YONDA 永达汽车

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

ANNUAL REPORT
2021


YONDA YONGDA AUTO
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YONDA YONGDA AUTO

CONTENT

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

One Nexus Way
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Grand Cayman, KY1-9005
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

LEGAL ADVISERS TO HONG KONG LAW

Davis Polk & Wardwell
18th Floor, The Hong Kong Club Building
3A Chater Road, 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 *(Chairman)*
Mr. LYU Wei
Mr. MU Binrui

REMUNERATION COMMITTEE

Ms. ZHU Anna Dezhen *(Chairman)*
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

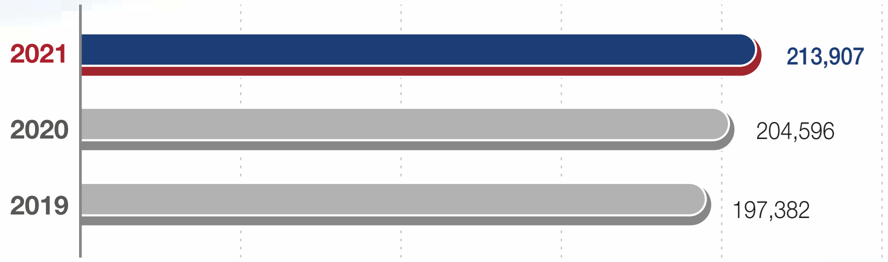
COMPANY WEBSITE

www.ydauto.com.cn

Financial Highlights

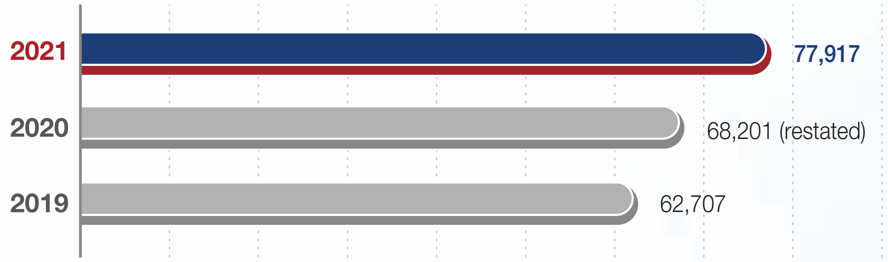
New vehicles sales volume

Sales volume of
new vehicles
(units)



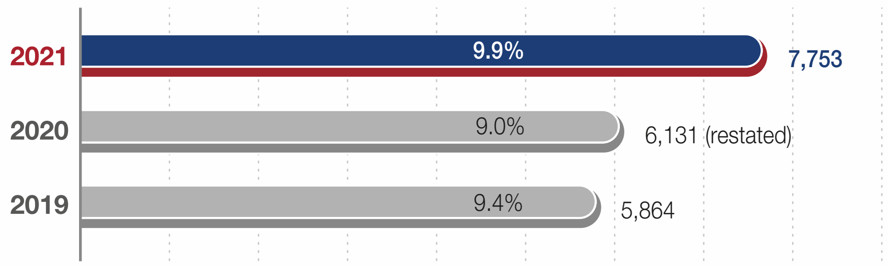
Revenue

RMB million



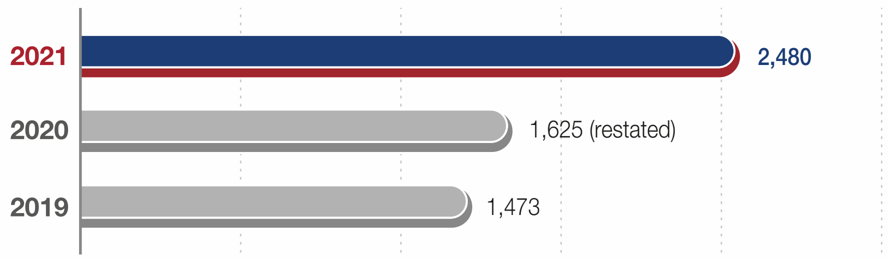
Gross profit and gross profit margin

RMB million



Profit attributable to owners of the Company

RMB million



Chairman's Statement

Dear 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 2021 Annual Report of the Company and its subsidiaries (collectively referred to as the "Group", "we" or "us").

According to the data from China Passenger Cars Association (the "CPCA"), in 2021, the retail sales of passenger vehicles reached 20.146 million units, representing a year-on-year increase of 4.4%. Among them, the sales volume of new vehicles of luxury brands reached 3.669 million units, representing a year-on-year increase of 6.6%, and the sales volume of new energy vehicles increased by 169.1% year-on-year to 2.899 million units. According to the statistics of the China Automobile Dealers Association (中國汽車流通協會), the transaction volume of pre-owned vehicles in China reached 17.585 million units in 2021, representing a year-on-year increase of 22.6%. According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of December 2021, the passenger vehicle ownership in China reached 302 million units.

In 2021, although affected by the COVID-19 pandemic (the "Pandemic") and short supply of chips, benefiting from the strong demand for vehicle consumption upgrading in China, the sales of luxury brand passenger vehicles market in China maintained good momentum of growth, and the sales volume of new energy and pre-owned vehicles grew rapidly.

Chairman's Statement

In 2021, the comprehensive revenue and comprehensive gross profit taking into account the revenue from finance and insurance agency services of the Group amounted to RMB79,205 million and RMB9,041 million respectively, representing an increase of 14.3% and 25.0% respectively compared to the corresponding period in 2020. Our net profit was RMB2,618 million, a 51.1% increase compared to the corresponding period in 2020, and the net profit attributable to the owners of the Company was RMB2,480 million, a 52.6% increase compared to the corresponding period in 2020.

KEY OPERATING RESULTS AND MANAGEMENT PERFORMANCE DURING THE REPORTING PERIOD

1. In 2021, our new vehicles of luxury brands maintained rapid growth, and the new energy and pre-owned vehicles business developed vigorously, and the core business indicators improved significantly.

   In 2021, the sales revenue from luxury brand new vehicles was RMB53,950 million, representing a year-on-year increase of 10.3%, of which, sales revenue from new vehicles of the BMW and Porsche brands increased year-on-year by 16.0% and 9.1%, respectively.

Chairman's Statement

In 2021, the gross profit margin of new vehicle sales was 3.49%, representing an increase of 0.82 percentage point compared with the corresponding period of 2020, of which the gross profit margin of new vehicles of luxury brands was 4.09%, representing a year-on-year increase of 0.95 percentage point; the gross profit margin of new vehicles of BMW brand was 3.05%, representing a year-on-year increase of 0.40 percentage point; the gross profit margin of new vehicles of Porsche brand was 8.73%, representing a year-on-year increase of 1.37 percentage points.

In 2021, our sales volume of new energy vehicles reached 15,920 units, representing a year-on-year increase of 55.0%, of which the sales volume of independent new energy brands reached 2,986 units, representing a year-on-year increase of 135.5%.

In 2021, our sales volume of pre-owned vehicles was 71,605 units, representing a year-on-year increase of 37.0%, of which 11,080 units were distributed by us and recorded a revenue of RMB2,243.01 million, and 60,525 units were sold for which we acted as an agent and recorded the agency revenue generated from pre-owned vehicles of RMB171.05 million. The gross profit of pre-owned vehicles was RMB377.92 million, representing a year-on-year increase of 116.0%, including RMB206.87 million from distribution and RMB171.05 million from agency sales.

In 2021, revenue from after-sales service business, including repair and maintenance services and extended automotive products and services, was RMB11.543 billion, representing an increase of 20.5% over the same period in 2020; our shop absorption rate reached 88.92%, representing an increase of 4.33 percentage points over the same period in 2020. After taking into account the gross profit from distribution of pre-owned vehicles, the gross profit margin of after-sales service was 46.07%, which was basically the same as the same period in 2020.

2. In 2021, our operational efficiency continued to improve.

   Our inventory turnover days in 2021 were 23.1 days, representing a decrease of 7.7 days as compared to the corresponding period of 2020; the net cash generated from operating activities of automobile sales and services business was RMB4.868 billion, representing a year-on-year increase of 12.2%. During the period, the ratio of expenses was 7.51%, representing a year-on-year decrease of 0.13 percentage point. In 2021, the net profit margin of the Company was 3.36%, representing a year-on-year increase of 0.82 percentage point.

3. In 2021, we continued to promote self-establishments as well as mergers and acquisitions of authorized brands.

   In 2021, we built and opened 24 brand outlets, and 33 were newly authorized. We have accelerated the development of new energy network. We have opened 13 new outlets for independent new energy brands, and obtained 15 new authorizations from independent new energy brands, including Xiaopeng, ORA, BYD, AITO, and SAIC Zhiji, etc. In terms of mergers and acquisitions, we acquired a total of 4 luxury brand 4S stores in Jiangsu, including 2 BMW stores and 2 Lexus stores.

4. In 2021, we have completed the divestiture of our financial business, and the asset structure of the Company has been improving. The return on equity attributable to the owners of the Company in 2021 was 19.4%, representing a year-on-year increase of 4.4 percentage points; and the net gearing ratio was 18.3%, representing a decrease of 35.8 percentage points as compared with the end of 2020.

FUTURE DEVELOPMENT STRATEGIES

Auto consumption market in China is going through a window period of upgrading, transformation and change, we need to seize the future trend of rapid growth in business segments such as luxury passenger vehicles, pre-owned vehicles, and new energy. Under the guidance of the national "dual carbon" policy, we will focus on the following aspects:

1. Taking advantage of the continuous growth of the luxury passenger vehicle market, we will maintain the rapid growth of the main business of luxury vehicle sales and services, consolidate our position as the leading BMW and Porsche dealers in China, and actively seek merger and acquisition opportunities for key luxury brands. We will also promote the transformation of existing network facilities and capacity expansion, optimize brand structure and regional distribution, and maintain steady growth in after-sales business;

2. Taking advantage of the rapid increase in the business scale of the pre-owned vehicles, we will become the leading dealer in the pre-owned vehicles industry; through the "2+1" pipeline strategy, that is, the dual channels of offline 4S store outlets and pre-owned vehicles chain malls, combined with online mall of pre-owned vehicles. We also will form an omni-channel "new retail" model by combining online and offline channels, and actively switch from the pre-owned vehicles brokerage model to the dealership model;

3. We will accelerate the development of new energy vehicles industry, and rapidly increase the scale of new energy vehicle business; as the earliest new energy automobile dealership group in China, the Company has established the new energy vehicle industry group, which operates and develops businesses independently, and aims to become a leading provider of full-ecological services for new energy vehicle users in China, mainly including the following key business development strategies:

   (i) We will actively promote cooperation with emerging vehicle brands and new energy vehicle companies of self-owned brand, including Tesla, NIO, Xiaopeng, Li Auto, AITO, SMART, ORA, ZEEKR, SAIC Zhiji and other brands, and achieve rapid layout in various network types such as supermarket, delivery service center and sheet metal painting center;

   (2) We will actively participate in the new energy process of traditional luxury brand 4S dealerships, continue to innovate in terms of business models and user operation, and empower the transformation of traditional luxury brands with our own experience in new energy services and the owner base of luxury brand automobiles;

   (3) We will actively promote the development of related businesses in the new energy service industry chain, including independent new energy sheet metal painting center, related extended service business, electric charging and replacement and energy storage, brand and user operation, etc.;

   (4) The Company will take the initiative to close the outlets with poor profitability and quickly transform them into new energy pipeline outlets, and rapidly increase the number and business scale of new energy vehicle outlets relying on resource advantages such as manpower, customer base, marketing channels and public relations;

The Company takes the new energy vehicle service industry as its core strategic business and will provide comprehensive support in terms of resources, aiming to develop 100 independent new energy brand outlets in 2022. The Company will keep this speed of development each year in the future, and strive to become the largest and leading comprehensive ecological service provider of new energy vehicles in China within a few years.

4. The Company will continue to promote digital transformation, and internally form a digital operation and management platform to improve efficiency and assist decision-making; the Company will aggregate the construction of APP platforms externally through user service, and improve digital capabilities of customer service and user operation through digital empowerment, forming expanding online private domain traffic; the Company will also strengthen its team building and future talent pool in the field of new energy and pre-owned vehicles, and optimize the assessment management and incentive mechanism of the Company, so as to build a team of professionals who are in line with future trends and have digital capabilities.

   In the future, while maintaining the continuous and rapid growth of the main business of traditional luxury brand automobile services, the Company will actively respond to the "double carbon" strategy in China, focus on promoting the rapid development of new energy automobile service industry, and rapidly increase its business scale by developing the brand authorization network and related service industry chain businesses. The Company will be driven by digital transformation and talent training to realize the transformation to a leading full-ecological service provider for high-end new energy vehicle users in China, thereby forming new sustainable growth capabilities and maximizing the value of all shareholders and users.

On behalf of the Board, I would like to express our sincere gratitude to all of the staff for their efforts and to various parties in the community for their supports towards the steady development of the Group.

CHEUNG Tak On
Chairman

March 15, 2022

Management Discussion & Analysis

MARKET REVIEW

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

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

Management Discussion & Analysis

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

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

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

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of December 2021, the passenger vehicle ownership in China reached 302 million units. According to the forecast of Huatai Research, the passenger vehicle ownership in China will reach 400 million units in 2030. Besides, with the increase in average vehicle age, the size of passenger vehicles after-sales repair and maintenance market in China is expected to steadily increase from RMB0.75 trillion in 2020 to RMB1.7 trillion in 2030. Among which, the profitability of the after-sales repair and maintenance market for luxury vehicles will be significantly higher than the market average due to factors such as loyalty and higher profit margins. In the future, vehicle consumption market in China will show a differentiated development trend. On the one hand, in the cities with controlled licenses and regional markets with relatively good consumption base in new energy vehicles, the new energy vehicles ownership will increase rapidly. On the other hand, the consumption upgrade demand of the huge vehicle ownership base will have a continuous pulling effect on luxury vehicle brands.

Management Discussion & Analysis

BUSINESS REVIEW

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

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

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

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

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

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

Management Discussion & Analysis

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

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

Steady Growth in After-sales Services

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

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

Management Discussion & Analysis

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

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

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

Steady Improvement in Financial Insurance Business

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

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

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

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

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

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

Management Discussion & Analysis

We actively built a "2+1" new retail business model of pre-owned vehicles, and achieved the digital and omni-channel business layout with online and offline integration. "2" represents the dual offline retail channels. Our 4S stores have fully obtained the official OEM certification and authorization qualification, supplemented and coordinated by 13 independent Yongda pre-owned vehicles retail chain outlets; "1" represents the official website of Yongda pre-owned vehicles, the capacity of resource sharing and clue management of which has been continuously enhancing, together with the third-party vertical media and We Media, an online marketing matrix was established. By rapidly increasing the proportion of pre-owned vehicle retail business, we promoted the growth of extended businesses including finance and insurance, and further improved the profitability and customer retention scale of pre-owned vehicles. In 2021, our average retail sales revenue per unit was RMB202,400, and gross profit margin was 9.2%, and the turnover days of inventory were stably controlled within 30 days. Many of our 4S stores of Porsche, BMW, Audi, Volvo, Jaguar Land Rover and other brands were in a national leading position in the factory's official annual evaluation in terms of retail scale and operation results.

