Incentive Scheme (the "**Scheme Shares**") will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme. The BOCI HK Trustee, as the trustee holding unvested Shares of the Employee Pre-IPO Incentive Scheme, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Under the Pre-IPO Employee Incentive Scheme, the total number of Shares underlying the restricted Shares to be granted from time to time must not, in any event, exceed 5% of the number of the Shares in issue on such date without the Board's prior approval. There is no maximum entitlement of each participant under the Employee Pre-IPO Incentive Scheme.

Subject to the terms of the Employee Pre-IPO Incentive Scheme and the specific terms and conditions applicable to each grant of the award, the restricted Shares awarded shall be subject to a vesting period as determined by the Board or the Remuneration Committee, and to the satisfaction of performance and/or other conditions to be determined by the Board or the Remuneration Committee as specified in the notice of grant of award under the Employee Pre-IPO Incentive Scheme. There is no consideration for application or acceptance of the award granted nor purchase price of restricted Shares awarded.



## Corporate Governance and Other Information

Unless terminated earlier by a resolution of the Board made in accordance with the terms of the trust deed, the Employee Pre-IPO Incentive Scheme has a term of 80 years from the listing date of the Company. Therefore, as at June 30, 2024, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 68 years. On termination of the Employee Pre-IPO Incentive Scheme, BOCI HK Trustee will transfer the Scheme Shares to Shanghai Yongda Holding (Group) Limited (“**Yongda Holding**”), unless the board of directors of Yongda Holding requests the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of directors of Yongda Holding satisfies the reasonable requirements for the time being of BOCI HK Trustee, the articles of association of the Company and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

On August 30, 2013, the Board resolved to amend the Employee Pre-IPO Incentive Scheme (the “**Amended Scheme**”) to the effect that, in addition to the previously allowed cash awards, awards of restricted share awards could be granted to eligible persons pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) and members of the senior management of the Group, but excluding (i) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (ii) any other person that the Board may determine from time to time. For further details of the amendments to the Employee Pre-IPO Incentive Scheme, please refer to the announcement of the Company dated August 30, 2013.

On June 18, 2020, the Board resolved to amend the Amended Scheme (the “**2020 Amended Scheme**”) to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited. The 2020 Amended Scheme is funded purely by existing Shares of the Company. As at the date of this interim report, the number of Shares available for grant under the 2020 Amended Scheme amounted to 27,792,205 Shares, representing approximately 1.47% of the total number of issued Shares.

## Corporate Governance and Other Information

Details of movements during the six months ended June 30, 2024 in the restricted Shares granted under the 2020 Amended Scheme are as follows:

Category and name of grantee	Number of awards of the restricted Shares					As at June 30, 2024	Date of grant of the awards	Vesting period of the awards <sup>(2)</sup>	Purchase price of restricted Shares <i>HK\$ per share</i>	Closing price of the Company's shares immediately before the date of the awards	Weighted average closing price of the Company's shares	
	As at January 1, 2024	Granted during the six months ended June 30, 2024 <sup>(2)</sup>	Vested during the six months ended June 30, 2024	Cancelled during the six months ended June 30, 2024	Lapsed during the six months ended June 30, 2024					As at June 30, 2024	Immediately before the vesting dates	At dates vested
											<i>HK\$ per share</i>	<i>HK\$ per share</i>
Grantees in aggregate <sup>(3)</sup>	-	550,000	(550,000)	-	-	-	June 28, 2024	Vested at the date of grant	0	1.68	1.68	1.72

Notes:

- (1) The average fair value of awards of the restricted Shares granted on June 28, 2024 was RMB1.57 per Share at the date of grant. For the fair value of awards granted at the date of grant and the accounting standard and policy adopted, please refer to note 16 to the Consolidated Financial Statements in this interim report.
- (2) The restricted Shares awarded were subject to the satisfaction of performance and/or other conditions, such as attainment or performance of milestones by any member of the Group, the grantee or any group of grantees, to be determined by the Board or the Remuneration Committee as specified in the notice of grant of awards.
- (3) None of these grantees are Directors.

## Corporate Governance and Other Information

### SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on June 1, 2022, which was amended pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the “**Amendment Date**”). The specific objectives of the 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. The eligible participants (the “**Eligible Participants**”) of the Share Award Scheme include (a) any Director of the Company or employee of the Group (including persons who are granted awards (the “**Award(s)**”) under the Share Award Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Participants to the grant of any awards shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

Unless terminated earlier by the Board pursuant to the provisions of the Share Award Scheme, the Share Award Scheme shall be valid and effective for ten years commencing from June 1, 2022 (the “**Trust Period**”), being the date on which the Share Award Scheme was adopted, after which period no further Awards will be granted under the Share Award Scheme. Therefore, as at June 30, 2024 the remaining life of the Share Award Scheme was approximately seven years and eleven months.

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than those being excluded pursuant to the provisions of the Share Award Scheme) for participation in the Share Award Scheme as a selected participant (the “**Selected Participant**”). 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.

Subject to the provisions of the Share Award Scheme, the Board may grant such number of Awards to any Selected Participant at such consideration and on and subject to such terms and conditions as it may in its absolute discretion determine. The consideration shall be 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. Except for such consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the grant notice by the Selected Participant who accepts the Award (the “**Awardee**”) to the Company where applicable, no other purchase price shall be paid for the Awards.



## Corporate Governance and Other Information

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, unless a shorter vesting period is granted at the discretion of the Board and/or the Remuneration Committee as deemed appropriated under circumstances prescribed by 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 Awardee and all requirements applicable to such Awardee as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Awardee pursuant to the provision of the Share Award Scheme shall vest in such Awardee in accordance with the vesting schedule as set out in 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.

The Company shall not make any further grant of Awards which will results in the aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme after the Amendment Date and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at the Amendment Date, excluding the share awards and/or share options lapsed under the Share Incentive Schemes. The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Award Scheme and the Listing Rules.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Award Scheme, was 194,502,551 as at January 1, 2024, and 179,502,551 as at June 30, 2024. No Award shall be granted to any service provider under the Share Award Scheme, and thus there is no service provider sublimit under the Share Award Scheme. As at the date of this interim report, the number of Shares available for issue under the Share Incentive Schemes, including the Share Award Scheme, amounted to 198,477,551 Shares, representing approximately 10.49% of the total number of issued Shares.

## Corporate Governance and Other Information

The maximum number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding share options or awards lapsed in accordance with any share scheme(s) of the Company) to a Selected Participant in the 12-month period up to and including the date of grant of the relevant Awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the Shareholders in a general meeting of the Company. The approval of independent non-executive Directors (excluding any independent non-executive Directors who is a proposed Selected Participant) is required for each grant of Awards to a Director, chief executive, or a substantial Shareholder or any of their respective associates. Where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company or any of their associates would result in the total number of Shares issued and to be issued in respect of all awards granted under any share award scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any awards lapsed in accordance with respective award share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules. Where any grant of Awards to a substantial Shareholder or an independent non-executive Director, or their respective associates would result in the total number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules.

## Corporate Governance and Other Information

Details of movements during the six months ended June 30, 2024 in the Shares awarded under the Share Award Scheme are as follows:

Category and name of grantee	As at January 1, 2024	Number of Awards				As at June 30, 2024	Date of grant of the awards	Vesting period of the awards <sup>(2)</sup>	Purchase price of the award Shares HK\$ per share	Closing price of the Company's Shares	Weighted average closing price of the Company's Shares	At dates vested
		Granted during the six months ended June 30, 2024 <sup>(1)</sup>	Vested during the six months ended June 30, 2024	Cancelled during the six months ended June 30, 2024	Lapsed during the six months ended June 30, 2024					Immediately before the grant date of the awards	Immediately before the vesting dates	
Employees in aggregate	5,660,000	-	-	(5,660,000)	-	-	March 28, 2023	Vested on March 29, 2024	2.765	5.00	-	-

### Notes:

- (1) The fair value of the Awards granted on March 28, 2023 was RMB2.422 per Share at the date of grant. For the fair value of the Awards granted at the date of grant and the accounting standard and policy adopted, please refer to note 35 to the Consolidated Financial Statements in the annual report published on April 26, 2024 by the Company.
- (2) The vesting of the Awards shall be subject to the performance criteria to be satisfied by the Selected Participant as determined by the Board and/or the Remuneration Committee from time to time. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Selected Participants.