We continued to strengthen the vehicles replacement and acquisition in 4S store channels, and achieved sustained and rapid quality growth, with the annual new-to-pre-owned ratio of 33.3%. We continuously strengthened the core competence construction of pre-owned vehicles, perfected the evaluation, inspection, pricing and disposal capabilities, established complete management requirements for the acquisition and disposal of pre-owned vehicles, implemented standardized business management and control, ensuring the compliance of business development and maximization of interests; we have strictly controlled the inventory turnover of pre-owned vehicles, and formulated refined inventory management and forced liquidation system for retail and wholesale vehicles respectively to ensure healthy inventory and operation.

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

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

Accelerating the Layout of New Energy Vehicle Business

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

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

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

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

Accelerating the Layout of Network

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

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

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

Management Discussion & Analysis

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

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

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

Continuous Improvement in Management

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

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

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

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

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

FINANCIAL REVIEW

Continuing Operations

Revenue

Revenue was RMB77,916.6 million for the twelve months ended December 31, 2021, representing a 14.2% increase from RMB68,201.2 million for the twelve months ended December 31, 2020, which was primarily due to the growth of sales and after-sales services of passenger vehicles. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the year ended December 31,					
	2021			2020		
	Amount (RMB'000)	**Sales Volume (Units)**	**Average Selling Price (RMB'000)**	Amount (RMB'000)	Sales Volume (Units)	Average Selling Price (RMB'000)
New vehicle sales						
Luxury and ultra-luxury brands	**53,950,033**	**141,067**	**382**	48,932,854	135,679	361
Mid-to-high-end brands	**9,831,816**	**72,840**	**135**	9,295,756	68,917	135
Subtotal	**63,781,849**	**213,907**	**298**	58,228,610	204,596	285
Pre-owned vehicles distribution	**2,243,011**	**11,080**	**202**	–	–	–
After-sales services	**11,542,574**	**–**	**–**	9,576,430	–	–
Automobile rental services	**537,967**	**–**	**–**	564,133	–	–
Others	**–**	**–**	**–**	66,015	–	–
Less: inter-segment eliminations	**(188,847)**	**–**	**–**	(233,946)	–	–
Total	**77,916,554**			68,201,242		

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

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

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

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

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

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

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

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

Cost of Sales and Services

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

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

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

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

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

Gross Profit and Gross Profit Margin

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

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

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

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

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

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

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

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

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

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

Other Income and Other Gains and Losses

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

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

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

Distribution and Selling Expenses and Administrative Expenses

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

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

Operating Profit

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

Finance Costs

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

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

Management Discussion & Analysis

Profit before Tax

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

Income Tax Expense

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

Profit from Continuing Operations

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

Profit from Discontinued Operations

On June 29, 2021, the Group entered into a series of equity transfer agreements to directly or indirectly dispose its 80% equity interest in Shanghai Yongda Finance Leasing Co., Ltd. (“Yongda Finance Leasing”), and the disposal was completed on December 22, 2021. Thus, the revenue, costs, expenses and profits of Yongda Finance Leasing for the eleven months ended November 30, 2021 and the twelve months ended December 31, 2020 have been included in the profit from discontinued operations. The profit from discontinued operations was RMB80.3 million for the eleven months ended November 30, 2021, a 31.5% decrease from RMB117.2 million for the twelve months ended December 31, 2020.

Profit

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

Profit Attributable to the Owners of the Company

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

For the twelve months ended December 31, 2021, our net cash from operating activities was RMB5,014.8 million, of which the net cash generated from operating activities of automobile sales and services business was RMB4,867.7 million, and the net cash generated from operating activities of proprietary finance business was RMB147.1 million. For the twelve months ended December 31, 2020, our net cash from operating activities was RMB5,729.0 million, of which the net cash generated from operating activities of automobile sales and services business was RMB4,338.7 million, and the net cash generated from operating activities of proprietary finance business was RMB1,390.3 million.

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

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

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

Inventories

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

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

	For the year ended December 31, 2021	2020
Average inventory turnover days	**23.1**	30.8

Capital Expenditures and Investment

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

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

Borrowings and Bonds

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) and issued bonds to fund our working capital and network expansion. As of December 31, 2021, the outstanding amount of our borrowings and bonds amounted to RMB4,875.6 million, a 51.8% decrease from RMB10,121.9 million as of December 31, 2020. The following table sets forth the maturity profile of our borrowings and bonds as of December 31, 2021:

	As of December 31, 2021 *(RMB million)*
Within one year	**3,595.5**
One to two years	**839.1**
Two to five years	**358.5**
More than five years	**82.5**
Total	**4,875.6**

As of December 31, 2021, our net gearing ratio (being net liabilities divided by total equity) was 18.3% (as of December 31, 2020: 54.1%). Net liabilities represent borrowings, super short-term commercial papers and medium-term notes minus cash and cash equivalents and time deposits.

As of December 31, 2021, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2021 consisted of (i) inventories of RMB1,202.8 million; (ii) property, plant and equipment of RMB46.5 million; (iii) land use rights of RMB124.8 million; and (iv) equity interests of the subsidiaries of RMB492.0 million.

Contingent Liabilities

References are made to the announcements published by the Company on June 29, 2021 and December 22, 2021 (the “Announcements”), which disclosed that the Company made direct or indirect disposal of 80% equity interest in Yongda Finance Leasing (the “Disposal”). The Disposal was completed on December 22, 2021.

Before the Disposal, the Group has provided guarantees (the “Previous Guarantees”) in favour of certain banks in the PRC in respect of a series of credits (the “Existing Credits”) and corresponding debts of Yongda Finance Leasing respectively. As of December 31, 2021, the total outstanding maximum guarantee related to the Previous Guarantees was RMB1.700 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB1.417 billion.

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

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

As of December 31, 2021, save for the above, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the benchmark rates of the People's Bank of China and LIBOR. Increases in interest rates could result in an increase in our cost of borrowing, which in turn could adversely affect our finance costs, profit and our financial condition. We currently use derivative financial instruments to hedge some of our exposure to interest rate risk.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of December 31, 2021, certain of our financial liabilities were denominated in foreign currencies, and considering the fluctuation of foreign currency rate, we used derivative financial instruments to hedge our exposure to foreign exchange risk.

Use of proceeds

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

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

Impact of Novel Coronavirus Pandemic

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

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

FUTURE OUTLOOK AND STRATEGIES

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

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

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

Secondly, relying on the natural advantages of the agency group to carry out the pre-owned vehicle business, we will form the second growth curve. We will proactively transform from pre-owned vehicle agency mode to the distribution mode and rapidly improve the pre-owned vehicle distribution business scale to become the leading dealer in the pre-owned vehicle industry. Under the "2+1" channel strategies, i.e. the dual channels of offline 4S dealership outlets and pre-owned chain malls combining with the online pre-owned mall portal, we will form an omni channel "new retail" model by combining online and offline channels. Under the strategies of improving replacement ratio of outlets, marketing among existing customers, proactive implementation of batch vehicle source synergies with manufacturers and third parties, we will further broaden the quality pre-owned vehicle sources. Through the channel capability construction and enhancement of Yongda pre-owned vehicle brand marketing, we will further improve the certified pre-owned retail scale and profitability and quality.

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

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

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

Directors and Senior Management

DIRECTORS

Executive Directors

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

CAI Yingjie (蔡英傑), aged 54, is our Vice-chairman and was appointed as our executive Director on January 18, 2012. Mr. Cai was re-designated from our President to Chief Executive Officer on March 23, 2015 and has ceased to act as the Chief Executive Officer due to work re-allocation and adjustment of the management team of the Company on December 21, 2021. Mr. Cai is responsible for overseeing our operations and investment, managing our relationships with automobile manufacturers and exploring new business opportunities for our Group. Mr. Cai is also the chairman or a director of several of our subsidiaries. From November 1998 to December 2011, and since September 2018, he was the director of Shanghai Yongda Group Company Limited ("Yongda CLS") and its general manager from November 1999 to December 2011. Before joining the Group, Mr. Cai worked in Shanghai Shenbao Automobiles Factory (上海申寶汽車廠) (later known as Shanghai Shenbao Automobiles Co., Ltd. (上海申寶汽車有限公司)), where he was responsible for automobiles inspection and management of the fleet of automobiles. Mr. Cai received the Executive Management Education Certificate from the Chinese Enterprise CEO Program at Cheung Kong Graduate School of Business in 2016 and graduated from Nanjing Army Command College (南京陸軍指揮學院) with an adult higher education bachelor diploma in law in 2002.

WANG Zhigao (王志高), aged 53, is our Vice-chairman, he served as our non-executive Director from January 2012 to March 2015, and was re-designated to executive Director on March 23, 2015. Mr. Wang is responsible for managing our strategies, remuneration and work in relation to professional capital market institutions and guiding the financial management and legal affairs of our Group. Mr. Wang served as a director of Yongda Holding since January 2005 and was re-designated to the chairman of Yongda Holding in September 2018. Mr. Wang served as a director of Yongda CLS since December 2003 and was re-designated to the chairman of it in September 2018. Mr. Wang is also currently the chairman or a director of several of our subsidiaries. Before joining the Group, Mr. Wang was a lawyer at Shanghai Xin Cheng Law Firm (上海信誠律師事務所) and Shanghai Jin Shi Law Firm (上海金石律師事務所). And from August 1992 to December 1996, he was a lecturer at East China University of Political Science and Law (華東政法大學). Mr. Wang graduated from East China University of Politics and Law with a bachelor's degree in economic law in 1992 and a master's degree in law in 1999. Mr. Wang also received a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in 2007.

Directors and Senior Management

XU Yue (徐悅), aged 46, was appointed as our executive Director on March 23, 2015, as our Vice-chairman on March 25, 2020 and as our Chief Executive Officer on December 21, 2021. Mr. Xu has served as our President from March 2015 to February 2016, and was re-appointed as our President on September 12, 2016. He is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group. Mr. Xu was our President from March 2015 to February 2016 and has been re-appointed as our President since September 12, 2016. Mr. Xu is also currently the chairman of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("Yongda Automobile Group"), which is an indirect wholly-owned subsidiary of the Company, and the chairman or a director of several of our subsidiaries. Mr. Xu joined our Group in 1999 and has more than 19 years of experience in the passenger vehicle dealership sector. He was the executive vice-president of the Company from January 2012 to March 2015 and the assistant to the chief executive officer of Yongda Holding from January 2009 to December 2011. From June 2004 to January 2009, Mr. Xu was the deputy general manager of Yongda CLS and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) ("Shanghai Baozen"). Between February 2002 and March 2004, Mr. Xu was the secretary to the chief executive officer of Yongda Holding, where he was mainly responsible for assisting the chief executive officer with daily administration. From November 2000 to February 2002, Mr. Xu was the general manager of Shanghai Yongda International Trading, Ltd. (上海永達國際貿易有限公司), where he was mainly responsible for the import of passenger vehicles. Between October 1999 and November 2000, Mr. Xu was the assistant to the general manager of Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司). Mr. Xu received a bachelor diploma in practical English and a secondary college diploma in international business and finance management from Shanghai Normal University (上海師範大學) in June 1997, and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2005. Mr. Xu also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from October 2003 to July 2005. In 2015, Mr. Xu obtained a master's degree in Business Administration at China Europe International Business School (中歐國際工商學院).

CHEN Yi (陳昳), aged 49, was appointed as our executive Director on March 23, 2015 and was responsible for the operation and management of the automobile finance business and related management of our Group. Ms. Chen was re-appointed as our Vice-president on September 12, 2016 and since February 2016, Ms. Chen has been a director of Yongda Automobile Group. From March 2014 to February 2016, Ms. Chen was the vice-president of our Company and the general manager of the finance innovation department. She has over 20 years of experience in the banking and financial industry. Prior to joining us, Ms. Chen was the senior assistant to the president of the Transportation Finance Division and the director of Eastern China Automobile Business Division of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (Shanghai Stock Exchange ("SSE") stock code: 600016 and Hong Kong Stock Exchange stock code: 01988) ("CMBC") from April 2013 to January 2014. From February 2004 to April 2013, Ms. Chen held several managerial positions in CMBC, including the senior customer manager of the Shanghai Anting branch of CMBC, the general manager of the Industrial and Commercial Enterprises Finance Division Two of CMBC, the general manager of the automobile finance department and the branch manager of the Shanghai Jiading branch of CMBC and the branch manager of the Shanghai Gubei branch of CMBC. From July 1995 to February 2004, she worked at the Credit Card Division, Personal Banking Division and Customer Service Division of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SSE stock code: 601328 and SEHK stock code: 03328). Ms. Chen obtained a professional diploma in International Finance from the Shanghai Institute of Finance (上海金融學院), formerly known as the Shanghai Higher Institute of Finance (上海金融高等學院) in 1995 and a bachelor's degree in currency and banking from Shanghai Jiao Tong University (上海交通大學) in 2000. She also obtained a master's degree in Executive Master of Business Administration from Shanghai Advanced Institute of Finance (上海高級金融學院) of Shanghai Jiao Tong University in 2014 and is currently enrolling into a Ph.D. degree in Global Financial Business Administration of Shanghai Advanced Institute of Finance.

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

Directors and Senior Management

Independent Non-executive Directors

ZHU Anna Dezhen (朱德貞), aged 64, was appointed as our independent non-executive Director on May 8, 2015, and is currently the chairman of the board of Xiamen De Yi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司), where she is mainly responsible for operation and management of investment. Ms. Zhu has also served as a non-executive director of Fuyao Glass Industry Group Co., Ltd. (SSE stock code: 600660 and SEHK stock code: 03606) since November 2011, an independent director of Bright Dairy & Food Co., Ltd. (SSE stock code: 600597) since April 2015. Ms. Zhu has over 30 years of extensive experience in financial analysis, market analysis, investment management and general corporate management. Before joining Xiamen De Yi Equity Investment Management Co., Ltd., Ms. Zhu was a senior manager of China National Offshore Oil Corporation, where she was mainly responsible for analysis of crude oil market, from October 1982 to September 1988. From March 1992 to June 1993, Ms. Zhu was an analyst at The Bank of New York Company, Inc., where she was mainly responsible for systems analysis. From June 1993 to September 1999, Ms. Zhu was the vice-chairman of business of JP Morgan Investment Bank of the United States, where she was mainly responsible for establishing the financial model. Ms. Zhu was a manager of Strategic Planning of Micron Technology, Inc. (New York Stock Exchange stock code: MU), where she was mainly responsible for strategic planning, from May 2000 to October 2001; the chief operating officer of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司), from October 2001 to June 2003; and the president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), where she was mainly responsible for operations management, from June 2003 to May 2008. From May 2008 to December 2010, Ms. Zhu was the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, where she was mainly responsible for the operation and management of investment. From December 2010 to June 2016, Ms. Zhu was the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. Ms. Zhu has served as an independent director of Hunan TV & Broadcast Intermediary Co. Ltd. (SZSE stock code: 000917) from August 2016 to December 2019. In the area of professional qualification, Ms. Zhu is a director of the Chinese Economists 50 Forum, a director of Heren Charitable Foundation and a director of the Western Returned Scholars Association. With respect to the academy, Ms. Zhu is a part-time professor in the School of Management of Xiamen University (廈門大學). Ms. Zhu received a bachelor's degree in literature from Xiamen University in 1982, a bachelor's degree in economics from College of Saint Elizabeth in 1990 and a master's degree in business administration from Pace University in 1992. Ms. Zhu obtained a doctor's degree in economics from Xiamen University in 2013.