Save as disclosed above, during the six months ended June 30, 2024, there was (i) no Director, chief executive or substantial shareholder of the Company or their respective associates, or other employees with options and awards granted or to be granted, (ii) no participant with options and awards granted and to be granted in any 12-month period exceeding 1% of the Shares of the Company in issue (excluding treasury shares, if any), and (iii) no related entity participant and service provider with options and awards granted, and no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares of the Company in issue (excluding treasury shares, if any), under the share schemes of the Company and shall be disclosed in this interim report.

The number of Shares that may be issued in respect of options and awards granted under the 2013 Share Option Scheme, the Share Option Scheme and the Share Award Scheme during the six months ended June 30, 2024 divided by the weighted average number of Shares in issue (excluding treasury shares, if any) for the six months ended June 30, 2024 was 0.78%.

# Corporate Governance and Other Information

## MATERIAL ACQUISITIONS AND DISPOSALS

The Company did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the six months ended June 30, 2024.

On August 30, 2024, the Board approved the acquisitions (the “**Acquisitions**”) by Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司), being a wholly-owned subsidiary of the Company, of 7.4047% partnership interests in Shanghai Binyan Enterprise Management Center (Limited Partnership) (上海濱巖企業管理中心(有限合夥)) (“**Binyan Partnership**”) from each of Shanghai Xingzhong Financial Leasing Co., Ltd. (上海興中融資租賃有限公司) (“**Shanghai Xingzhong**”) and Shanghai Yunyi Industrial and Trading Co., Ltd. (上海雲伊工貿有限公司) (“**Shanghai Yunyi**”) at a respective consideration of RMB21,167,242.75. As Yongda Holding is a majority-controlled company of the immediate family members and relatives of Mr. Cheung Tak On, the controlling shareholder of the Company and a Director, and Yongda Holding, as a limited partner, holds 40.7257% partnership interests in Binyan Partnership, the Acquisitions constitute connected transactions of the Company under Rule 14A.28 of the Listing Rules. For details of the Acquisitions, please refer to the announcement of the Company dated August 30, 2024.

As of the date of this interim report, Shanghai Xingzhong was held (i) as to 70% by Shanghai Xingzhong Industrial (Group) Co., Ltd. (上海興中實業(集團)有限公司), which in turn was held as to 62.40% by Tao Xiaodong (陶曉東), as to 22.26% by Shanghai Pudong Caolu Industrial Park Investment Management Co., Ltd. (上海浦東曹路工園投資經營管理有限公司) (of which the ultimate beneficial owners and controllers were Zhao Dingfang (趙定芳) and Song Yi (宋壹)), and as to 15.35% by Shanghai Tongzhi Industrial Development Co., Ltd. (上海通置實業發展有限公司) (of which the ultimate beneficial owners and controllers were Tao Weifeng (陶巍峰) and Zhao Lihua (張麗華)), and (ii) as to 30% by Yingfa International Industries Limited (盈發國際實業有限公司) (of which the ultimate beneficial owner and controller was Wang Renan (王仁安)).

As of the date of this interim report, other than Shanghai Xingzhong and Shanghai Yunyi, Binyan Partnership was held (i) as to 0.037% by Shanghai Zhiken Enterprise Management Co., Ltd. (上海智肯企業管理有限公司) (as the executive partner), which was held as to 99% by Harmonia Capital Co., Ltd. (仁和智本有限公司), with Zheng Lei (鄭磊) being the ultimate beneficial owner and controller of Binyan Partnership and Harmonia Capital Co., Ltd. (仁和智本有限公司), (ii) as to 40.7257% by Yongda Holding as a limited partner, (iii) as to 18.5117% by Wang Ying (王英) as a limited partner, (iv) as to 14.8093% by Shanghai Haoyu Culture Media Co., Ltd. (上海浩禦文化傳媒有限公司) as a limited partner (of which the ultimate beneficial owners and controllers were Rong Ping (榮平) and Liu Ping (劉萍)), (v) as to 7.4047% by Chen Shuda (陳書達) as a limited partner, and (vi) as to 3.7023% by CIFI Group Co., Ltd. (旭輝集團股份有限公司) as a limited partner, being a wholly-owned subsidiary of CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司) (a company listed on the Stock Exchange, stock code: 884).

## SIGNIFICANT INVESTMENTS

During the six months ended June 30, 2024, the Company did not hold any significant investments. During the six months ended June 30, 2024 and up to the date of this interim report, the Company had no plans to make significant investments or purchase capital assets in the future.

## Corporate Governance and Other Information

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended June 30, 2024, the Company repurchased a total of 23,715,000 ordinary shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$44,777,849.75. Particulars of the Shares Repurchased are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	3,550,000	2.34	2.10	7,941,245.10
April 2024	5,374,000	2.20	1.90	10,754,003.90
May 2024	2,590,000	2.10	1.94	5,240,476.20
June 2024	12,201,000	2.00	1.57	20,842,124.55
Total	23,715,000			44,777,849.75

A total of 3,550,000 share repurchased from January 16, 2024 to January 22, 2024 and a total of 20,165,000 shares repurchased from April 11, 2024 to June 28, 2024 were cancelled on February 22, 2024 and August 20, 2024, respectively. The repurchase of the Company’s shares during six months ended June 30, 2024 was effected by the Directors pursuant to the general mandates granted to the Directors at the annual general meetings dated June 1, 2023 and June 5, 2024, with a view to benefiting the Company and the Shareholders by enhancing the net asset value per share and/or earnings per share. As at the date of this interim report, the Company did not hold any shares repurchased pending cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (or sold treasury shares, if any) during the six months ended June 30, 2024. As at June 30, 2024 and as at the date of this interim report, the Company did not hold any treasury shares.

### CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



## Corporate Governance and Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules and has complied with the code provisions in the CG Code during the six months ended June 30, 2024.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2024.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

### AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2024. The Audit and Compliance Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The independent auditors of the Company, Deloitte Touche Tohmatsu, have carried out a review of the condensed consolidated financial statements of the Group for the six months ended June 30, 2024 in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this interim report, no significant events after the reporting period need to be brought to the attention of the Shareholders.



## Corporate Governance and Other Information

### **INTERIM DIVIDEND**

The Board resolved to distribute an interim dividend of RMB0.059 per share for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB0.105 per share) after considering the Group's business, financial and cash flow condition. The interim dividend will be paid in Hong Kong dollars on or around October 30, 2024 (Wednesday) to the Shareholders whose names are listed on the register of members of the Company on September 20, 2024 (Friday) based on the medium exchange rate between Renminbi and Hong Kong dollars as announced by the People's Bank of China on August 30, 2024 (HK\$1.00 to RMB0.91222). The dividend payable per share is HK\$0.06468. On the basis of the total number of the Company's issued share capital of 1,891,908,013 shares as at September 20, 2024, being the record date for determining the entitlement of the Shareholders to the interim dividend, it is estimated that the aggregate amount of interim dividend would be approximately HK\$122 million. There is no arrangement that a Shareholder has waived or agreed to waive any 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 October 30, 2024 (Wednesday). The Board believes that, after the payment of interim dividend, the Company will still have adequate cash to continue as a going concern.

### **CLOSURE OF REGISTER OF MEMBERS FOR THE INTERIM DIVIDEND**

The register of members of the Company shall be closed from September 16, 2024 (Monday) to September 20, 2024 (Friday), both days inclusive, in order to determine the entitlement of the Shareholders to the interim dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on September 13, 2024 (Friday).

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

PRC, August 30, 2024

# Report on Review of Condensed Consolidated Financial Statements

**TO THE BOARD OF DIRECTORS OF  
CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 50 to 88, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

August 30, 2024

# Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue			
Goods and services	3A	30,820,150	35,442,779
Rental		215,684	241,603
Total revenue	3B	31,035,834	35,684,382
Cost of sales and services		(28,451,590)	(32,261,746)
Gross profit		2,584,244	3,422,636
Other income and other gains and losses	4	60,143	118,862
Distribution and selling expenses		(1,571,260)	(1,852,775)
Administrative expenses		(848,949)	(1,020,952)
Profit from operations		224,178	667,771
Share of profits of joint ventures		2,239	524
Share of profits of associates		47,779	52,235
Finance costs	5	(148,020)	(168,526)
Profit before tax	6	126,176	552,004
Income tax expense	7	(24,725)	(127,180)
<b>Profit for the period</b>		<b>101,451</b>	424,824
Profit (loss) for the period attributable to:			
Owners of the Company		111,450	406,544
Non-controlling interests		(9,999)	18,280
		101,451	424,824
Earning per share -basic	9	RMB0.06	RMB0.21
Earning per share -diluted	9	RMB0.06	RMB0.21

Note: The comparative figures in the condensed consolidated statement of revenue and other income and other gains and losses for the period ended June 30, 2023 have been restated in order to conform with the current presentation format.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b>101,451</b>	424,824
<b>Other comprehensive (expense) income</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>(1,603)</b>	184
<b>Total comprehensive income for the period</b>	<b>99,848</b>	425,008
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<b>109,847</b>	406,728
Non-controlling interests	<b>(9,999)</b>	18,280
	<b>99,848</b>	425,008

# Condensed Consolidated Statement of Financial Position

At June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	5,655,562	5,844,615
Right-of-use assets	10	2,815,198	2,901,480
Goodwill		1,630,874	1,630,874
Other intangible assets	10	2,929,149	2,953,610
Deposits paid for acquisition of property, plant and equipment		32,632	34,273
Deposits paid for acquisition of right-of-use assets		199,286	108,173
Equity instruments at FVTOCI	20	5,141	6,744
Financial assets at fair value through profit or loss ("FVTPL")	20	306,523	334,112
Interests in joint ventures		45,349	65,601
Interests in associates		882,455	860,474
Deferred tax assets		409,164	395,358
Other assets		115,118	66,195
Time deposits		7,500	600
		<b>15,033,951</b>	15,202,109
<b>Current assets</b>			
Inventories	11	3,954,710	4,363,154
Trade and other receivables	12	7,424,228	7,202,559
Amounts due from related parties	21	77,029	91,424
Cash in transit		102,734	36,091
Time deposits		600	7,500
Restricted bank balances		2,100,462	3,589,137
Bank balances and cash		1,624,843	2,201,077
		<b>15,284,606</b>	17,490,942
<b>Current liabilities</b>			
Trade and other payables	13	7,734,008	9,125,044
Amounts due to related parties	21	63,691	70,295
Tax liabilities		882,237	962,828
Borrowings	14	1,946,976	2,434,016
Contract liabilities		1,551,927	1,724,305
Lease liabilities		312,502	242,904
		<b>12,491,341</b>	14,559,392
<b>Net current assets</b>		<b>2,793,265</b>	2,931,550
<b>Total assets less current liabilities</b>		<b>17,827,216</b>	18,133,659

# Condensed Consolidated Statement of Financial Position

At June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings	14	1,471,264	1,526,584
Lease liabilities		1,280,158	1,433,127
Deferred tax liabilities		768,341	775,497
		<b>3,519,763</b>	3,735,208
<b>Net assets</b>		<b>14,307,453</b>	14,398,451
<b>Capital and reserves</b>			
Share capital	15	15,890	15,963
Treasury shares		(34,440)	(12,269)
Reserves		13,933,161	13,936,426
Equity attributable to owners of the Company		13,914,611	13,940,120
Non-controlling interests		392,842	458,331
<b>Total equity</b>		<b>14,307,453</b>	14,398,451

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the Company										
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory		Special reserve <i>RMB'000</i> <i>(note b)</i>	Share-based		Retained profits <i>RMB'000</i>	Subtotal <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
			surplus reserve <i>RMB'000</i> <i>(note a)</i>	Treasury shares <i>RMB'000</i>		payments reserve <i>RMB'000</i>	FVTOCI reserve <i>RMB'000</i>				
At January 1, 2024 (Audited)	15,963	559,923	2,977,824	(12,269)	34,593	280,595	(11,829)	10,095,320	13,940,120	458,331	14,398,451
Profit (loss) for the period	-	-	-	-	-	-	-	111,450	111,450	(9,999)	101,451
Other comprehensive expense for the period	-	-	-	-	-	-	(1,603)	-	(1,603)	-	(1,603)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(1,603)	111,450	109,847	(9,999)	99,848
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	100	100
Acquisition of non-controlling interests	-	-	-	-	(42)	-	-	-	(42)	(18)	(60)
Repurchase and cancellation of shares <i>(Note 15)</i>	(73)	(19,545)	-	(22,171)	-	-	-	-	(41,789)	-	(41,789)
Recognition of equity-settled share-based payments <i>(Note 16)</i>	-	-	-	-	-	8,968	-	-	8,968	-	8,968
Disposal of a subsidiary <i>(Note 17)</i>	-	-	-	-	-	-	-	-	-	(25,202)	(25,202)
Transfer to statutory reserve	-	-	4,591	-	-	-	-	(4,591)	-	-	-
Dividends recognized as distributions <i>(Note 8)</i>	-	-	-	-	-	-	-	(102,493)	(102,493)	-	(102,493)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(30,370)	(30,370)
At June 30, 2024 (Unaudited)	15,890	540,378	2,982,415	(34,440)	34,551	289,563	(13,432)	10,099,686	13,914,611	392,842	14,307,453



# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company										Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (note a)	Treasury shares RMB'000	Special reserve RMB'000 (note b)	Share-based payments reserve RMB'000	FVTOCI reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	
At January 1, 2023 (Audited)	16,233	693,003	2,738,470	(46,659)	36,056	244,986	(10,538)	10,489,215	14,160,766	504,109	14,664,875
Adjustments	-	-	-	-	-	-	-	55,300	55,300	2,421	57,721
At 1 January 2023 (restated)	16,233	693,003	2,738,470	(46,659)	36,056	244,986	(10,538)	10,544,515	14,216,066	506,530	14,722,596
Profit for the period	-	-	-	-	-	-	-	406,544	406,544	18,280	424,824
Other comprehensive income for the period	-	-	-	-	-	-	184	-	184	-	184
Total comprehensive income for the period	-	-	-	-	-	-	184	406,544	406,728	18,280	425,008
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	799	799
Acquisition of non-controlling interests	-	-	-	-	(1,559)	-	-	-	(1,559)	(354)	(1,913)
Repurchase and cancellation of shares (Note 15)	(186)	(99,131)	-	26,509	-	-	-	-	(72,808)	-	(72,808)
Recognition of equity-settled share-based payments (Note 16)	-	-	-	-	-	26,991	-	-	26,991	-	26,991
Dividends recognized as distributions (Note 8)	-	(575,981)	-	-	-	-	-	-	(575,981)	-	(575,981)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(62,167)	(62,167)
At June 30, 2023 (Unaudited)	16,047	17,891	2,738,470	(20,150)	34,497	271,977	(10,354)	10,951,059	13,999,437	463,088	14,462,525