LYU Wei (呂巍), aged 57, was appointed as our independent non-executive Director on January 18, 2012. Mr. Lyu is currently a professor of Management Department of Antai College of Economics and Management (安泰經濟與管理學院) at Shanghai Jiao Tong University (上海交通大學). From November 2014 to May 2015, Mr. Lyu was the head of preparatory group of the Faculty of the Cultural and Creative Industry of University of Southern California and Shanghai Jiao Tong University (上海交通大學美國南加州大學文化創意產業學院). From 2003 to November 2014, Mr. Lyu was the Associate Dean of the Antai College of Economics and Management at Shanghai Jiao Tong University. Between February 1997 and March 2003, Mr. Lyu was an assistant to the Dean of the School of Management of Fudan University (復旦大學) and a professor in its Department of Marketing from November 2001 to March 2003. From 1996 to 1997, Mr. Lyu was a visiting scholar at the Sloan School of Management of Massachusetts Institute of Technology. From 1994 to 1996, Mr. Lyu was a visiting scholar at the University of Southern California.

Mr. Lyu's academic qualifications and extensive experiences have led to his appointments in a number of listed companies:

Companies	Positions	Duration
Shanghai Guangdian Electric Group Co., Ltd. (上海廣電電氣（集團）股份有限公司) (SSE stock code: 601616)	Independent Director	May 2020 – present
Whirlpool (China) Co., Ltd. (惠而浦(中國)股份有限公司) (SSE stock code: 600983)	Director	June 2017 – May 2021
Shandong Wohua Pharmaceutical Co., Ltd. (山東沃華醫藥科技股份有限公司) (SZSE stock code: 002107)	Independent Director	January 2016 – January 2022
Foshan Electrical and Lighting Co Ltd (佛山電器照明股份有限公司) (SZSE stock code: 000541)	Independent Director	December 2015 – August 2020
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (上海陸家嘴金融貿易開發區股份有限公司) (SSE stock code: 600663)	Independent Director	May 2015 – April 2021
LUOLAI LIFESTYLE TECHNOLOGY CO.,LTD. (羅萊生活科技股份有限公司) (formerly known as Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司)) (SZSE stock code: 002293)	Independent Director	November 2007 – October 2013 and January 2017 – present
China Vered Financial Holding Corporation Limited (中薇金融控股有限公司) (formerly known as China Minsheng Financial Holding Corporation Limited (中國民生金融控股有限公司), China Seven Star Holdings Limited (中國七星控股有限公司) and China Seven Star Shopping Limited (中國七星購物有限公司)) (SEHK stock code: 245)	Independent Non-executive Director	June 2005 – July 2019
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) (SSE stock code: 600895)	Independent Director	June 2021 – present

Mr. Lyu graduated with a bachelor's degree in management science from Fudan University (復旦大學) in 1986 before obtaining his master's degree in economics in 1989 and doctorate in economics in 1996 at the same university.

Directors and Senior Management

MU Binrui (牟斌瑞), aged 65, has been appointed as an independent non-executive Director of the Company with effect from 1 January 2019. Mr. Mu has over 35 years of extensive experience in the banking industry. Before joining the Company, Mr. Mu joined Bank of China in 1980, and was transferred to the headquarters of Bank of Communications in 1992, where he held the positions of deputy director, director and deputy general manager of the international business department as well as the deputy general manager of the corporate affairs department, respectively, during 1992 to 2004. Mr. Mu was appointed as general manager of the credit management department of the headquarters of Bank of Communications in 2004, and subsequently the deputy chief credit officer and general manager of the credit management department of Bank of Communications in 2013. Mr. Mu was awarded State Council Special Allowance by the People's Republic of China in February 2013, and retired in October 2016. From January 2017 to March 2018, Mr. Mu held the position of an independent non-executive director of Huabang Technology Holdings Limited (previously known as Huabang Financial Holdings Limited and Goldenmars Technology Holdings Limited) (stock code: 3638), a company listed on the main board of the Stock Exchange. Since September 2018, Mr. Mu has been an independent non-executive director of China Bohai Bank Co., Ltd. (stock code: 9668), a company listed on the main board of the Stock Exchange since July 2020. Mr. Mu graduated from Renmin University of China with a bachelor's degree in finance in 1987, and obtained the title of Senior Economist in 1997.

SENIOR MANAGEMENT

Our senior management team, in addition to our Directors listed above, is as follows:

YE Ming (葉明), aged 44, was our Vice-president from January 2012 to February 2016 and was re-appointed as our Vice-president since September 12, 2016. He is responsible for managing the internal operation of our Group. Mr. Ye is also currently a director of several of our subsidiaries. From January 2009 to December 2011, Mr. Ye simultaneously held the offices of the assistant to chief executive officer of Yongda Holding and the deputy general manager of Yongda CLS. Mr. Ye held a number of managerial positions at Yongda CLS between 2003 and 2008, including the director of the business development department and assistant to the general manager. In 2002, Mr. Ye held the office of assistant to the general manager of Shanghai Yongda Automobile Rental Company (永達汽車租賃有限公司). Mr. Ye received a bachelor's degree in law from Shanghai University (上海大學) in 2001 and a master's degree of EMBA from Fudan University in June 2018.

DONG Ying (董穎), aged 52, was our Vice-president from January 2012 to February 2016 and has been re-appointed as our Vice-president since September 12, 2016. Mr. Dong joined our Group in November 2011 and has been responsible for our financial management. Mr. Dong has 26 years of experience in corporate finance, accounting, auditing, risk management and internal control. Mr. Dong was the deputy head of financial control center of Yongda Holding between November 2011 and December 2011. Prior to joining us, Mr. Dong was the financial controller of a company whose shares are listed in Hong Kong from 2006 to 2011. Mr. Dong worked at PricewaterhouseCoopers Zhong Tian Limited Company CPAs (普華永道中天會計師事務所有限公司) from 2003 to 2006 as a senior manager in its risk management and internal control service department and from 1994 to 2003 as a senior manager in its audit department. He is a member of the Chinese Institute of Certified Public Accountants, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Mr. Dong obtained a bachelor's degree in fine chemical engineering and a secondary diploma in international corporate management from East China University of Science and Technology (華東理工大學) in July 1993.

TANG Hua (唐華), aged 49, was our Vice-president from March 2015 to February 2016 and has been re-appointed as our Vice-president since September 12, 2016. He is responsible for the operation and management of public affairs center and new media business department of our Group. Mr. Tang is also the director of our certain subsidiaries. After joining us in 2002, Mr. Tang held various positions in our Group, such as the press spokesman, the director of the public affairs center, the secretary of the Youth League Committee of our Group. Mr. Tang is also the president of Shanghai Automobile Sales Trade Association (上海汽車銷售行業協會) and the vice president of the automobile chamber of the National Association of Industry and Commerce (全國工商聯汽車商會). Prior to joining our Group, Mr. Tang worked in Saic Motor Corporation Limited (上海汽車集團股份有限公司) and has 28 years of experience in the automobile industry. Mr. Tang obtained double bachelor's degree in economic management from Air Force Political Academy (空軍政治學院) and in administrative management from Fudan University (復旦大學) in 2001, and later obtained a master's degree in public administration from Fudan University (復旦大學) in 2005.

WEI Dong (衛東), aged 52, was our Vice-president from January 2012 to February 2016 and has been re-appointed as our Vice-president since September 12, 2016. He is responsible for the operation and management of pre-owned vehicle business. Mr. Wei is also currently a director of several of our subsidiaries. Mr. Wei has 20 years of experience in sales management. From January 2008 to December 2011, Mr. Wei was the deputy general manager of Yongda CLS. From November 2004 to December 2008, Mr. Wei was the general manager of Shanghai Yongda Automobile Trade Center Co., Ltd. (上海永達汽車貿易中心有限公司). From April 2002 to October 2004, he was the deputy general manager of Shanghai Number One Yongda Automobile Trading Co., Ltd. (上海一百永達汽車貿易有限公司). Between April 2000 and March 2002, he was the deputy general manager of the Songjiang store of the Shanghai Number One Department Store Co., Ltd. (上海第一百貨松江店有限公司). From October 1989 to July 1998, Mr. Wei was a salesman, deputy secretary and secretary of the Youth League Committee at the Shanghai Number One Department Store Co., Ltd. (上海市第一百貨商店股份有限公司). Mr. Wei obtained an adult higher education bachelor's diploma in business administration from Shanghai Second Polytechnic University (上海市第二工業大學) in 2002.

Directors and Senior Management

ZHANG Hong (張虹), aged 38, was re-designated as our Vice-president on March 25, 2020 and re-appointed as our joint company secretary on March 20, 2018. She is responsible for comprehensive affairs management, legal risk management and control, staff education and training and other areas of our Group, and participating in human resources management and the preparation of the interim reports and annual reports of the Company, and the organization of and preparation for the board meetings, board committee meetings and shareholders' meetings. Ms. Zhang joined us in July 2006 and has nearly 15 years of experience in automobile sales and service industry. She has held a number of positions in the Group, such as the assistant to the president, the assistant director, the deputy director and the executive director of the legal department of the Group, and served as our joint company secretary from June 30, 2015 to February 29, 2016. Ms. Zhang graduated from the department of economic laws of East China University of Political Science and Law (華東政法大學) with a bachelor's degree in Laws in June 2006.

TAO Wei (陶衛), aged 42, was appointed as the intern assistant to our President on November 29, 2019, responsible for assisting the President of the Group in operation and management of automobile sales service business, and assisting the management of Baozen Business Division. Mr. Tao was promoted from front-line sales consultant to sales manager, and was the manager of the BMW, Audi, Jaguar Land Rover and other 4S brand stores since joining the Group in 2001, and accumulated rich work experience. Mr. Tao worked as the general manager of Shanghai Baozen Store of Yongda Automobile Group and Shanghai Baozen Shenjiang Automobile Sales and Service Co., Ltd. (上海寶誠申江汽車銷售服務有限公司) from October 2017, the assistant to president of Yongda Automobile Group from March 2014 to October 2017 and the general manager of Shanghai Yongda Aocheng Automobile Sales and Service Co., Ltd. (上海永達奧誠汽車銷售服務有限公司) of Yongda Automobile Group from May 2012 to March 2014. Mr. Tao joined us in November 2001 and he has held a number of managerial positions in the Group, such as sales manager and general manager of the Taiyuan Baozen Store, sales manager and deputy sales manager of the Chinese brand and Audi brand and sales consultant of the Shanghai Volkswagen Brand. Mr. Tao graduated from Shanghai Jiao Tong University (上海交通大學) with a major in automotive construction in 2001 and he is currently pursuing a degree of Master of Business Administration at Fudan University (復旦大學).

SONG Jiamin (宋佳敏), aged 42, was appointed as the intern assistant to our President on November 29, 2019, responsible for assisting the President of the Group in operation and management of automobile sales service business, and assisting in management in the work relating to Baozen Business Division. Mr. Song currently serves as the general manager of Shanghai Baozen Yuexin Automobile Sales and Service Co., Ltd. (上海寶誠悅鑫汽車銷售服務有限公司) and the director of the northern area of Baozen Business Division since 2018. Mr. Song joined us in 2003 and has over 17 years of working experience in the automotive industry. He successively served as the general manager of Nantong Baozen Automobile Sales and Service Co., Ltd. (南通寶誠汽車銷售服務有限公司), Wuxi Baozen Automobile Sales and Service Co., Ltd. (無錫寶誠汽車銷售服務有限公司) and Beijing Baozen Baiwang Automotive Sales & Service Co., Ltd. (北京寶誠百旺汽車銷售服務有限公司). Mr. Song served as the marketing chief officer and assistant general manager of Shanghai Baozen Zhonghuan Automobile Sales and Service Co., Ltd. (上海寶誠中環汽車銷售服務有限公司) from October 2007 to June 2013, and the assistant director of the marketing center of Yongda Automobile Group from June 2003 to October 2007. Mr. Song graduated from Shanghai Tongji University (上海同濟大學) with a major in mechanical manufacturing and automation in 2003. He is currently pursuing a degree of Master of Business Administration at China Europe International Business School (中歐國際工商學院).

Report of Directors

PRINCIPAL ACTIVITIES

We are a leading passenger vehicle retailer and comprehensive service provider in China focusing on luxury and ultra-luxury brands. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of luxury and ultra-luxury automobile brands including BMW/MINI, Mercedes-Benz, Audi, Porsche, Jaguar/Land Rover, Bentley, Aston Martin, Volvo, Cadillac, Lincoln, Infiniti and Lexus and mid- to high-end automobile brands, mainly including Buick, Volkswagen and Chevrolet.

The principal activities of the Group are as follows:

(i) sale of automobiles;

(ii) provision of after-sales services;

(iii) provision of automobile operating lease services; and

(iv) distribution of automobile insurance products and automobile financial products.

During the year, the Group ceased to conduct self-operated financing business upon the completion of the disposal of Yongda Finance Leasing.

RESULTS

The results of the Group for the year ended December 31, 2021 are set out in the Consolidated Financial Statements on pages 121 to 130 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on June 1, 2022 (Wednesday) (the "AGM") for the distribution of a final dividend of RMB0.479 per share for the year ended December 31, 2021. The final dividend is expected to be paid on or about June 30, 2022 (Thursday) to the Shareholders whose names are listed on the register of members of the Company on June 9, 2022 (Thursday). On the basis of the total number of the Company's issued shares of 1,967,270,013 as of February 28, 2022, it is estimated that the aggregate amount of final dividend would be approximately RMB942.3 million. The actual total amount of final dividends to be paid will be subject to the total number of issued shares of the Company as at the record date for determining the entitlement of Shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM.

SHARE CAPITAL

Details of the issued shares of the Company during the year are set out in note 30 to the Consolidated Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 126 to 127 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2021, the Company has distributable reserves of RMB1,929.8 million in total available for distribution, of which RMB942.3 million has been proposed as final dividend payment for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 256 of this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year are set out in note 32 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Save as disclosed in this annual report, as at December 31, 2021, the Company does not have any property held for development and/or sale or investment with any percentage ratio (as defined in Article 14.04(9)) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) exceeding 5%. Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the Consolidated Financial Statements.

CONTINGENT LIABILITIES

Save as disclosed on pages 29 to 30 of this annual report, the Company did not have any material contingent liabilities as at December 31, 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors, the Company has maintained the amount of public float as required under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the “Articles of Association”) and Laws of the Cayman Islands (the jurisdiction where the Company was incorporated), and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares of the Company. If Shareholders are unsure about the taxation implications of the purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the shares of the Company, they should consult an expert.