## Notes:

- a. As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve. An appropriation to such reserve is made out of net profit after tax as reflected in the statutory financial statements of the PRC subsidiaries with the amount and allocation basis to be decided by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches into 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to make up for prior year losses, if any, and/or (ii) in capital conversion.
- b. The special reserve at June 30, 2024 mainly consisted of:
  - (i) an amount of RMB333,647,000 representing deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganization which was effected in 2011; and
  - (ii) a reduction of reserve of approximately RMB299,096,000 (2023: RMB299,054,000) representing the accumulated difference between the consideration paid/received and the carrying amount of the non-controlling interests upon acquisition or disposal of partial interests in subsidiaries.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	126,176	552,004
Adjustments for:		
Finance costs	148,020	168,526
Interest income on bank deposits	(21,982)	(18,066)
Loss (gain) on disposal of subsidiaries	7,957	(95,877)
Depreciation of property, plant and equipment	359,705	407,505
Gain on compensation income	(28,707)	–
Depreciation of right-of-use assets	189,921	186,154
Amortization of other intangible assets	59,780	51,675
Share-based payment expenses	8,968	26,991
(Gain) loss on disposal of property, plant and equipment and other intangible assets	(3,655)	10,729
Loss on fair value change of financial assets at FVTPL	11,278	192
Net loss on changes in fair value of derivative financial instruments	–	3,878
Foreign exchange gain	–	(3,878)
Share of profits of associates	(47,779)	(52,235)
Share of profits of joint ventures	(2,239)	(524)
Operating cash flows before movements in working capital	807,443	1,237,074
Decrease in inventories	386,699	468,173
(Increase) decrease in trade and other receivables	(282,958)	1,008,962
(Increase) decrease in cash in transit	(66,643)	14,216
Decrease in contract liabilities	(162,487)	(75,238)
Decrease in trade and other payables	(1,327,073)	(1,471,415)
Increase in amounts due from related parties	(7,480)	(1,739)
Increase in amounts due to related parties	7,101	5,936
Withdrawal of restricted bank balances	3,571,349	1,959,827
Placement of restricted bank balances	(2,100,462)	(1,725,970)
Cash generated from operations	825,489	1,419,826
Income taxes paid	(126,278)	(320,404)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>699,211</b>	<b>1,099,422</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	(680,060)	(791,097)
Purchase of other intangible assets	(53,577)	(66,132)
Payments for right-of-use assets	(91,113)	–
Purchase of financial assets at FVTPL	(288)	–
Refund of financial assets at FVTPL	16,599	222,510
Proceeds on disposal of property, plant, equipment and intangible assets	494,178	316,273
Advance to related parties	(6,713)	(34,165)
Advance to independent third parties	–	(5,430)
Collection of advances to related parties	1,156	73,161
Collection of advances to independent third parties	100	–
Advance to non-controlling interests	–	(1,000)
Collection of advances to non-controlling interests	–	510
Payment for prior year acquisition of subsidiaries	(789)	(4,353)
Proceeds on disposal of subsidiaries	16,981	112,416
Deposits received from disposal of subsidiaries	18,000	–
Dividends received from joint ventures	–	2,527
Dividends received from associates	25,798	38,643
Placement of time deposits	(7,500)	–
Withdrawal of time deposits	7,500	–
Interest received	21,982	18,066
Withdraw (payments) for rental deposits	7,811	(12,556)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(229,935)</b>	<b>(130,627)</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	9,977,647	11,035,847
Repayment of borrowings	(10,520,007)	(10,939,109)
Repayment of medium-term note	–	(370,000)
Advance from third party	(1,219)	–
Repayments of lease liabilities	(176,419)	(193,904)
Advance from related parties	1,094	53,643
Repayments of advance from related parties	(14,799)	(44,744)
Capital injection by non-controlling interests	100	799
Acquisition of non-controlling interests	(60)	(1,913)
Advance from non-controlling interests	835	–
Repayment of advance from non-controlling interests	(2,878)	(4,900)
Interest paid	(149,436)	(190,855)
Placement of deposits to entities controlled by suppliers for borrowings	(19,707)	(16,893)
Withdrawal of deposits to entities controlled by suppliers for borrowings	33,991	40,416
Dividends paid as distribution	(102,493)	(575,981)
Dividends paid to non-controlling interests	(30,370)	(62,615)
Repurchase and cancellation of shares	(41,789)	(72,808)
NET CASH USED IN FINANCING ACTIVITIES	(1,045,510)	(1,343,017)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(576,234)	(374,222)
CASH AND CASH EQUIVALENTS AT JANUARY 1, REPRESENTED BY BANK BALANCES AND CASH	2,201,077	2,185,797
CASH AND CASH EQUIVALENTS AT JUNE 30, REPRESENTED BY BANK BALANCES AND CASH	1,624,843	1,811,575

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 1. GENERAL INFORMATION

China Yongda Automobiles Services Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The condensed consolidated financial statements are presented in Renminbi (the “**RMB**”), which is the same as the functional currency of the Company.

In addition, the condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”) and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2023.

### *Application of amendments to IFRSs*

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual periods beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of revenue from contracts with customers

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Types of goods or services</b>		
Sale of new vehicles and related services income:		
– Sale of new vehicles of luxury and ultra-luxury brands ( <i>note a</i> )	19,100,028	23,637,843
– Sale of new vehicles of mid-to high-end brands ( <i>note a</i> )	2,692,713	2,798,557
– Sale of new vehicles of independent new energy brands ( <i>note a</i> )	1,090,529	529,349
– Commission income related to sale of new vehicles ( <i>notes b &amp; f</i> )	747,761	674,269
– Others ( <i>notes c &amp; f</i> )	325,227	534,392
	<b>23,956,258</b>	28,174,410
Sale of pre-owned vehicles and related services income:		
– Sale of pre-owned vehicles ( <i>note d</i> )	2,063,813	2,451,947
– Brokerage income related to sale of pre-owned vehicles ( <i>notes d &amp; f</i> )	23,605	27,198
	<b>2,087,418</b>	2,479,145
After-sales services		
– Repair and maintenance related services ( <i>note e</i> )	4,652,459	4,641,029
– Commission income ( <i>notes b &amp; f</i> )	124,015	148,195
	<b>4,776,474</b>	4,789,224
	<b>30,820,150</b>	35,442,779
<b>Geographical markets</b>		
Mainland China	30,820,150	35,442,779
<b>Timing of revenue recognition</b>		
A point in time	26,167,691	30,240,160
Over time	4,652,459	5,202,619
	<b>30,820,150</b>	35,442,779

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### *Disaggregation of revenue from contracts with customers (continued)*

Notes:

- a. The Group sells passenger vehicles directly to customers through its own 4S outlets. Revenue on sale of new passenger vehicles is recognized when (or as) the passenger vehicles are transferred to the customers and the customers obtain control of the vehicles. On the other hand, new vehicles sold by the Group could be divided into three categories according to their brands.

Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Aston Martin, Infiniti, Lincoln, Cadillac, Volvo, Mercedes-Benz and Lexus.

Mid-to high-end brands include Buick, Chevrolet, Volkswagen, Ford, Skoda, Toyota, Honda, Roewe, Lynk and others.

Under the dealership business model, independent new energy brands include BYD, AITO, Great Wall Auto, IM, NETA and others.

- b. Commission income related to sale of new vehicles primarily relates to agency income derives from distribution of automobile financial products and brokerage of new vehicles. On the other hand, commission income under after-sales services primarily relates to agency income derives from distribution of automobile insurance products. These revenues are recognized when the agency services have been completed, which is the point of time when the services are accepted by the customers. The normal credit term is 30 to 60 days upon invoiced.
- c. Other revenues mainly include sales of decoration products and license plate services related to sale of new vehicles. Revenue on sale of decoration products is recognized when control of the decoration products has been transferred to the customers. For license plate services related to sale of new vehicles, revenue is recognized when the license plate services have been completed, which is the point of time when the vehicle license installation is completed.
- d. The Group also carries out pre-owned vehicles sales business. Under the dealership business model, the Group acts as a principal and is responsible for fulfilling the primary obligations of the pre-owned vehicles sales contract and assumes the risks associated with the pre-owned vehicles. The revenue on sale of pre-owned automobile business under the dealership business model is recognized on a gross basis when the controls of the pre-owned vehicles have been transferred. Under the brokerage business model, however, the Group acts as an agent to assist the principal in completing the sales of pre-owned vehicles and do not assume risks related to the pre-owned vehicles. Revenue from brokerage service related to sale of pre-owned vehicles is recognized on a net basis when the services have been completed, which is the point of time when the services are accepted by the customers.
- e. For repair and maintenance related services, since the Group's performance enhances the vehicle that within the customer's control, revenue is recognized over time.
- f. The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of these income streams as the related contracts have an original expected duration of less than one year.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### *Disaggregation of revenue from contracts with customers (continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Sale of new vehicles and related services income RMB'000 (Unaudited)	Sale of pre-owned vehicles and related services income RMB'000 (Unaudited)	After-sales services RMB'000 (Unaudited)	Sale of new vehicles and related services income RMB'000 (Unaudited)	Sale of pre-owned vehicles and related services income RMB'000 (Unaudited)	After-sales services RMB'000 (Unaudited)
<b>Revenue disclosed in segment information</b>						
External customers	23,956,258	2,087,418	4,776,474	28,174,410	2,479,145	4,789,224
Inter-segment	27,627	–	1,493	77,457	–	1,756
<b>Total</b>	<b>23,983,885</b>	<b>2,087,418</b>	<b>4,777,967</b>	<b>28,251,867</b>	<b>2,479,145</b>	<b>4,790,980</b>
<b>Eliminations</b>	<b>(27,627)</b>	<b>–</b>	<b>(1,493)</b>	<b>(77,457)</b>	<b>–</b>	<b>(1,756)</b>
<b>Revenue from contracts with customers</b>	<b>23,956,258</b>	<b>2,087,418</b>	<b>4,776,474</b>	<b>28,174,410</b>	<b>2,479,145</b>	<b>4,789,224</b>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3B. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by reportable segments:

**For the six months ended June 30, 2024**

	Passenger vehicle sales and services <i>RMB'000</i> (Unaudited)	Automobile operating lease services <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External revenue	30,820,150	215,684	–	31,035,834
Inter-segment revenue	29,120	5,344	(34,464)	–
Segment revenue ( <i>note a</i> )	30,849,270	221,028	(34,464)	31,035,834
Segment cost ( <i>note b</i> )	(28,298,499)	(182,211)	29,120	(28,451,590)
Segment gross profit	2,550,771	38,817	(5,344)	2,584,244
Other income and other gains and losses				60,143
Distribution and selling expenses				(1,571,260)
Administrative expenses				(848,949)
Finance costs				(148,020)
Share of profits of joint ventures				2,239
Share of profits of associates				47,779
Profit before tax				126,176

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3B. OPERATING SEGMENTS (continued)

The following is an analysis of the Group's revenue and results by reportable segments: (continued)

### For the six months ended June 30, 2023

	Passenger vehicle sales and services <i>RMB'000</i> (Unaudited)	Automobile operating lease services <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External revenue	35,442,779	241,603	–	35,684,382
Inter-segment revenue	79,213	5,519	(84,732)	–
Segment revenue ( <i>note a</i> )	35,521,992	247,122	(84,732)	35,684,382
Segment cost ( <i>note b</i> )	(32,166,875)	(174,084)	79,213	(32,261,746)
Segment gross profit	3,355,117	73,038	(5,519)	3,422,636
Other income and other gains and losses				118,862
Distribution and selling expenses				(1,852,775)
Administrative expenses				(1,020,952)
Finance costs				(168,526)
Share of profits of joint ventures				524
Share of profits of associates				52,235
Profit before tax				552,004

#### Notes:

- The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2024 was approximately RMB30,849,270,000 (for the six months ended June 30, 2023: RMB35,521,992,000) which included the revenue of sales of new vehicles and related services amounting to approximately RMB23,983,885,000 (for the six months ended June 30, 2023: RMB28,251,867,000), the revenue of sales of pre-owned vehicles and related services amounting to approximately RMB2,087,418,000 (for the six months ended June 30, 2023: RMB2,479,145,000) and the revenue of after-sales services amounting to approximately RMB4,777,967,000 (for the six months ended June 30, 2023: RMB4,790,980,000).
- The segment cost of passenger vehicles sales and services for the six months ended June 30, 2024 was approximately RMB28,298,499,000 (for the six months ended June 30, 2023: RMB32,166,875,000) which included the cost of sales of new vehicles and related services amounting to approximately RMB23,590,120,000 (for the six months ended June 30, 2023: RMB27,132,265,000), the cost of sales of pre-owned vehicles and related services amounting to approximately RMB1,948,034,000 (for the six months ended June 30, 2023: RMB2,292,255,000) and the cost of after-sales services amounting to approximately RMB2,760,345,000 (for the six months ended June 30, 2023: RMB2,742,355,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3B. OPERATING SEGMENTS (continued)

The accounting policies of the operating segments are the same as those of the Group. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses, distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the executive directors of the Company.

## 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income comprises:		
Government grants ( <i>note a</i> )	10,077	13,068
Interest income on bank deposits	21,982	18,066
	<b>32,059</b>	31,134
Other gains and losses comprise:		
Gain (loss) on disposal of property, plant and equipment and other intangible assets	3,655	(10,729)
Loss on fair value change of financial assets at FVTPL	(11,278)	(192)
Gain on compensation income ( <i>note b</i> )	28,707	–
Net foreign exchange gain	128	7,536
Net loss on changes in fair value of derivative financial instruments	–	(3,878)
(Loss) gain on disposal of subsidiaries	(7,957)	95,877
Others	14,829	(886)
	<b>28,084</b>	87,728
<b>Total</b>	<b>60,143</b>	118,862

### Notes:

- Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.
- Compensation received related to breach of lease contract by a counterparty.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 5. FINANCE COSTS

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interests on:		
– bank loans	66,370	77,227
– other borrowings from entities controlled by suppliers	8,038	5,097
– reimbursement to suppliers (note a)	25,438	32,693
– medium-term note	–	3,698
– lease liabilities	48,741	50,047
Release of capitalized transaction cost in relation to issue of medium-term note	–	237
Less: interest capitalized (note b)	(567)	(473)
	<b>148,020</b>	168,526

Notes:

- The Group is required to undertake part of the finance costs incurred by suppliers of the Group in relation to discounting bank acceptance notes issued by the Group to the suppliers for the purchase of new passenger vehicles.
- Borrowing costs capitalized during the period arose from the general borrowing pool and are calculated by applying a capitalization rate of 4.60% (2023: 4.73%) per annum to expenditure on qualifying assets.

## 6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	892,911	1,022,752
Retirement benefits scheme contributions	81,616	97,729
Share-based payment expenses	8,968	26,991
Total staff costs	<b>983,495</b>	1,147,472
Depreciation of property, plant and equipment	359,705	407,505
Depreciation of right-of-use assets	189,921	186,154
Amortization of other intangible assets	59,780	51,675

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	48,929	196,614
(Over) under provision of PRC EIT in prior years	(3,242)	5,967
	45,687	202,581
Deferred tax		
Current period credit	(20,962)	(75,401)
	24,725	127,180

The Company and Sea of Wealth International Investment Company Limited, a subsidiary of the Company, are tax exempted companies incorporated in the Cayman Islands and British Virgin Islands, respectively.

Grouprich International Investment Holdings Limited and Hongda Automobiles Co., Ltd, both subsidiaries of the Company, are incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax during the six months ended June 30, 2024 and 2023.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Company's PRC subsidiaries, except for some small profit-making PRC subsidiaries which are entitled to a preferential tax rate of 5% with the expiry date on December 31, 2027.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB7,375,189,000 (2023: RMB8,886,579,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 8. DIVIDENDS

During the current interim period, a final dividend of RMB0.052 per share in respect of the year ended December 31, 2023 (2022: RMB0.292 per share) was declared and paid to the owners of the Company in Hong Kong dollars (the “**HK\$**”). The aggregate amount of the 2023 final dividend declared and paid in the interim period amounted to approximately RMB102,493,000 (for the six months ended June 30, 2023: RMB575,981,000).