BUSINESS REVIEW

Overview and performance of the Year

A review of the business of the Group and analysis of the Group’s performance using financial key performance indicators is provided in the Management’s Discussion and Analysis section on pages 12 to 21 of this annual report.

Environmental Policies and Performance

The Group is committed to the rational use of resources and energy, energy conservation and emissions reduction, and actively addressing climate changes. Regarding the rational use of resources, the Group has always attached importance to improving energy use efficiency and strictly abides by the *Environmental Protection Law of the People' Republic of China, the Law of the People's Republic of China on Conserving Energy*, and other laws and regulations, has always advocated low-carbon operations and incorporates minimizing resource utilization into daily operations and management, and has set long-term targets for the use of power and water. Regarding emissions reduction, the Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Integrated Wastewater Discharge Standard*, and other relevant environmental laws and regulations, and has designed a scientific discharge system to mitigate the impact of the pollutants generated during our operations on the environment. Regarding addressing climate changes, the Group attaches great importance to effectively addressing climate changes throughout its operations. The Group strictly follows the government's guidelines on dealing with extreme weather and develops emergency plans and countermeasures based on the actual situations of the Group to minimise the impact of climate changes on daily operations and personal safety.

The Group is mainly engaged in automobile sales and services, which is not an energy-intensive industry and has a limited impact on the environment. However, the Group appreciates the importance of understanding the Group's environmental impact and thrives to take action to reduce its footprint and raise environmental awareness. The Group has been encouraging the recycling of used parts of repair and maintenance tools and oil and liquid products, and strengthening the utilization of waste materials to raise the environmental awareness of our employees. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water and taking certain resource-saving measures during its operations. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

Compliance with Relevant Laws and Regulations

On intellectual property protection — the Group's passenger vehicle sales business is subject to the Measures for Implementation of the Administration of Branded Automobiles Sales (the "Measures"). The Group, an "automobile dealer" as classified under the Measures, has taken particular care to comply with the supplier's requirements relating to the intellectual property rights associated with its brand, such as trademarks, labels and store, and has also adhered to the relevant regulations of local municipal and commercial development authorities.

On product quality and customer protection — the Group's passenger vehicle sales business and automobile rental business is subject to the Product Quality Law of People's Republic of China and the Customer Protection Law of People's Republic of China. The Group adopted measures to keep products for sale and rental in good quality, and monitored the labeling of products, making sure not to forge or falsely use another manufacturer's authentication marks. In relation to customer protection, the Group has been observing the provisions of the Customer Protection Law and other relevant laws and regulations regarding personal safety and protection of property, providing consumers with true information in relation to goods and services, ensuring that the actual quality of goods and services is consistent with the relevant advertisements, product descriptions or samples.

Our privacy protection – with China introducing the *Personal Information Protection Law* in 2021, the Group acted strictly in accordance with the relevant regulations. It established the *Management Measures for Strengthening Prevention of Customer Information Risks* to regulate the relevant processes. The Group also conducted group-wide training, requiring employees to clearly explain the usage and purpose of information when collecting from customers and obtain the customers authorization, follow the corresponding application and approval procedures when using customers' information, and sign a customer information confidentiality agreement when cooperating with third parties, to ensure secured customers' information management and protection of customers' privacy.

Our action against bribery and corruption – the Group holds a "zero tolerance" attitude towards bribery and corruption and strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery*, and other relevant laws and regulations. The Group established the internal *Management Regulations on Integrity of Management Personnel* as a criterion for regulating employee behaviour. In addition, the Group established the integrity contracting system – all employees, commissioned managers and senior executives of the Group must sign the "Commitment on Integrity and Self-discipline", and commit to jointly stopping commercial bribery to safeguard the brand image and long-term interests of the Group.

On labor protection — the Group has been committed in complying with the requirements of the Labor Law of People's Republic of China, the Law of People's Republic of China on Employment Contracts and the Social Insurance Law of People's Republic of China in order to safeguard all employee rights and interests. All employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and are entitled to annual pension. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group has also made contributions to a defined contribution mandatory provident fund for all employees in Hong Kong. No forfeited contribution under this fund is available to reduce the contribution payable in future years. Further, the Group has been committed to complying with relevant laws and regulations on work and occupational safety of employees of the Group. The Company believes that all of our facilities and operations are in material compliance with the relevant labor and safety laws and regulations.

On taxation — the Group is subject to various taxation. Details of such taxes and compliance of the Group with such applicable tax laws are set out in notes 8 and 31 to Consolidated Financial Statements in this annual report.

On corporate compliance — the Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (the "SFO") and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

Key Relationships with Stakeholders

With the goal of developing into a preeminent international enterprise, a trustworthy public company and a green enterprise, the Company actively fulfills its social responsibility. The Group, with high quality products and services, is committed to creating good internal and external corporate relationships, building a harmonious enterprise and serving the harmonious society to undertake its responsibilities for employees, customers, suppliers and the Shareholders.

With respect to human resources management, the Group has been devoting continuous efforts in three aspects, namely, talent introduction, talent training and performance appraisal. A description of the Group's policies on human resources management is set out in the Management Discussion and Analysis section on page 21 of this annual report.

With respect to customer retention management, the Group has been committed in providing personalized, comprehensive, innovative and convenient services with high quality to our customers. Adhering to the concept of enhancing customer experience, the Group has provided services and e-commerce platforms to improve customers' satisfaction and attract new customers to visit the Group's outlets. Details of which are set out in the Management Discussion and Analysis section on page 21 of this annual report.

The Group has been successful in establishing a strong cooperation relationship with automobile manufacturers and has been entering into stable agreements including dealership and authorization agreements with them. In order to maintain a strong cooperation relationship, the Group will continue to focus on promoting win-win philosophy and encouraging experience, resources and knowledge sharing with the manufacturers. The Group also aims to further strengthen their communications with the manufacturers by engaging them through business negotiations, business meetings, visits, gatherings, relationship-building events and project cooperation.

The Group recognizes the importance to protect the interests of Shareholders and the importance of having an effective communication with them. The Group believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback it receives from the Shareholders. This has been done through annual general meetings, extraordinary general meetings, corporate communications, interim and annual reports and results announcements.

Key Risks and Uncertainties

Risk of fluctuations in financial conditions and operating results of automobile manufacturers

The Group, being a passenger vehicle retail services provider operating 4S dealerships and providing after-sale and other comprehensive services, relies on and is subject to significant influence from automobile manufacturers. If there are fluctuations in the financial conditions and operating results of the automobile manufacturers, the manufacturers may not, among other things, enter into or renew dealership and authorization agreements on terms that are reasonable or acceptable to the Group. Or if there are labor disputes involving automobile manufacturers, it could result in an interruption in the delivery of new passenger vehicles to the outlets, shortage of new passenger vehicles and may significantly increase the labor costs as a result of negotiations to resolve the labor disputes. Or if, the Group open up more outlets to the extent possible in response to the demand from the automobile manufacturers to increase sales outlets, this could result in a certain degree of risk in terms of investment returns. All of these factors could in turn impose a downward pressure on the Group's margins which could reduce and affect the Group's revenue and profitability as well as its financial conditions and operating results. In order to manage the Group's exposure to the aforementioned risk, the Group will continue to maintain and further develop the diversity of its brand portfolio by strengthening the communication between the Group and automobile manufacturers.

Risk of damage to brand recognition

Although the Group has successfully established the Group's "永達 (Yongda)" brand and registered it with the Trademark Office of State Administration for Industry and Commerce in 2005, the Group may have difficulties in maintaining brand recognition if there are, among other things, a deterioration in service quality and dealership management, a decline in premium in value attributed to the Group's business compared to that of the competitors, and unauthorized use and infringement of the Group's brand, trademarks and other related intellectual property rights. In such event, the Group may not be able to effectively compete for customers and new authorizations from automobile manufacturers to open outlets and the Group's business, financial condition, results of operations and growth aspects may be materially and adversely affected. In order to maintain and ensure there is adequate protection for the Group's brand, trademarks and other related intellectual property rights, the Group will continue to develop goodwill for the Group's name (including its brand name, logos etc.), monitor for infringers, develop and establish policies and strategies for all the Group's intellectual property including all trademarks and brand names.

Risk of amendments to government policies, vehicle consumption policies, fiscal policies and other legal risks

The PRC Government's policies on passenger vehicle purchases and ownership and the PRC Government's measures on automobile sales implemented from time to time may materially affect the Group's business because of their influence on the automobile industry and consumer behaviors. Changes in the fiscal regimes in the PRC, such as the introduction of new taxes and increases in tax rates, may affect the profitability of the Company. The PRC Government's speeding up the promotion and application of new energy vehicles may also bring an impact on the automobile industry. In addition, as consumers are increasingly aware of product safety relating to product quality and the quality of vehicle repair and maintenance, it is possible that the Group may face product quality related legal disputes.

On the other hand, passenger vehicle sales may be affected by quotas or other measures imposed by local governments to control the number of passengers vehicles in the cities where the Group's network are located. These policies may lead to changes in local economic conditions, the competitive environment and ability of potential customers to purchase passenger vehicles and may have an impact on the Group's business, financial condition, results of operations and growth prospect.

In order to minimize the impact of the aforementioned risks, the Group has started launching the sale of new energy vehicles and aims to strengthen its communication with the local municipals and regulators in relation to possible amendments to relevant policies.

Market Risks

The Group is exposed to various types of market risks, including currency risk, interest rate risk, credit risk and liquidity risk. Details of such risks are set out in note 45 to the Consolidated Financial Statements in this annual report.

Significant Investments, Material Acquisitions and Disposals

On June 29, 2021, by execution of a series of equity transfer agreements, the Group made direct or indirect disposal of 80% equity interest in Yongda Finance Leasing at a total cash consideration of approximately RMB446.5 million, which was completed on December 22, 2021. Upon the completion of the Disposal, the Company holds 20% equity interest in Yongda Finance Leasing through Shanghai Yongda Investment Holdings Group Co., Ltd. (上海永達投資控股集團有限公司) (the "Yongda Investment"), which will not be a significant investment of the Company under the Listing Rules, and Yongda Finance Leasing has ceased to be a subsidiary of the Company. For details of the Disposal, please refer to the announcements of the Company dated June 29, 2021 and December 22, 2021.

Save as disclosed in this annual report, for the year ended December 31, 2021, the Company did not hold any significant investments or conduct any major acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in this annual report, during the year ended December 31, 2021 and up to the date of this annual report, the Company has no plans to make significant investments or purchase capital assets in the future.

PROSPECTS

A description of the future development in the Company's business is provided in the Chairman's Statement and the Management Discussion and Analysis on pages 7 to 8 and pages 31 to 32 respectively of this annual report.

EVENTS AFTER THE REPORTING PERIOD

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

DIRECTORS

The Directors during the year and up to the date of this annual report are:

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) (appointed on December 21, 2021)*

Non-executive Director
Mr. WANG Liqun *(resigned on December 21, 2021 due to his age)*

Independent Non-executive Directors
Ms. ZHU Anna Dezhen
Mr. LYU Wei
Mr. MU Binrui

In accordance with article 104(1) of the Articles of Association, one-third of the Directors will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with article 99(3) of the Articles of Association, any Director appointed by the board of Directors to fill a casual vacancy or as an addition to the existing board of Directors will hold office until the next following annual general meeting of the Company and be eligible for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 33 to 40 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from their respective effective date of appointment, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company. Each of the non-executive Director and the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Ms. ZHU Anna Dezhen, Mr. LYU Wei and Mr. MU Binrui, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. The Company considers that the independent non-executive Directors have been independent from the date of their appointments to December 31, 2021 and remain so as of the date of this annual report.

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

As at December 31, 2021, the interests and short positions of the Directors and chief executives 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 (a) 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 (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, 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 (1)	Founder of a discretionary trust	403,409,500	20.482
	Interest of controlled corporation	167,080,000	8.483
	Beneficial owner	9,303,000	0.472
Mr. CAI Yingjie (2)	Interest of controlled corporation	60,788,000	3.086
	Beneficial owner	674,500	0.034
Mr. WANG Zhigao (3)	Interest of controlled corporation	8,660,000	0.440
	Beneficial owner	910,500	0.046
Mr. XU Yue	Beneficial owner	5,208,000	0.264
Ms. CHEN Yi	Beneficial owner	537,000	0.027
Mr. TANG Liang	Beneficial owner	405,000	0.021

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 (栢麗萬得有限公司) ("Palace Wonder") is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) ("Regency Valley"), which is in turn wholly–owned by HSBC International Trustee 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 403,409,500 shares held by Palace Wonder.

(ii) Asset Link Investment Limited ("Asset Link") is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 167,080,000 shares held by Asset Link.

(iii) Mr. CHEUNG Tak On also holds 9,303,000 shares of the Company as beneficial owner.

(2) Mr. CAI Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited ("Ample Glory") and he is deemed to be interested in the 60,788,000 shares held by Ample Glory. He also holds 674,500 shares of the Company 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 of the Company as beneficial owner.

(B) Long positions in underlying shares of the Company

Name of Director	Capacity	Number of underlying shares in respect of the share options granted	Percent of underlying shares over the Company's issued share capital (%)
Mr. XU Yue	Beneficial owner	3,000,000	0.152
Ms. CHEN Yi	Beneficial owner	800,000	0.041
Mr. TANG Liang	Beneficial owner	3,000,000	0.152

Save as disclosed above, as at December 31, 2021, 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.

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

As at December 31, 2021, 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 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the shares and underlying shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of shares	Appropriate Percentage of Shareholdings (%)
Palace Wonder (1)	Beneficial owner	403,409,500	20.482
Regency Valley (1)	Interest of controlled corporation	403,409,500	20.482
HSBC International Trustee Limited (1)	Trustee	403,409,500	20.482
Asset Link (2)	Beneficial owner	167,080,000	8.483

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 beneficiary objects 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 403,409,500 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.

Save as disclosed above, as at December 31, 2021, 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 of the Company as 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, at no time during the year and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the 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 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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Our History and Reorganization — Onshore Reorganization" in our prospectus dated June 29, 2012 and save for their respective interests in the Group, none of the Directors and controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2021.

We have received an annual written confirmation from our controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, in respect of the compliance with the provisions of the deed of non-competition entered into between the Company and the controlling Shareholders (the "Deed of Non-competition").

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition in respect of the financial year ended December 31, 2021 based on the information and confirmation provided by or obtained from the controlling Shareholders, and were satisfied that the controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, have duly complied with the Deed of Non-competition.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 48 to the Consolidated Financial Statements, the following transactions constitute connected transactions or continuing connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. Except as disclosed below, other related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with the Listing Rules in respect of the connected transactions and continuing connected transactions below. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

2021 New Properties Leasing Agreement

On November 25, 2020, the Company entered into a new properties leasing agreement, as the lessee, with Yongda Holding, as the lessors (the "2021 New Properties Leasing Agreement") whereby Yongda Holding and its relevant subsidiaries agreed to lease certain properties to the Group for a term of three years commencing from January 1, 2021 and ending on December 31, 2023.

As Yongda Holding is a majority-controlled company indirectly held by Mr. CHEUNG Tak On, being the controlling Shareholder and a Director of the Company, Yongda Holding is a connected person of the Company and the transactions contemplated under the 2021 New Properties Leasing Agreement would therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules.

After taking into consideration of the estimated maximum annual rent not exceeding RMB38.5 million, the annual caps of the right-in-use assets recognized under the 2021 New Properties Leasing Agreement for each of the three years ended/ending December 31, 2021, 2022 and 2023 are RMB103 million, RMB103 million and RMB103 million, respectively. The rental payable under the 2021 New Properties Leasing Agreement shall be calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar properties in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties and shall be no less favorable than that can be offered by an independent third party. As one or more of the applicable percentage ratios for the annual caps under the 2021 New Properties Leasing Agreement for the three years ending December 31, 2023 are more than 0.1% but less than 5%, the continuing connected transactions contemplated under the 2021 New Properties Leasing Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements but subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules. The leased properties under the 2021 New Properties Leasing Agreement are mainly used for the Group's 4S dealerships, city showrooms, repair and maintenance service centres and offices. For details of the 2021 New Properties Leasing Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated November 25, 2020 and note 48 to the Consolidated Financial Statements.

Disposal of Equity Interest in Yongda Finance Leasing

On June 29, 2021, Shanghai Yongda Information Technology Group Co., Ltd. (上海永達信息技術集團有限公司) (the "Yongda Information"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Yongda CLS, pursuant to which, Yongda Information transferred its 28% equity interest in Yongda Finance Leasing to Yongda CLS at a consideration of RMB156,281,167 in cash. By disposing of the equity interest in Yongda Finance Leasing, the Company can realize the assets of the proprietary financial business, improve the balance sheet structure, increase the capital turnover rate, and enhance the Group's ability to focus on the development of the main business of automobile sales services. The completion of the disposal took place on December 22, 2021.

As Yongda CLS is a subsidiary of Yongda Holding (a majority-controlled company indirectly held by Mr. CHEUNG Tak On, being the controlling Shareholder and a Director of the Company), therefore Yongda CLS is a connected person of the Company and the disposal of 28% equity interest in Yongda Finance Leasing by Yongda Information to Yongda CLS would therefore constitute a connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the equity transfer to Yongda CLS is exempt from the circular (including independent financial advice) and shareholders' approval requirements but subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated June 29, 2021 and December 22, 2021 and note 48 to the Consolidated Financial Statements.

Yongda Finance Leasing Guarantees

Before the Disposal, the Group has provided guarantees for a series of credits and the corresponding debts of Yongda Finance Leasing to certain banks in China. Upon the completion of the Disposal and as at December 31, 2021, the relevant facilities and Previous Guarantees are listed as follows:

- For the credit provided Bank of Communications Co., Ltd. (交通銀行股份有限公司) for the term from April 2, 2021 to April 2, 2022, the maximum guarantee limit of the Group is RMB800 million, the balance of loan drawn by Yongda Finance Leasing is RMB800 million, and the maturity date of the last principal debt is October 2, 2022;

- For the credit provided by China Minsheng Banking Corporation Limited (中國民生銀行股份有限公司) for a term from October 30, 2020 to October 29, 2021, the maximum guarantee limit of the Group is RMB300 million, the total balance of loans drawn is RMB300 million, and the maturity date of the last principal debt is April 26, 2022;

- For the credit provided by Hang Seng Bank (China) Limited, the maximum guarantee limit of the Group is RMB200 million, the total balance of loan drawn by Yongda Finance Leasing is RMB200 million, and the maturity date of the last principal debt was January 18, 2022;

- For the credit provided by Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司) for a term from August 21, 2020 to August 21, 2021, the maximum guarantee limit of the Group is RMB400 million, the total balance of loan drawn by Yongda Finance Leasing is RMB116.94 million, and the maturity date of the last principal debt is November 30, 2022.

The Group expected that the above loans drawn as at December 31, 2021 and related to Previous Guarantees will expire at the latest in 2022. Upon repayment of the above amount by Yongda Finance Leasing, the Group will no longer assume guarantee liabilities for the loans above.

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

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

According to Rule 14A.60 of the Listing Rules, the provision of financial assistance by the Group to Yongda Finance Leasing before the completion of the Disposal is subject to the requirements for annual review, publication of announcements and annual reporting of continuing connected transactions after Yongda Finance Leasing becomes a commonly held entity of the Group. In the event of any change or renewal of these transactions, the Company will be in full compliance with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors are of the opinion that, the guarantees provide by the Group before the Disposal in favour of certain banks in the PRC in respect of a series of credits for Yongda Finance Leasing are normal financial assistance of the Group to its subsidiary and beneficial for the normal operation of such subsidiary before the expiry of the signed credit and guarantee agreements.

As of December 31, 2021, the total outstanding maximum guarantee related to Previous Guarantees was RMB1.700 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB1.417 billion. For details of the Previous Guarantees and the transactions contemplated thereunder, please refer to the announcements of the Company dated June 29, 2021, December 22, 2021 and March 15, 2022 and note 48 to the Consolidated Financial Statements.

Deloitte Touche Tohmatsu, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued its unqualified letter containing its findings and conclusions in respect of the Group's continuing connected transactions entered into for the year ended December 31, 2021 in accordance with Rule 14A.56 of the Listing Rules, with an emphasis in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the continuing connected transactions in connection with "Previous Guarantees" for the year ended December 31, 2021.

Deloitte Touche Tohmatsu has confirmed in its letter to the Board that, with respect to the Group's continuing connected transactions: (i) nothing has come to its attention that causes it to believe that the continuing connected transactions have not been approved by the Board; (ii) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) with respect to the aggregate amount of the continuing connected transactions under the 2021 New Properties Leasing Agreement, nothing has come to its attention that causes it to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

The Directors of the Company, including independent non-executive Directors, have reviewed and confirmed that the above continuing connected transactions were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; (iii) according to the relevant agreement (including the pricing principle and guidelines set out therein) governing them on terms that are fair and reasonable and in the interests the Shareholders as a whole; and (iv) the Company has complied with the pricing guidelines and has adopted internal control measures when determining the prices and terms of the transactions conducted during the year mentioned above.

For the work carried out by the management of the Company to confirm: (a) whether the relevant transaction has been carried out in accordance with the pricing policy or mechanism under the framework agreement; and (b) whether the internal control procedures of the Company are sufficiently effective to ensure that the relevant transaction is carried out properly, please refer to "Risk Management and Internal Controls" on pages 71 to 74 of this annual report.

Save for disclosed above, during the year, the Group have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Saved as disclosed in "Connected and Continuing Connected Transactions" section above, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of our Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2021 or at the end of the year ended December 31, 2021.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the "Connected and Continuing Connected Transactions" section above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended December 31, 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this annual report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify and hold harmless out of the assets of the Company, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Director (including alternate Directors or person serves at the request of the Company as a Director) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative in which judgment is given in his favour, or in which he is acquitted, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Director. The Company has arranged appropriate directors' liability insurance coverage for the Directors during the year ended December 31, 2021. Except for aforementioned directors' liability insurance, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2021, the Group had 16,697 employees (including employees in all regions of the Group). The remuneration of the employees includes salaries and allowances. The Group 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 fixed the Directors' remuneration. The emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' remuneration during the year are set out in note 10 to the Consolidated Financial Statements.

SHARE OPTION SCHEME

The Company has adopted a share option scheme pursuant to Chapter 17 of the Listing Rules on October 10, 2013 (the "Share Option Scheme"). The purpose of the Share Option 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. Eligible persons include (a) any Director (whether executive or non-executive, including any independent non-executive Director) or employee (whether full time or part time) of the Group; (b) any supplier to the Group; (c) any customer of the Group; (d) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to the Group; (e) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group; (f) any joint venture partner, business or strategic alliance partner, in each case, of any member of the Group; and (g) any discretionary trust whose discretionary objects may be any person belonging to any of the above classes (a) to (f) (the "Eligible Persons"). The Share Option Scheme shall be valid and effective for a period of 10 years commencing from October 10, 2013, being the date on which the Shareholders approved the Share Option Scheme, and shall expire on October 13, 2023, after which period no further share option shall be granted. Therefore, as at December 31, 2021, the remaining life of the Share Option Scheme was approximately one year and ten months.

Under the Share Option Scheme, the Remuneration Committee will from time to time propose for the Board's approval for grant of share options and the number of share options to be granted to the relevant grantees. The aggregate number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any new share option scheme of the Company which may be adopted hereafter must not, in aggregate, exceed 10 per cent of the total number of issued shares as at the date of adoption of the Share Option Scheme or any new share option scheme (as the case may be). The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30 per cent of the total number of shares in issue from time to time. As at the date of this annual report, the number of shares of the Company available for issue under the Share Option Scheme amounts to 93,024,650 Shares, representing approximately 4.73% of the total number of issued shares of the Company.

No option shall be granted to any Eligible Person if, at the relevant time of grant, the number of shares issued and to be issued upon exercise of all share options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1 per cent 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.

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 of the Company.

The vesting period is determined at the Company's discretion and is set out in the offer letters to the grantees. An 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. Unless the Board determines otherwise, there is no minimum period for which an option must be held before it can be exercised. 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 option is offered or the date on which the conditions for the offer are satisfied. Payment of option price of RMB1.00 shall be made upon acceptance of the offer.

Details of movements in the options granted under the Share Option Scheme during the year ended December 31, 2021 are as follows:

Category and Name of grantee	Number of Share Options							Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price of share options	Closing price of the Company's shares immediately before the grant date of options	Weighted average closing price of the Company's shares	
	As at January 1, 2021	Granted during the year	Forfeited during the year	Exercised during the year	Lapsed during the year	Expired during the year	As at December 31, 2021				HK$ per share	HK$ per share	Immediately before the exercise dates HK$ per share	At dates of options exercise HK$ per share
Executive Directors														
XU Yue	3,000,000	-	-	-	-	-	3,000,000	December 4, 2020	Three years from the date of grant of share options	December 4, 2020 to December 3, 2025	13.920	13.700	-	-
CHEN Yi	800,000	-	-	-	-	-	800,000	December 4, 2020	Three years from the date of grant of share options	December 4, 2020 to December 3, 2025	13.920	13.700	-	-
TANG Liang	500,000	-	-	-	-	-	500,000	June 19, 2017	Three years from the date of grant of share options	June 19, 2017 to June 19, 2022	8.140	8.020	-	-
	2,500,000	-	-	-	-	-	2,500,000	December 4, 2020	Three years from the date of grant of share options	December 4, 2020 to December 3, 2025	13.920	13.700	-	-
Other Employees in aggregate	4,620,500	-	-	1,360,600	978,000	-	2,281,900	June 19, 2017	Three years from the date of grant of share options	June 19, 2017 to June 19, 2022	8.140	8.020	13.899	14.591
	5,700,000	-	-	-	-	-	5,700,000	December 4, 2020	Three years from the date of grant of share options	December 4, 2020 to December 3, 2025	13.920	13.700	-	-

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. 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 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. 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 be, in any event, exceed 5% of the number of the Shares in issue on such date without the Board's prior approval.

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 December 31, 2021, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 70 years and six months. On termination of the Employee Pre-IPO Incentive Scheme, BOCI HK Trustee will transfer the Scheme Shares to Yongda Holding, unless the board of directors of Yongda Holding request 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 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.

During the year, 3,890,000 restricted shares were awarded to eligible persons, in accordance with the terms of the 2020 Amended Scheme. Details of the restricted shares granted under the 2020 Amended Scheme during the year ended December 31, 2021 are set out in note 37 to Consolidated Financial Statements in this annual report.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2021.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2021, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 28.8% and 68.7%. The percentage of the total sales attributable to the Group's five largest customers was below 30% of the total sales in the Group.

None of our Directors or any of their close associates or any Shareholders (which to the best knowledge of our Directors owned more than 5% of number of the Company's issued shares) had a material interest in our five largest suppliers or customers.

CHARITABLE DONATIONS

The donations by the Group for the year ended December 31, 2021 amounted to RMB13.64 million.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period, the Company repurchased a total of 7,629,000 ordinary shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration (including transaction costs) of approximately HK$88,774,658. Particulars of the repurchases are as follows:

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

The 6,629,000 Shares Repurchased in September 2021 and 1,000,000 Shares Repurchased in December 2021 were cancelled on October 29, 2021 and February 11, 2022, respectively. The repurchase of the Company's shares during the reporting period was effected by the Directors, pursuant to the general mandate granted to the Directors at the annual general meeting dated May 20, 2021, with a view to benefiting the Company and the Shareholders by enhancing the net asset value per share and/or earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules and has complied with the code provisions in the CG Code during the reporting period.

AUDITOR

The Consolidated Financial Statements of the Group for the year ended December 31, 2021 have been audited by Deloitte Touche Tohmatsu, certified public accountants.

Deloitte Touche Tohmatsu shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

RECORD DATE OF AGM

Shareholders whose names appear on the register of members of the Company at the close of business on May 26, 2022 (Thursday) (the "Record Date") will be entitled to attend the AGM to be held on June 1, 2022 (Wednesday). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS FOR THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed from June 9, 2022 (Thursday) to June 13, 2022 (Monday), both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 8, 2022 (Wednesday).

By order of the Board
CHEUNG Tak On
Chairman

PRC, March 15, 2022

Corporate Governance Report

The Board of the Company is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the CG Code in Appendix 14 to the Listing Rules.

The CG Code sets out (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices and the Company was in compliance with the code provisions of the CG Code during the year ended December 31, 2021.

The CG Code has been amended with effect from January 1, 2022. As this corporate governance report covers the year ended December 31, 2021, all the corporate governance principles and code provisions mentioned herein refer to those stated in the CG Code (version with effect up to December 31, 2021), instead of the revised CG Code (unless otherwise specified). Furthermore, the Board adopts the revised CG Code (version with effect from January 1, 2022), the requirements under which shall apply to the Company's corporate governance report in the forthcoming financial year ending December 31, 2022.

A. THE BOARD

1. Responsibilities

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board has established several Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

2. Delegation of Management Function

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group and overall strategies, risk management and internal control systems, notifiable and connected transactions, nomination of directors and company secretary, and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transaction is entered into.

3. **Board Composition**

During the reporting year, the Board of the Company comprises the following 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)* (appointed on December 21, 2021)
Non-executive Director	Mr. WANG Liqun (resigned on December 21, 2021)
Independent Non-executive Directors	Ms. ZHU Anna Dezhen Mr. LYU Wei Mr. MU Binrui

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in our prospectus dated June 29, 2012 and in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board and senior management.

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules during the reporting year.

4. **Appointment and Re-election of Directors**

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors has entered into a service contract with the Company for a term of three years with effect from their respective effective date of appointment unless terminated by not less than one month's notice in writing served by either the executive Directors or the Company. Each of the non-executive Director and independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself or herself for re-election by Shareholders at the next following annual general meeting after appointment.