The board of directors of the Company has determined that a dividend of RMB0.059 per share will be paid in respect of the interim period for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB0.105 per share).

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)

Earnings figures are calculated as follows:

Profit for the period attributable to owners of the Company	111,450	406,544
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	For the six months ended June 30,	
	2024 '000	2023 '000

Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,927,921	1,948,591
Effect of dilutive potential ordinary shares:		
Restricted shares	-	475
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,927,921	1,949,066

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

### *Property, plant and equipment*

During the current interim period, the Group acquired property, plant and equipment of approximately RMB670,064,000 (for the six months ended June 30, 2023: RMB883,162,000).

During the current interim period, the Group disposed of property, plant and equipment with a carrying amount of approximately RMB471,265,000 (for the six months ended June 30, 2023: RMB319,367,000) for cash proceeds of approximately RMB478,639,000 (for the six months ended June 30, 2023: RMB308,638,000), resulting in a gain on disposal of approximately RMB7,374,000 (for the six months ended June 30, 2023: loss of RMB10,729,000).

### *Right-of-use assets*

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Leased properties	1,666,707	1,730,449
Leasehold land	1,148,491	1,171,031
	<b>2,815,198</b>	2,901,480

During the current interim period, the Group entered into several new lease agreements for the use of operation ranging from 2 years to 20 years (for six months ended June 30, 2023: 2 years to 20 years). On lease commencement, the Group recognized right-of-use assets of approximately RMB179,120,000 (for six months ended June 30, 2023: RMB160,085,000).

### *Other intangible assets*

During the current interim period, the Group acquired other intangible assets at a cash consideration of RMB53,577,000 (for six months ended June 30, 2023: RMB66,132,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 11. INVENTORIES

	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Motor vehicles	<b>3,438,597</b>	3,837,663
Spare parts and accessories	<b>516,113</b>	525,491
	<b>3,954,710</b>	4,363,154

## 12. TRADE AND OTHER RECEIVABLES

The Group's credit policies towards its customers are as follows:

- a. In general, deposits and advances are required and no credit period is allowed for sales of vehicles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted; and
- b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Trade receivables	<b>1,029,350</b>	982,857
Bills receivables	<b>932</b>	2,962
	<b>1,030,282</b>	985,819



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 12. TRADE AND OTHER RECEIVABLES (continued)

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Prepayments and other receivables comprise:		
Prepayments to suppliers	2,524,297	1,761,915
Deposits to suppliers	248,195	392,409
Deposits to entities controlled by suppliers for borrowings	73,655	87,939
Prepayments and rental deposits on properties	176,831	184,642
Rebate receivables from suppliers	2,353,811	2,893,480
Finance and insurance commission receivables	328,572	352,684
Staff advances	5,861	2,817
Value-added tax recoverable	294,521	219,676
Advances to non-controlling interests (note)	37,000	37,000
Advances to independent third parties (note)	–	100
Consideration receivables from disposal of subsidiaries	28,049	27,667
Others	323,154	256,411
	<b>6,393,946</b>	6,216,740
	<b>7,424,228</b>	7,202,559

Note: The non trade-related balances are unsecured, interest-free and repayable on demand.

The following is an ageing analysis of the Group's trade and bills receivables presented based on the invoice date or the issue date at the end of the reporting period, which approximated the respective revenue recognition dates:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
0 to 90 days	1,030,282	985,819

None of the trade and bills receivables are past due but not impaired as at the end of the reporting period. The Group does not notice any deterioration in the credit quality of its trade receivables. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 13. TRADE AND OTHER PAYABLES

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Current</b>		
Trade payables	917,951	967,416
Bills payables	6,292,718	7,380,234
	<b>7,210,669</b>	8,347,650
<b>Other payables</b>		
Other tax payables	73,135	114,275
Payable for acquisition of property, plant and equipment	44,494	56,131
Salary and welfare payables	66,012	221,590
Accrued interest	2,517	3,933
Accrued audit fee	2,200	5,320
Consideration payables for acquisition of subsidiaries	–	789
Advance from non-controlling interests <i>(note)</i>	31,626	33,669
Advance from third parties <i>(note)</i>	6,611	7,830
Other accrued expenses	96,816	60,438
Deposits received from disposal of subsidiaries	18,000	–
Others	181,928	273,419
	<b>523,339</b>	777,394
	<b>7,734,008</b>	9,125,044

*Note:* The non trade-related balances are unsecured, interest-free and repayable on demand.

The Group's trade payables mainly relate to purchase of spare parts and accessories. A credit period not exceeding 90 days is generally granted by certain suppliers to the Group for the purchase of spare parts and accessories. Bills payables primarily relate to the Group's use of bank acceptance notes to finance its purchase of passenger vehicles, with a credit period of one to six months.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 13. TRADE AND OTHER PAYABLES (continued)

The following is an ageing analysis of the Group's trade and bills payables presented based on the invoice date at the end of the reporting period:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
0 to 90 days	6,938,825	7,989,712
91 to 180 days	271,844	357,938
	<b>7,210,669</b>	8,347,650

## 14. BORROWINGS

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Bank loans	3,208,339	3,590,954
Other borrowings (note)	209,901	369,646
	<b>3,418,240</b>	3,960,600
Secured borrowings, by the Group's assets	1,683,400	2,245,736
Unsecured borrowings	1,734,840	1,714,864
	<b>3,418,240</b>	3,960,600
Unguaranteed borrowings	<b>3,418,240</b>	3,960,600
Fixed-rate borrowings	2,398,235	2,874,358
Variable-rate borrowings	1,020,005	1,086,242
	<b>3,418,240</b>	3,960,600

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 14. BORROWINGS (continued)

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Carrying amount repayable:		
Within one year	1,946,976	2,434,016
More than one year, but not exceeding two years	455,264	508,584
More than two years, but not exceeding five years	1,016,000	1,018,000
	<b>3,418,240</b>	3,960,600
Less: amounts due within one year shown under current liabilities	1,946,976	2,434,016
	<b>1,471,264</b>	1,526,584

Note: Other borrowings are mainly obtained from entities controlled by suppliers.

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at June 30, 2024 ranged from 2.90% to 6.30% (2023: 3.00% to 6.30%) per annum.

At the end of the reporting period, other borrowings (i) are of a term less than one year; (ii) are interest-free from the first 15 days to three months after drawdown; and (iii) carry interest at the People's Bank of China benchmark rate plus a premium as the borrowings are extended beyond the initial interest-free period.

The Group's borrowings were secured against the Group's assets with carrying amounts as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Right-of-use assets (leasehold land)	44,582	30,762
Property, plant and equipment (buildings and motor vehicles)	31,075	21,730
Inventories	568,098	748,332
Total	<b>643,755</b>	800,824

As at June 30, 2024, the Group has also pledged the equity interests of certain subsidiaries in favour of banks in respect of the Group's bank borrowings, the principal balance of which is amounted to RMB531 million (2023: RMB562 million) in total.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 15. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
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Ordinary shares of HK\$0.01 each

Authorized:

As at January 1, 2023(audited), June 30, 2023 (unaudited),  
January 1, 2024 (audited) and June 30, 2024 (unaudited)

2,500,000                      25,000

	Number of shares '000	Amount HK\$'000	Shown in financial statements as RMB'000
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Issued and fully paid:

At January 1, 2024 (audited)	1,935,574	19,356	15,963
Cancellation of shares	(8,000)	(80)	(73)

At June 30, 2024 (unaudited)	1,927,574	19,276	15,890
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## 16. SHARE-BASED COMPENSATION

### (a) Share Option Scheme

The Company's share option scheme was adopted by the Company on October 10, 2013 ("the **Original Share Option Scheme**") for the primary purpose of giving the grantees an opportunity to have a personal stake in the Company and motivating the grantees to optimise their performance and efficiency, and retaining the grantees whose contributions are important to the Group's long-term growth and profitability. Under the Original Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Original Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted must be taken up within 28 days from the date of grant, upon payment of RMB1.00. The exercise price of the shares in the Company shall be a price determined by the board of directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

The share options have been vested in three tranches under the Original Share Option Scheme, the first 1/3 from the first anniversary after the date of grant, the second 1/3 from the second anniversary after the date of grant and the remaining from the third anniversary after the date of grant.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. SHARE-BASED COMPENSATION (continued)

### (a) Share Option Scheme (continued)

As a result of the amendments to the Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company has terminated the Original Share Option Scheme and adopted the 2023 share option scheme (“**the 2023 Share Option Scheme**”), which complies with the Listing Rules on June 1, 2023. The purpose of the 2023 Share Option Scheme is to provide incentive or reward to grantees for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the board may approve from time to time.

The shares which may fall to be issued pursuant to the exercise of any awards and/or share options up to 10% of the shares in issue as at the adoption date. Options granted must be taken up within 28 days from the date of grant or the date on which the conditions are satisfied.

In the event of the termination of the Original Share Option Scheme, no further option will be granted under the Original Share Option Scheme, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Original Share Option Scheme.

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme and the 2023 Share Option Scheme during the six months ended June 30, 2024 and 2023:

	Grant date	Exercised price (HK\$)	Outstanding as at January 1, 2024	Granted during the period	Number of options exercised during the period	Cancellation during the period	Lapsed during the period	Outstanding as at June 30, 2024
Directors:								
Mr. Xu Yue	March 17, 2022	8.22	1,000,000	-	-	-	-	1,000,000
	March 28, 2024	2.34	-	6,200,000	-	-	-	6,200,000
Ms. Chen Yi	March 17, 2022	8.22	264,000	-	-	-	-	264,000
	March 28, 2024	2.34	-	600,000	-	-	-	600,000
Mr. Tang Liang	March 17, 2022	8.22	825,000	-	-	-	-	825,000
	March 28, 2024	2.34	-	3,000,000	-	-	-	3,000,000
Employees and other grantees	March 17, 2022	8.22	1,886,000	-	-	-	-	1,886,000
	March 28, 2024	2.34	-	5,200,000	-	-	-	5,200,000
			3,975,000	15,000,000	-	-	-	18,975,000
Weighted average exercise price (HK\$)			8.22	2.34	-	-	-	3.52

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. SHARE-BASED COMPENSATION (continued)

### (a) Share Option Scheme (continued)

	Grant date	Exercised price (HK\$)	Outstanding as at January 1, 2023	Granted during the period	Number of options exercised during the period	Cancellation during the period	Lapsed during the period	Outstanding as at June 30, 2023
Directors:								
Mr. Xu Yue	December 4, 2020	13.92	-	-	-	-	-	-
	March 17, 2022	8.22	3,000,000	-	-	-	-	3,000,000
Ms. Chen Yi	December 4, 2020	13.92	-	-	-	-	-	-
	March 17, 2022	8.22	800,000	-	-	-	-	800,000
Mr. Tang Liang	June 19, 2017	8.14	-	-	-	-	-	-
	December 4, 2020	13.92	-	-	-	-	-	-
	March 17, 2022	8.22	2,500,000	-	-	-	-	2,500,000
Employees and other grantees	June 19, 2017	8.14	-	-	-	-	-	-
	December 4, 2020	13.92	-	-	-	-	-	-
	March 17, 2022	8.22	5,700,000	-	-	-	-	5,700,000
			12,000,000	-	-	-	-	12,000,000
Option exercisable			4,000,000					4,000,000
Weighted average exercise price (HK\$)			8.22	-	-	-	-	8.22

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. SHARE-BASED COMPENSATION (continued)

### (a) Share Option Scheme (continued)

#### Granted on March 28, 2024

On March 28, 2024, a total of 15,000,000 options were granted at an exercise price of HK\$2.34 with a service term of 5 years. The estimated granted date fair value of these options granted is RMB11,721,000. The fair value is calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

March 28, 2024	
Weighted average share price	HK\$2.11
Exercise price	HK\$2.34
Expected volatility	51.31%
Option life	5 years
Risk-free interest rate	3.45%
Expected dividend yield	2.00%

The risk-free rate was based on the market yield rate of Hong Kong Government Bond with a maturity of two to five years. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged and historical pattern of share prices of the Company. Changes in variables and assumptions may result in changes in the fair values of the share options.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognized an expense of approximately RMB2,525,000 for the six months ended June 30, 2024 in relation to the share options granted by the Company under the Original Share Option Scheme and the 2023 Share Option Scheme (for the six months ended June 30, 2023: RMB5,816,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. SHARE-BASED COMPENSATION (continued)

### (b) Employee Pre-IPO Incentive Scheme

The Company's employee pre-IPO incentive scheme was adopted by the Company on April 3, 2012 (the "**Employee Pre-IPO Incentive Scheme**") for the primary purpose of recognition of the contributions of the beneficiaries under the Employee Pre-IPO Incentive Scheme and to incentivize them. Under the Employee Pre-IPO Incentive Scheme, the board of directors of the Company may make cash awards to eligible employees, including directors (other than independent non-executive directors) of the Company and its subsidiaries. Only the dividend payments on the shares held by HSBC Trustee (Hong Kong) Limited via special purpose vehicle under the Employee Pre-IPO Incentive Scheme will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme.

On August 30, 2013, the board of directors resolved to amend the Employee Pre-IPO Incentive Scheme (the "**Amended Scheme**") to the effect that, in addition to the previously allowed cash awards, awards of restricted share could be granted to eligible persons ("**Grantee**") pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director, including independent non-executive directors. No Grantee shall be entitled to any dividend, income or any other right for which the record date is prior to the date on which the restricted shares are completed and actually transferred into the Grantee's account. The unvested restricted shares do not carry any right to vote at general meetings of the Company.

Awards of restricted shares have been made pursuant to the Share Award Scheme. Details are set out as follows:

	Number of shares '000	Vesting period	Total fair value RMB'000
Year 2017	9,413	1-28 years	63,888
Year 2018	10,080	10 years	68,718
Year 2019	2,667	10 years	11,131
Year 2020	4,615	5 years	35,869
Year 2021	3,890	5 years	41,905
Year 2022	2,740	5 years	11,195
Year 2023	200	5 years	562
Year 2024	550	5 years	863

The fair value of the restricted shares awards were determined based on the market value of the Company's shares at the grant date.

The Group recognized an expense of approximately RMB16,723,000 for the six months ended June 30, 2024 in relation to such awards made by the Company (for the six months ended June 30, 2023: RMB17,748,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. SHARE-BASED COMPENSATION (continued)

### (c) *Share Award Scheme*

The Company's new share award scheme was adopted by the Company on June 1, 2022 (the "**Share Award Scheme**") to recognize the contributions by the Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

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. 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 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. 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.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes involving the grant of new shares or options over new shares of the listed issuer with effect from January 1, 2023. On June 1, 2023, amendments made to the Share Award Scheme (the "**Amended Share Award Scheme**") has been approved by the shareholders of the Company which brings it in line with the Listing Rules.

During the current interim period, the trustee did not meet the performance conditions and a portion of shares awarded on March 28, 2023 has been forfeited. The Group reversed an expense of approximately RMB10,280,000 for the period ended June 30, 2024 in relation to such award forfeited (for the six months ended June 30, 2023: recognize an expense of RMB3,427,000 for the share awarded) by the Company under the Share Award Scheme.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 17. DISPOSAL OF A SUBSIDIARY

In January of 2024, the Group disposed of 51% equity interests in Shijiazhuang Chengbaoxing Automobile Sales Service Co., Ltd to an independent third party for a consideration of approximately RMB18.27 million.