5. Induction and Continuing Development for Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she understands the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development materials for the Directors were arranged by the Company and its professional advisers.

The training records of the Directors for year ended December 31, 2021 are summarized as follows:

Names of Directors	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
Executive Directors		
Mr. CHEUNG Tak On	✓	✓
Mr. CAI Yingjie	✓	✓
Mr. WANG Zhigao	✓	✓
Mr. XU Yue	✓	✓
Ms. CHEN Yi	✓	✓
Mr. TANG Liang *(appointed on December 21, 2021)*	✓	✓
Non-executive Director		
Mr. WANG Liqun *(resigned on December 21, 2021)*	✓	✓
Independent non-executive Directors		
Ms. ZHU Anna Dezhen	✓	✓
Mr. LYU Wei	✓	✓
Mr. MU Binrui	✓	✓

6. **Board Meetings and General Meetings**

Number of Meetings and Directors' Attendance

Code provision A.1.1 (which has been re-numbered as C.5.1 since January 1, 2022) of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Board met five times during the year ended December 31, 2021 for discussing and approving, among others, the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2020, unaudited interim results for the six months ended June 30, 2021, declaration of final dividend, entering into disclosable transaction, connected transactions and continuing connected transactions, acquisition of assets and business and change of composition of the Board and Chief Executive Officer.

The attendance records of each Director at the Board meetings and general meeting are set out below:

Name of Director	Attendance/Number of Board Meetings*	Attendance/Number of General Meeting(s)**
Mr. CHEUNG Tak On	5/5	1/1
Mr. CAI Yingjie	5/5	1/1
Mr. WANG Zhigao	5/5	1/1
Mr. XU Yue	5/5	1/1
Ms. CHEN Yi	5/5	1/1
Mr. TANG Liang *(appointed on December 21, 2021)*	1/1	0/0
Mr. WANG Liqun *(resigned on December 21, 2021)*	5/5	1/1
Ms. ZHU Anna Dezhen	5/5	1/1
Mr. LYU Wei	5/5	1/1
Mr. MU Binrui	5/5	1/1

* Five Board meetings were held during the year ended December 31, 2021 on March 16, 2021, May 12, 2021, June 29, 2021, August 24, 2021 and December 21, 2021 respectively.

** One annual general meeting was held during the year ended December 31, 2021 on May 20, 2021.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice will generally be given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

B. CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 (which has been re-numbered as C.2.1 since January 1, 2022) of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

Mr. CHEUNG Tak On is the Chairman of the Board, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for setting the strategic vision, direction and goals of our Group and he participated in our Group's strategic and key operational decision-making processes. He is the primary responsible person for ensuring that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole. He holds a meeting with the independent non-executive Directors without other directors present at least annually.

During the year, the role of the Chief Executive Officer have been performed by Mr. CAI Yingjie until December 21, 2021. On December 21, 2021, due to work re-allocation and adjustment of the management team of the Company, Mr. CAI Yingjie ceased to act as the Chief Executive Officer and Mr. XU Yue was appointed as the Chief Executive Officer on the same date.

Mr. XU Yue is our Vice-chairman, President and Chief Executive Officer, who is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, Mr. CHEUNG Tak On as the Chairman coordinates with the management to provide adequate, complete and reliable information to all Directors for consideration and review.

C. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Audit and Compliance Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Stock Exchange and the Company.

The majority of the members of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. **Remuneration Committee**

The Board has established the Remuneration Committee with written terms of reference in compliance with code provisions under B.1.2 (which has been re-numbered as E.1.2 since January 1, 2022) of the CG Code. The Remuneration Committee currently consists of two independent non-executive Directors, being Ms. ZHU Anna Dezhen and Mr. LYU Wei, and one executive Director, being Mr. WANG Zhigao. The chairperson of the Remuneration Committee is Ms. ZHU Anna Dezhen.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining or making recommendation to the Board on the terms of the remuneration package of the Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and making recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

The Remuneration Committee held two meetings during the year ended December 31, 2021 to review, among others, the remuneration policy and structure of the Company, and consider and make recommendation to the Board on the remuneration for non-executive Directors, independent non-executive Directors and the newly appointed executive Director as well as the proposal on special incentive of senior management.

The attendance records of the Remuneration Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Ms. ZHU Anna Dezhen	2/2
Mr. WANG Zhigao	2/2
Mr. LYU Wei	2/2

Details of the Directors' remuneration are set out in note 10 to the Consolidated Financial Statements.

The remuneration payable to the senior management of the Company (who are not the Directors) for the year ended December 31, 2021 is shown in the following table by band:

Remuneration band (RMB)	Number of individuals
500,001 – 1,000,000	2
1,000,001 – 1,500,000	4
1,500,001 – 2,000,000	1

2. **Audit and Compliance Committee**

The Board has established the Audit and Compliance Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as code provisions under C.3 (which has been re-numbered as D.3 since January 1, 2022) and D.3 (which has been re-numbered as A.2 since January 1, 2022) of the CG Code. The Audit and Compliance Committee currently consists of three independent non-executive Directors, being Ms. ZHU Anna Dezhen, Mr. LYU Wei and Mr. MU Binrui. The chairperson of the Audit and Compliance Committee is Ms. ZHU Anna Dezhen, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit and Compliance Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence and objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring the policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; (vi) developing, reviewing and monitoring the code of conduct applicable to the employees and Directors; (vii) overseeing and monitoring the risk management and internal control systems of the Company on an ongoing basis and review with the Company's external auditor and senior management at least annually; (viii) reviewing the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems; and (ix) reviewing the Company's internal audit function to ensure co-ordination within the Group and between the Company's internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held two meetings during the year ended December 31, 2021 to review, among others, the unaudited interim results and report for the six months ended June 30, 2021, the financial reporting and the compliance matters, compliance with the corporate governance policy and practice, the audited annual results and financial report for the year ended December 31, 2020, the financial, operational and compliance monitoring, the risk management and internal control, the work of the internal and external auditors, the service fees due to the external auditor as well as the re-appointment of external auditors.

The attendance records of the Audit and Compliance Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Ms. ZHU Anna Dezhen	2/2
Mr. LYU Wei	2/2
Mr. MU Binrui	2/2

The Company's annual results for the year ended December 31, 2021 have been reviewed by the Audit and Compliance Committee on March 15, 2022.

3. **Nomination Committee**

The Board has established the Nomination Committee with written terms of reference in compliance with code provisions under A.5 (which has been re-numbered as B.3 since January 1, 2022) of the CG Code. The Nomination Committee currently consists of one executive Director, being Mr. CHEUNG Tak On (who is the Chairman of the Board), and two independent non-executive Directors, being Mr. LYU Wei and Mr. MU Binrui. The chairperson of the Nomination Committee is Mr. CHEUNG Tak On. The Nomination Committee reviews the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes (if any) to it.

The primary duties of the Nomination Committee include, but are not limited to (i) with reference to the Nomination Policy, identifying, selecting and recommending to the Board suitable candidates to serve as Directors and presidents of the Company, and formulating plans for succession for both executive Directors and non-executive Directors; (ii) reviewing the structure, size, composition and diversity of the Board as well as the Board Diversity Policy; (iii) overseeing the process for evaluating the performance of the Board; (iv) developing, recommending to the Board and monitoring nomination guidelines for our Company; and (v) assessing the independence of independent non-executive Directors.

The Nomination Committee held two meetings during the year ended December 31, 2021 to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to assess the independence of the independent non-executive Directors, to consider the credentials of the executive Director candidate, to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2021 annual general meeting of the Company, and to discuss the appointment of executive Director and change of Chief Executive Officer.

The attendance records of the Nomination Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Mr. CHEUNG Tak On	2/2
Mr. LYU Wei	2/2
Mr. MU Binrui	2/2

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process. When nominating a particular candidate for Director, the Nomination Committee will consider amongst others (1) integrity and character; (2) factors including gender, age, cultural, educational background, ethnicity, skills, knowledge, experience, etc; (3) board diversity that a candidate can bring to the Board; (4) commitment in respect of available time (factors to be taken into account include public directorships already held by the candidates); (5) independence criteria as required under the Listing Rules for candidates for independent non-executive Directors; and (6) the experience or knowledge of the candidate that are relevant to the Company's business and corporate strategy and in international operations.

In short, proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director. The Nomination Committee will review such information of the potential candidates and may either conduct interviews with the candidates; or request candidates to provide additional information and documents if it considers necessary; or conduct any background check (if necessary). Meeting of a Nomination Committee will be called for the members to discuss the credentials of the proposed candidates and assess their qualifications based on the factors set out above. The Nomination Committee may also invite nominations of suitable candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election and re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measurable objectives as set out in the Board Diversity Policy, details of which are set out in subsection headed "Diversity" below. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of gender, knowledge, experience and skills of the Directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.

D. DIVERSITY

The Board has adopted the Board Diversity Policy, a summary which is set out below:

Purpose:	The Board Diversity Policy aims to set out the approach to achieve diversity of the Board.
Board Diversity Policy statement:	With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
Measurable Objectives:	Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board Diversity Policy is well implemented as evidenced by the fact that our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of passenger vehicle dealership, automobile sales service business, automobile finance business, business administration, investment management and general corporate management. Moreover, there are both male and female Directors ranging from 44 years old to 65 years old with different and experience from different industries and sectors. In particular, given that two out of nine of our Directors are female, our Board will, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, use its best endeavors to actively identify female individuals suitably qualified to become our Board members.

Two of ten of our senior management are female, and we have witnessed a balanced gender ratio in the workforce with a male to female ratio of approximately 8:5 as at December 31, 2021. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended December 31, 2021.

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

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2021.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The management has provided sufficient explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 119 to 120 of this annual report.

The external auditor of the Company will be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year, the remuneration paid to the external auditor of the Company in respect of audit services and non-audit services for the year ended December 31, 2021 amounted to RMB6.92 million and RMB0.13 million respectively. The non-audit services were in relation to the provision of advisory services on the preparation of the Group's 2021 Environmental, Social and Governance Report.

The auditors of the Company have not changed in the past three years.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board has delegated the Audit and Compliance Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit and Compliance Committee;

- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and

- Internal auditors provide independent assurance to the Board, the Audit and Compliance Committee and the management concerning the effectiveness of risk management and internal control systems.

During the reporting period, major works performed by the management in relation to risk management and internal control included the following:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Group's performance; assessing and evaluating the identified risks according their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;

- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit and Compliance Committee regarding the status of the systems;

- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;

- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and

- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. were in place.

The internal audit function of the Company monitored the internal governance of the Company and provided independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executives in charge of the internal audit function reported directly to the Audit and Compliance Committee. The internal audit reports on control effectiveness were submitted to the Audit and Compliance Committee in line with agreed audit plan approved by the Board. During the reporting period, the internal audit function carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Company through, amongst others, examination of risk-related documentation prepared by operation units and the management and conducting interviews with employees at all levels. The senior executives in charge of the internal audit function attended meetings of the Audit and Compliance Committee to explain the internal audit findings and responded to queries from members of the Audit and Compliance Committee.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and on a "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as signing of confidentiality agreement with potential parties, pre-clearance on dealing in the Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit and Compliance Committee reviewed such arrangement regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the reporting period, the Audit and Compliance Committee reviewed the effectiveness of the risk management and internal control systems of the Company. The annual review included works such as (i) review of reports submitted by heads of operation units or departments and the management regarding the implementation of the risk management and internal control systems; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems and the works of the internal audit function. Such discussions include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions; (iii) evaluation on the scope and quality of management's ongoing monitoring of the risk management and internal control systems; (iv) review of the effectiveness of the internal audit function to ensure coordination within the Group and between the Company's internal and external auditors and to ensure the internal audit function is adequately resourced and has appropriate standing within the Group; and (v) made recommendations to the Board and the management on the scope and quality of the management's ongoing monitoring of the risk management and internal control systems.

On the basis of the aforesaid, during the year ended December 31, 2021, the Audit and Compliance Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal controls of the Company.

I. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company has an implementable and effective shareholders' communication policy in place in the year ended December 31, 2021. The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website at www.ydauto.com.cn, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. To solicit and understand the views of shareholders and stakeholders, the Company has also set up channels and procedures for shareholder's enquiries, details of which are set out in subsection headed "Shareholders' Rights" below. During the year ended December 31, 2021, the Company did not make any changes to its memorandum and Articles of Association. An up-to-date version of the Company's memorandum and Articles of Association is also available on the websites of the Company and the Stock Exchange.

J. DIVIDEND DISTRIBUTION POLICY

Under the dividend distribution policy of the Company, the declaration of dividends is at the discretion of the Board subject to the applicable laws and the Articles of Association. The amount of dividends to be declared and paid are based upon, among other things, the Group's general business conditions, financial results, cash flows, capital requirements, interests of the Shareholders and any other factors which the Board may deem relevant.

Subject to the Cayman Companies Act and the Articles of Association, no dividend may be declared in excess of the amount recommended by the Board and the dividends are declared from statutory distributable reserves.

K. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors. Meanwhile, the procedures for Shareholders to (i) convene an extraordinary general meeting; (ii) direct their enquiries to the Board; and (iii) put forward proposals at Shareholders' meetings are available.

General meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene the meeting shall be reimbursed to them by the Company.

Shareholders holding not less than one-tenth of the total number of the Company's voting shares shall be entitled to propose new proposals in writing to the Company. The Company shall include in the agenda for the meeting the matters in the proposals that fall within the scope of duties of the Shareholders' meeting. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's principal place of business in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office for the attention of the Company, not less than six weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company at Unit 5708, 57/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairperson, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and the Stock Exchange after the relevant shareholders' meeting.

L. JOINT COMPANY SECRETARIES

Ms. SO Ka Man ("Ms. SO") of Tricor Services Limited, an external service provider, has served as a joint company secretary of the Company since November 25, 2020. Ms. SO is currently a director of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. SO is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) ("HKCGI") and The Chartered Governance Institute. Ms. SO is a holder of the Practitioner's Endorsement from HKCGI. Ms. SO obtained a bachelor's degree in arts (accountancy) from the Hong Kong Polytechnic University. Mr. WANG Zhigao, our executive Director and Vice-chairman, is Ms. SO's primary contact person at our Company.

Ms. ZHANG Hong ("Ms. ZHANG") has served as another joint company secretary of the Company since March 20, 2018. Ms. ZHANG is currently a Vice-president of the Group. In March 2021, the Stock Exchange has agreed that Ms. ZHANG has the qualifications required to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. Ms. ZHANG worked and communicated closely with Ms. SO to discharge the functions of joint company secretaries during the year.

During the year ended December 31, 2021, each of Ms. ZHANG and Ms. SO has undertaken over 15 hours of professional training to update their skills and knowledge.

Mr. WANG Zhigao and Ms. SO have been engaged by the Company as authorized representatives under the Listing Rules.

M. GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to Shareholders through the optimization of the debt and equity balance. There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

Environmental, Social and Governance Report

I. ABOUT THE REPORT

Introduction

This report is the 2021 Environmental, Social and Governance Report (generally referred to as "ESG Report", "Report" or "this Report") issued by China Yongda Automobiles Services Holdings Limited (hereinafter referred to as " the Company") and its subsidiaries (hereinafter referred to as "our Group", "Group", "Yongda" or "we"), which mainly introduces our specific work and achievements in practicing sustainability and fulfilling corporate social responsibilities in FY2021. Openly disclosed are our management measures for sustainable development to improve the Group's environmental, social, and governance work.

Reporting scope

This Report presents the overall business performance of the Group from January 1, 2021, to December 31, 2021 (hereinafter referred to as the "Reporting Period"), including our businesses in new passenger vehicle sales, repair and maintenance services, automobile extension products and services, automobile finance and insurance product agency services, pre-owned vehicles, automobile rental services, and financial leasing and small loan services.

This year, to more comprehensively examine our sustainability performance, we expanded the scope of entities covered by the Report to include China Yongda Automobiles Services Holdings Limited and its affiliates (which is consistent with the scope of the annual report, including the Company's 237 enterprises).

Reference

The ESG Report is compiled and presented in accordance with the revised Appendix 27, the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as the "Guide"), to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (hereinafter referred to as the "Listing Rules") published by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX" or the "Stock Exchange") in December 2019, and other related documents. The Group has complied with the "Comply or Explain" provisions set out in the Guide. The Report follows relevant systems and procedures, including identifying key stakeholders, prioritizing important ESG-related issues, determining the scope of the ESG Report, collecting relevant information and data, compiling the Report based on that data, and examining the materials used in the Report.

Source of data

The data of this Report are from the Group's internal documents and relevant statistics.

Download and feedback

Both the Chinese and English versions are available of this Report on the HKEX's website http://www.hkexnews.hk and Yongda's official website http://www.ydauto.com.cn/cns/index.html. This Report is prepared in Chinese and English, and the Chinese version shall prevail in case of any discrepancy between the two versions. For any questions or suggestions send to: ir@ydauto.com.cn.

Reporting principles

This Report is the sixth issued by the Company to meet the disclosure requirement of HKEX concerning environmental, social and governance practices and the expectations of shareholders of the Group. Therefore, the Report follows the Guide, and the existing policies and procedures relating to sustainable development (or corporate social responsibilities).

This Report was prepared with the following principles:

(1) Materiality – We believe that the ESG Report has a significant impact on investors and other stakeholders. We disclosed the process of identifying material ESG factors, including identifying stakeholders and conducting substantive issue assessment using the importance matrix. Based on stakeholder communication mechanisms and the materiality principle, we identified key ESG-related factors and disclosed the corresponding measures in this Report.

(2) Quantitative – We quantified key performance indicators in respect of historical data, set targets to reduce a particular impact and disclosed the quantitative indicators per the Guide. At the same time, we disclosed the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable), accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

(3) Balance – We undertake that we have impartially and objectively presented the Group's ESG performance to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

(4) Consistency – We used consistent methods for statistic disclosure and made meaningful comparisons of data. Any changes in methodologies or key performance indicators or any other relevant factors affecting a meaningful comparison are indicated.

The Board Statement

The Board of Directors (hereinafter referred to as "the Board") has overall responsibility for the Company's ESG strategy and reporting under relevant provisions of the Guide.

As an important leadership role of the Company, the Board directly manages and is responsible for the Company's ESG strategies and reports in accordance with the relevant provisions of the Guide, and regularly reviews the Company's ESG report. The Board believes that managing ESG-related risks and opportunities is critical to the Company's high-quality sustainable development. Therefore, under the leadership of the Board, the Company attaches great importance to ESG risk management. By reviewing the Company's operations and holding internal discussion, we have identified the relevant social responsibility issues and assessed their importance to our business and stakeholders, so as to identify material issues of great significance to the Company's development, and establish key areas and measures for ESG risk management and control.

In addition, in 2021, the Board improved the ESG management approach and strategy, and formulated environmental protection goals accordingly, covering energy use, emissions, water resources and greenhouse gases. To this end, the 2021 ESG work plan was launched to urge the realization of ESG goals.

Looking ahead, the Board will continue to review and supervise the Company's performance in ESG aspects, and continuously improve the Company's ESG governance capabilities. At the same time, the Company will be committed to becoming a leading full-ecological service provider for high-end new energy vehicle users in China, helping the rapid development of the new energy industry, exploring the realization of a higher-level and more advanced new energy low-carbon development mode, and promoting the integrated application and innovative demonstration of relevant achievements, to make continuous efforts to achieve a green, low-carbon and sustainable environment.

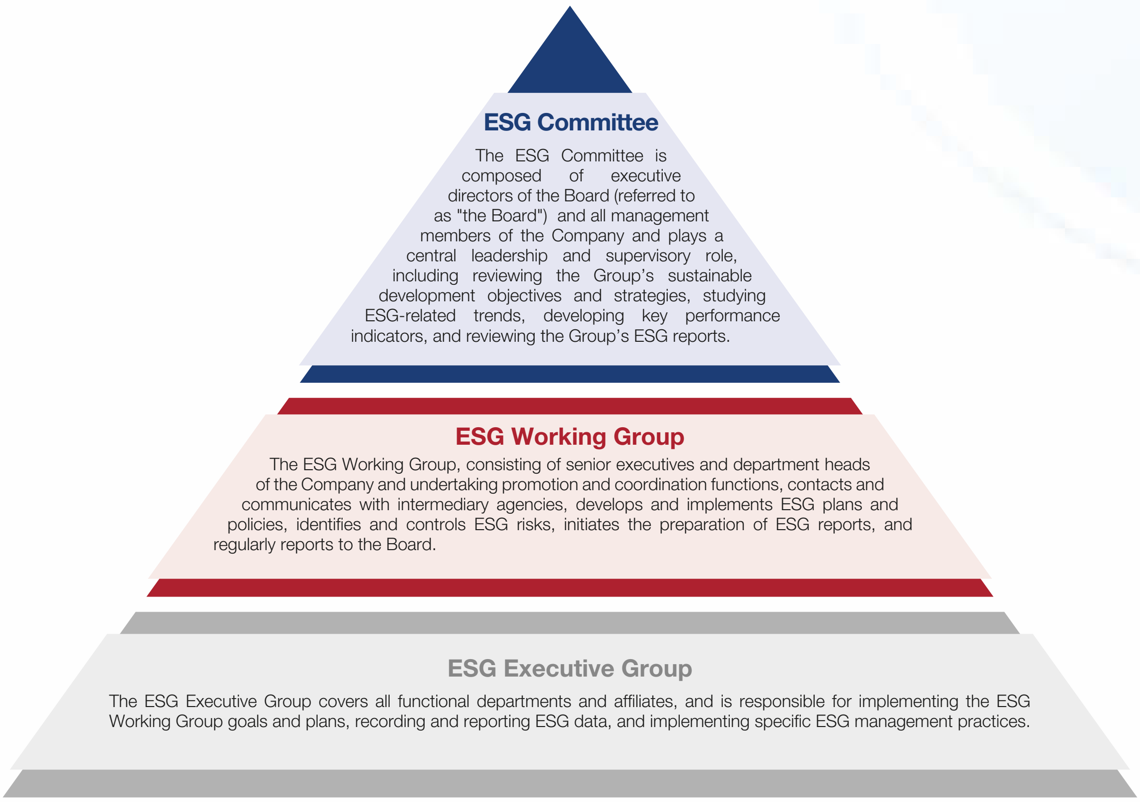
II. INTEGRITY AND RESPONSIBILITY

As one of China's leading automobile dealer groups, Yongda adheres to the business philosophy of "customer-oriented, efficiency-prioritized, open and mutually beneficial, and sustainable." The Group regards responsibility as the foundation of corporate development and pays continuous attention to the harmonious relationship between society, business performance and the environment. The Group has developed a sound social responsibility governance structure and environmental and social policies and measures to continuously improve the sustainability governance level and create more value for stakeholders. Meanwhile, we operate in compliance with the laws, always value business ethics, and assume corporate citizenship responsibilities during the business development process.

2.1 ESG management structure

The Group established the three-tier ESG management structure consisting of the ESG committee, ESG working group and ESG executive group in the fourth quarter of 2021, further clarifying the responsibilities of ESG management to implement the Group's sustainable development strategies sufficiently.

The Group's three-tier ESG management structure:



2.2 Communication with stakeholders

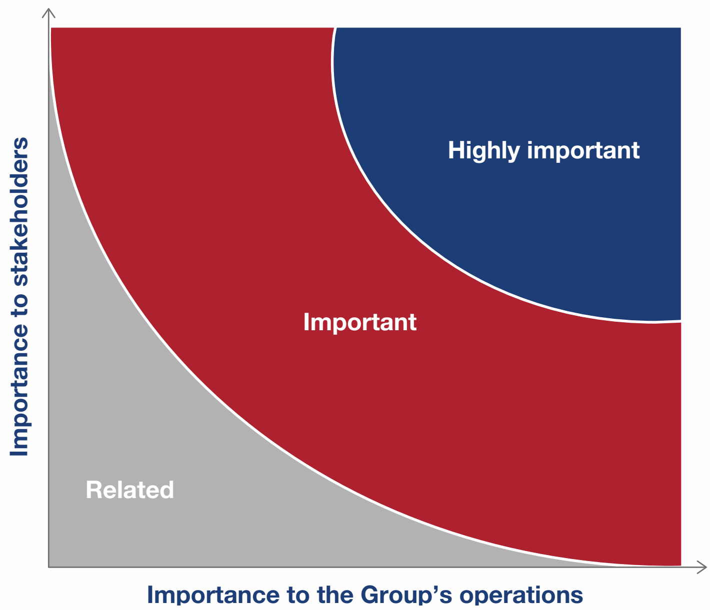
The Group regards the expectations and requirements of the stakeholders as important factors for developing sustainable strategies and figures out specific areas of action concerning the stakeholders through multiple methods. Currently, the Group's main stakeholders include but are not limited to investors, government and regulators, employees, customers, suppliers, NGOs and the community. Continuous communication with stakeholders and active listening to their opinions and demands are important links of the Group's daily operations. The main communication channels with the stakeholders and their expectations for the Group are illustrated as follows:

Stakeholders	Expectations	Main Communication Channel
Investors	• Safeguarding shareholders' rights and interests • Disclosing information accurately and timely • Improving corporate governance • Compliance in operation • Business and financial strategies	• General meeting of shareholders • Press release and public announcement • External report • News published on company website • Online and offline investor briefing • Hotline or e-mail
Government/ regulators	• Compliance in operation • Workplace safety and health • Creating economic benefits, promoting employment • Creating welfare for the community • Assuming environmental responsibilities • Responding to national policies • Fulfilling tax obligations in accordance with the laws	• Compliance report • Supervision and inspection • License application • Compliance-related meeting • Communication with local government
Employees	• Safeguarding employees' rights and interests • Competitive salary and welfare • Labor protection at the workplace • Training and career development • Employee involvement and policy democracy • Corporate culture • Personal physical and mental health	• Labor union/workers' congress • Safety and compliance meeting • Training and career development • Hotline or e-mail • Notice or publication of the Group • Team-building activities • Office platform and enterprise WeChat account
Customer	• Customer service • Product quality • Privacy protection	• Key customers symposium • Systematic communication • Workplace visit • The Group's WeChat account (Yongda Qiche Darenhui) • 24-hour customer service hotline and e-mail • Online review platform • Customer satisfaction survey

Stakeholders	Expectations	Main Communication Channel
Suppliers	• Supplier access management • Supplier assessment • Safeguarding suppliers' rights and interests • Supplier cooperation • Complying with business ethics and national laws and regulations	• Open bidding, seminar • Supplier access and assessment • Field visit • Leaders' meeting • Communication during daily operations
NGO	• Local development investment • Participating in local community projects • Assuming environmental responsibilities • Respecting human rights • Fair share of benefits	• Direct communication • Workplace visit
Community	• Local development • Assuming environmental responsibilities • Promoting employment • Creating opportunities for local products and services suppliers • Engaging in public benefit activities • Organizing community activities	• Community visit • Meeting for key groups • Notice on procurement requirements • Recruitment advertising • Communication with local government and organizations • Official website of the Group

2.3 Substantive issue assessment

In 2021, we collected many suggestions from our internal and external stakeholders. We identified 11 ESG issues after analysing the importance of the issues to the Group's operations and stakeholders, considering the industry background, development status, and strategic planning. We ranked these issues to reflect our impact on the environment and society to better respond to stakeholders' expectations and requirements. These issues will also be key areas of concern during the Group's sustainable development. The importance matrix is as follows:



Highly important
Business ethics
Product quality
Customer service and privacy protection
Supplier management
Training and development

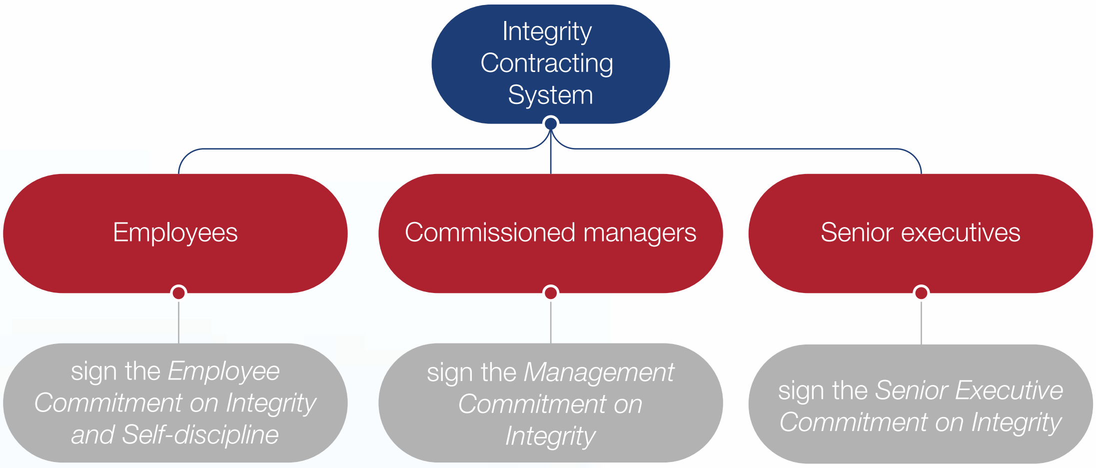
Important
Labor relations
Community relations
Health and safety

Related
Energy
Waste
Air quality

2.4 Business ethics

The Group always operates in accordance with the laws and adheres to business ethics, which is our long-held core management concept. We are committed to building a compliance management system in line with the best practices in the industry. We continue to promote our anti-corruption cultural progress to strengthen employees' awareness of integrity and honesty.

The Group holds a "zero tolerance" attitude towards bribery, corruption, extortion, fraud and money laundering, and strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery*, and other relevant laws and regulations. We established the internal *Management Regulations on Integrity of Management Personnel* as a criterion for regulating employee behaviour. In addition, we established the integrity contracting system—all employees, commissioned managers and senior executives of the Group must sign the "Commitment on Integrity and Self-discipline", and commit to jointly stopping commercial bribery to safeguard the long-term interests and brand image of the Group.