	Amount RMB'000
Property, plant and equipment	28,147
Right-of-use assets	9,784
Trade and other receivables	37,757
Inventories	21,745
Bank balances and cash	243
Restricted bank balances	17,788
Contract liabilities	(9,891)
Tax liabilities	(5,651)
Trade and other payables	(36,153)
Lease liabilities	(12,337)
<b>Total net assets</b>	<b>51,432</b>
Less: non-controlling interests	(25,202)
Loss on disposal	(7,957)
<b>Total cash consideration</b>	<b>18,273</b>
Satisfied by:	
Cash received	17,224
Deferred cash consideration	1,049
<b>Total cash consideration</b>	<b>18,273</b>
Net cash inflow arising on disposal:	
Cash received	17,224
Less: bank balances and cash disposed of	(243)
	<b>16,981</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 18. CAPITAL COMMITMENTS

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	5,706	20,877

## 19. CONTINGENT LIABILITIES

Upon the disposal of Shanghai Yongda Finance Leasing Co., Ltd. (“**Yongda Finance Leasing**”), the Group guaranteed the additional credits (the “**Additional Credits**”) and corresponding debts of Yongda Finance Leasing in proportion to the Group’s 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As at June 30, 2024, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing was RMB1,052 million (2023: RMB1,293 million), of which the guarantee amount provided by the Group was RMB210 million (2023: RMB259 million).

As at June 30, 2024, save for the above, the Group did not have any other material contingent liabilities.

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### *Fair value measurements and valuation processes*

The fair values of the financial assets and financial liabilities of the Group are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)		
Financial assets at FVTPL	<b>Listed securities</b> <b>1,574</b>	Listed securities 1,286	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	<b>Unquoted equity instruments</b> <b>304,949</b>	Unquoted equity instruments 332,826	Level 3	Share of the net asset values of the financial asset, determined with reference to the fair value of underlying assets and liabilities and adjustments of related expense, if any; Price-to-Sales multiples of selected comparable listed companies in a similar business model and adjusted for the lack of marketability
Equity instruments at FVTOCI	<b>Listed securities</b> <b>5,141</b>	Listed securities 6,744	Level 1	Quoted bid prices in an active market

There is no transfer among Level 1, 2 and 3 during the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)*

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL RMB'000
At January 1, 2023 (audited)	310,660
Disposal	(23,473)
<hr/>	
At June 30, 2023 (unaudited)	287,187
<hr/>	
At January 1, 2024 (audited)	332,826
Disposal	(16,599)
Fair value change	(11,278)
<hr/>	
At June 30, 2024 (unaudited)	304,949

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 21. RELATED PARTY DISCLOSURES

### I. Amounts due from related parties

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Joint ventures held by the Group</b>		
Harbin Yongda International Automobile Plaza Co., Ltd. ("Harbin Yongda") (note a)	–	27,432
Shanghai Yinghua Lexus Car Sales Co., Ltd. ("Yinghua Lexus")	8,817	9,689
Shanghai Miaocheng Network Technology Co., Ltd. ("Shanghai Miaocheng")	2,872	–
Beijing Miaocheng Network Technology Co., Ltd. ("Beijing Miaocheng")	2,508	4,128
<b>Associates held by the Group</b>		
Shanghai Baocheng Shenjiang Automobile Sales and Service Co., Ltd ("Shanghai Baocheng Shenjiang")	45,001	45,001
Yongda Finance Leasing	17,316	4,704
Guangzhou Xianghe Zhongyue Industrial Development Co., Ltd. ("Guangzhou Xianghe Zhongyue")	470	470
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda")	45	–
	<b>77,029</b>	<b>91,424</b>
Analyzed as:		
Trade-related (note b)	11,789	4,309
Non trade-related (note c)	65,240	87,115
	<b>77,029</b>	<b>91,424</b>

#### Notes:

- In May 2024, the Group disposed of 41% equity interests in Harbin Yongda to an independent third party for a consideration of approximately RMB22.49 million. Harbin Yongda become a third party thereon.
- The Group offers at its discretion certain related parties a credit period up to 90 days and the balances of trade-related are with aging less than 90 days.
- The maximum amount outstanding related to non trade-related balance during the six months ended June 30, 2024 is RMB92,672,000 (2023: RMB200,980,000).

All the above balances are interest-free, unsecured and repayable on demand.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 21. RELATED PARTY DISCLOSURES (continued)

### II. Amounts due to related parties

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Joint ventures held by the Group</b>		
Shanghai Linheng Automobile Supplies Service Co., Ltd. ("Shanghai Linheng")	3,135	3,122
Shanghai Zhilin Automobile Supplies Service Co., Ltd. ("Shanghai Zhilin")	557	–
Yinghua Lexus	376	–
Beijing Miao Cheng	153	–
Shanghai Miao Cheng	47	–
<b>Associates held by the Group</b>		
Yongda Finance Leasing	52,424	55,919
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile")	5,816	5,063
Shanghai Baocheng Shenjiang	894	6,191
Shanghai Bilinxing Automotive Service Co., Ltd. ("Shanghai Bilinxing")	276	–
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong")	10	–
Shanghai Oriental Yongda	3	–
	<b>63,691</b>	70,295
Analyzed as:		
Trade-related (note a)	16,415	9,314
Non trade-related (note b)	47,276	60,981
	<b>63,691</b>	70,295

Notes:

- a. A credit period of not exceeding 90 days is granted to the Group by the related parties and the balances are with aging less than 90 days.
- b. Except the balance of finance lease payables to Yongda Finance Leasing, the remaining balances are interest-free, unsecured and payable on demand.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 21. RELATED PARTY DISCLOSURES (continued)

### III. Guarantees issued by the Group

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Bank borrowings of a related party under guarantees issued by the Group:		
Yongda Finance Leasing	210,435	258,691

### IV. Related party transactions

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
a) Sales of motor vehicles		
Shanghai Baocheng Shenjiang	8,018	20,817
Shanghai Oriental Yongda	1,705	3,209
Yinghua Lexus	-	570
Beijing Miaocheng	-	29
	<b>9,723</b>	24,625
b) Sales of spare parts		
Beijing Miaocheng	229	-
Shanghai Yongda Changrong	104	669
Shanghai Baocheng Shenjiang	70	1,514
Yongda Finance Leasing	25	29
	<b>428</b>	2,212
c) Purchase of services		
Shanghai Oriental Yongda	731	2,107

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 21. RELATED PARTY DISCLOSURES (continued)

### IV. Related party transactions (continued)

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
d) Services income from Yongda Finance Leasing	1,829	5,153
e) Finance lease interest expense to Yongda Finance Leasing	1,858	1,674
f) Rental expenses paid or payable to:		
<b>Associate held by the Group</b>		
Shanghai Yongda Fengdu Automobile	1,698	1,617
<b>Entities controlled by the shareholders</b>		
Shanghai Yongda Group Company Limited, Shanghai Yongda Transportation Equipment Co., Ltd. and Shanghai Yongda Property Development Co., Ltd.	22,210	15,996
	<b>23,908</b>	17,613

The Group has initially applied IFRS 16 as from 1 January 2019. Based on IFRS 16, the minimum amount of rent payable by the Group to related parties under the terms of the lease agreements in connection with the use of leased properties had resulted in recognition of a lease liability with the balance of RMB110,972,000 (2023: RMB19,146,000) and a right-of-use asset with the balance of RMB109,420,000 (2023: RMB16,011,000) as at June 30, 2024. In addition, the Group recorded depreciation of right-of-use asset of RMB21,884,000 (for the six months ended June 30, 2023: RMB16,011,000) and interest expense of RMB3,575,000 (for the six months ended June 30, 2023: RMB1,524,000) in the condensed consolidated statement of profit or loss for six months ended June 30, 2024.

g) Compensation of key management personnel:		
Salaries and other benefits	4,013	5,525
Contributions to retirement benefits scheme	369	395
Share-based payments	5,606	7,847
	<b>9,988</b>	13,767

The remuneration of directors and key executives is determined by the board and its remuneration committee having regard to the performance of the individuals and market.