We encourage all employees to report any suspicious incidents. We set up various whistle-blowing channels, including e-mail, telephone, WeChat, OA platform, customer service platform, and posted public signs for anti-corruption whistle-blowing in member companies. We treat each incident report seriously and ensure that each incident is effectively handled.

The Group continues to build a professional compliance management team, and the operation compliance of all affiliates is under the management and supervision of the discipline inspection commission. In 2021, the Group conducted an online integrity inspection through WeChat communication with all affiliates, intending to learn about their reported incidents and construction of anti-corruption culture. In addition to internal compliance management and audit, we signed the *Anti-Bribery Agreement* with all external suppliers. Every quarter suppliers are required to submit integrity self-inspection reports, and we will conduct timely compliance and integrity assessments on all suppliers at the end of the business, to detect, investigate and deal with any corruption issue.

The Group conducted many anti-corruption publicity campaigns among employees and updated the incorruptible conceptions—"To build up correct conceptions constantly and deal with business publically; to use power for public interests and manage business according to the bottom line." We have set up the one-to-one integrity supervisor system, and the general managers of all affiliates will address the importance of anti-corruption at the weekly meetings. The Group also adopted an online and offline integrated training model. We publicize integrity management among employees via the "Yongda Cloud University" platform; in the meantime, we invite external experts to the company to provide offline training for management personnel.

Experts from the public security system sharing cases of duty-related crimes in a lecture

In 2021, the Group held 15 internal anti-corruption lectures for management personnel, EMP elites, new employees, and 76 lectures for suppliers. The Board held five relevant meetings to study and emphasize anti-corruption management.

During the Reporting Period, the Group and its employees were not involved in any corruption lawsuit.

III. ENJOY QUALITY

The Group strives to create a first-choice service brand providing customers with a carefree, happy life with cars. The Group understands that top-quality products and customer services are the driving force for company development. Therefore, we adhere to the user-centered business philosophy and have developed specific quality inspection and service procedures, practicing our philosophy with a strong sense of responsibility and effective measures.

3.1 Quality assurance

We have developed a series of inspection standards for the delivery of new, pre-owned, and repaired vehicles to users, and we are devoted to ensuring the quality of the products we sell.

Inspection and acceptance of new vehicles

For new vehicles, we require the storage and transportation department of the enterprise to conduct preliminary acceptance of vehicles immediately after they arrive at the store. The inspection is mainly about the appearance of vehicles, as well as lights, tools and accessories, the number of keys, mileage, and other necessary materials, to ensure everything is as flawless and intact as described on the delivery note of the manufacturer.

After the inspection, the new vehicles will go through the warehousing processes. Our technicians will conduct more than 50 Pre-Delivery Inspections (PDI) on the new vehicles, including appearance check, engine inspection, and electric system inspection before officially delivering new vehicles to users, to ensure the performance of the new vehicles is up to standards.

Qualification of pre-owned vehicles

When purchasing a pre-owned vehicle, we will check its maintenance and insurance claim records, and carry out strict tests to ensure the quality of pre-owned vehicles. Before selling a pre-owned vehicle, we will strictly apply standardized and specialized renovation procedures according to the *Vehicle Delivery Standards of the Renovation Center* to eliminate faults and potential hazards to ensure that the vehicle passes the official certification of each brand or Yongda's pre-owned vehicle certification (including 178 items of 15 categories of strict tests).

Inspection of repaired vehicles

Following our *Vehicle Repair Quality Inspection System*, we strictly implement the pre-inspection, process inspection, and completion inspection procedures for repaired vehicles. We will collect feedback from the customer within three days after the repaired vehicle is returned to the customer to learn about the vehicle's status. If there is still a fault, we will ask the customer to bring the vehicle back for further inspection and repair, to ensure that any fault is eliminated.

Inspection of repaired vehicles:

Pre-inspection

Pre-check the condition, functions, and reported faults of the vehicles, and fill out the pre-inspection checklist.

Process inspection

After the vehicles are repaired, the maintenance technicians independently inspect the vehicles they repaired, then they inspect the each other's vehicles.

Completion inspection

The dedicated inspection personnel will strictly check the vehicles against the maintenance items after completion, and conduct road tests if necessary. Unqualified vehicles will be returned to the garage for further repair and maintenance. Repaired vehicles can only be delivered after passing all checks.

In the event that the products sold need to be recalled due to quality or other problems, the Group will strictly execute the recall procedures as instructed by the manufacturers.

3.2 Dedicated services for customers

Customer satisfaction is the foundation of our business. We actively protect the rights and interests of consumers and make improving customer satisfaction our top priority. In 2021, we continued to integrate online and offline marketing and services through digital technology. We improved our one-stop service system and implemented a series of measures to improve customer satisfaction.

The Group, being always customer-oriented, attaches great importance to customer service and has established the *Channel Service Standards* to regulate the service processes of its affiliates. The *Channel Service Standards* cover behaviour, sales service, after-sale service, environment and facilities, management, and customer management standards, encompassing the full-cycle service process including pre-sales, sales and after-sales. The Group will amend and update the relevant content every year according to customer demands and internal management.

Diversified online and offline services

With increasingly younger consumers and continuous development of the internet economy, the Group established a new media operation division and continuously explores new marketing and service methods such as livestreaming and online sales services to bring new service techniques and fresh customer experiences. By the end of 2021, the Group amassed over 12 million followers on Douyin, with cumulative short-video view counts exceeding 10 billion and livestreaming view counts exceeding 60 million, marking a success in integrating online marketing with offline 4S store operations.

Livestreaming platform

In 2021, the Group launched a digital customer service platform, which can efficiently and accurately respond to customers' demands through intelligent data analysis. The Group strives to create a new service experience for customers through "Online Reservation," "Pick-up and Delivery," and other online services.

In addition, we enhanced our online and offline activities through "Cross-industry Corporation" to satisfy customers' diversified needs. For example, we cooperate with the Fosun Group to customize a health insurance card, which covers health insurance, VIP healthcare privileges, green medical channels, female health care, online inquiry, and health benefits, creating a high-quality "car + health" service experience for customers; we cooperate with the Bailian Group and have launched the Yongda Official Flagship Store on BL.COM to provide consumers with a different experience; we also joined hands with Toplist to customize Yongda's exclusive "VIP benefits package" for customers, to give back customers with accumulated superior resources.

Service highlights

To improve our customer experience, the Group's affiliates think from the customers' perspective to identify their demands and accordingly design and optimize specific services. We have launched more than 200 highlight service projects such as the "Seasonal Drinks," "Unforgettable Delivery Experience," and "Personalized Theme Activities" to meet the diversified and personalized needs of the new generation customers.

"Unforgettable Delivery Experience", "Seasonal Drinks",
"Female-only Service Area" and "Pilates Class"

Pre-owned vehicle trading service system

The Group built a complete pre-owned vehicle trading system, and optimized the omni-channel and whole-chain trading method to provide consumers with an open, transparent, and convenient service environment and a more professional and comfortable experience, advancing the Group to become the "most respected automobile service platform". In 2021, we actively responded to the *Guidelines for Promoting Automobile Consumption in the Commercial Domain* issued by the General Office of the Minister of Commerce, and took the lead in launching the "2+1" all-channel digital pre-owned vehicle retail trade model. It combines Yongda's two channel systems (over 200 4S stores and Yongda's pre-owned vehicle chain stores) with its used-car e-commerce platform (www.yducc.com.cn), allowing consumers to easily view and buy cars online. Meanwhile, we also have a digital data centre for centralized pricing and allocation of vehicles. Therefore, through integrating online and offline services, we established a customer lifecycle-centered operation management system to achieve the inventory synchronization and sharing.

We own rich brand certification resources for pre-owned vehicles and a strict pre-owned vehicle certification system. We promise that all the retail vehicles have passed 178 items of 15 categories of strict tests. We resolutely say no to flood-damaged, fire-damaged, and structurally-damaged cars, and provide trackable maintenance and insurance claim records. Official certification from the brands and Yongda provide reassurance for customers to use the vehicles. In addition, the Group actively cooperates with external top-quality platforms while, at the same time, continuously improving our own business level. We are the first dealership group to cooperate with the CADA Ningmengcha, a used-car information service platform built by China Automobile Dealers Association. By leveraging the resource superiority of the CADA Ningmengcha platform, we can timely and accurately obtain the key information of vehicles, such as frequency, date, status, and amount of insurance claims, repaired parts, etc., thus reducing used-car trading risks and improving consumer satisfaction.

Before an order is placed, our WeChat mini program provides a real-time consultation, enabling quick answers and improving communication efficiency with customers. After purchasing a car, we provide consumers with at least a 3-month or 5,000-km quality guarantee and one-stop services covering warranty extension, financial insurance, high-end decoration, repair & maintenance, and evaluation & replacement to realize a reassuring customer experience.

Yongda used-car e-commerce platform

Listening to customers

The Group set up a 24-hour customer service hotline and Yongda Qiche Darenhui to collect customers' feedback and suggestions; besides, we collaborate with Shanghai Consumer Council to launch the industry's first online customer comments platform, which demonstrates the service attitude and concept of our Group that Yongda cares about the quality of each service and each customer's sentiment. In 2021, the Group received approximately 350,000 customer comments and accordingly adjusted its service in time to further meet customer needs.

We also set up a sound customer feedback process. After receiving customer feedback, the Group's customer service centre will identify customer needs, convey the customer feedback to the relevant member companies and departments which will immediately contact the customers, and provide proper solutions until the customers satisfy. During the Reporting Period, the Group received 49 products and services-related complaints, all of which were effectively addressed.

3.3 Privacy protection: mutual-trust relationship

We respect and protect customer information and privacy and have strict standards and requirements for customer information management. We strictly regulate the collection, holding, use, and processing of customer information to ensure customer information security in a cautious, confidential, and lawful way.

All employees of the Group have signed the *Confidentiality Agreement*, and resigned employees are required to sign the *Resignation Statement*, which specifies their information protection responsibilities and obligations, as well as their legal liabilities if any confidential information leaks because of them.

With China introducing the *Personal Information Protection Law* in 2021, the Group acted strictly in accordance with the relevant regulations. It established the *Management Measures for Strengthening Prevention of Customer Information Risks* to regulate the relevant processes. We also conducted group-wide training, requiring employees to clearly explain the usage and purpose of information when collecting from customers and obtain the customers authorization, follow the corresponding application and approval procedures when using customers' information, and sign a customer information confidentiality agreement when cooperating with third parties, to ensure secured customers' information management and protection of customers' privacy.

In addition, we include customer information authorization in our routine inspections. Any violation of the management measures will lead to a penalty on the leader of the relevant affiliate.

3.4 Cooperation: sustainable supply chain

We mainly cooperate closely with auto parts, ornaments, maintenance equipment, and office appliances suppliers and are committed to building an open, transparent and sustainable supply chain. We developed the *Management Measures for the Development and Introduction of Auto Parts and Ornaments*, the *Management Measures for Suppliers of Auto Parts and Ornaments*, and the *Management Regulations for Procurement of Automobile Maintenance Equipment and Tools* to regulate supplier development, inspection, access, and performance evaluation.

Supplier Development

- All affiliates shall seek and develop suppliers according to their brand and product characteristics, customer type, and market research, and fill out the "Consolidated Application Form for Parts and Components";

Supplier Inspection and Access

- Examine the business license, product agency certificate, product information, prices, and other background information of the supplier candidates, and execute the access approval procedures;

Supplier Performance Evaluation

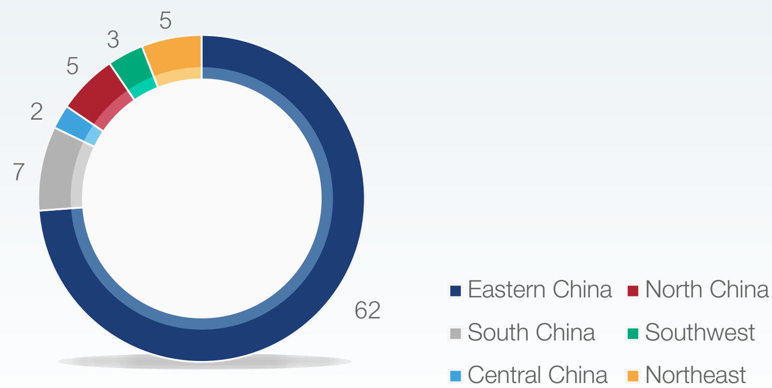
- Evaluate the parts and ornaments suppliers every half-year on their prices, quality, speed of delivery, and after-sale services; replace unqualified suppliers.

Moreover, we established an online digital procurement management platform for information sharing, procurement process tracing, and total lifecycle management of suppliers to improve procurement efficiency and regulate procurement processes. This platform also helps us achieve unified management of the purchase prices of our stores, obtaining the lowest possible purchase prices and reducing costs.

In addition, environmental and social risks are considered important factors for selecting suppliers. In 2021, we required the suppliers to provide the labour contracts of their people stationed in Yongda stores, buy insurance, and provide us medical examination reports of those working on the positions with risks of occupational diseases. Besides, for all parts we purchased (except OEMs), we required the suppliers to provide a product authorization certificate and inspection reports of quality and environmentally hazardous substances to ensure the products meet environmental requirements. For example, we required the paint suppliers to provide products that meet the latest environmental requirements, along with VOCs content test reports and other inspection results. We refuse to cooperate with suppliers who cannot provide the necessary materials.

In 2021, the Group had 84 suppliers that account for more than 90% of the Group's total purchase amount during the reporting period. The employment process of these suppliers follows the aforementioned employment practices, and their geographical distribution is as follows:

Geographical Distribution of the Group's Suppliers



IV. CHERISH TALENT

As the backbone of sustainable development, employees are a focus of the Group. We adhere to an equal and compliant employment policy, provide reasonable compensation and welfare, help employees grow, and create a healthy and safe working environment, laying the foundation for attracting various kinds of outstanding talent.

4.1 People-oriented: employee rights, interests, and welfare

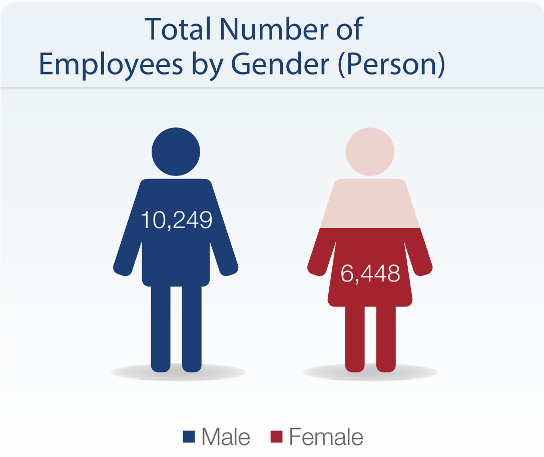
The Group adopts people-oriented management and continuously improves the recruitment, compensation, and promotion mechanisms to build a professional team. We are also committed to creating a harmonious people-oriented working environment to improve employees' happiness and sense of belonging.

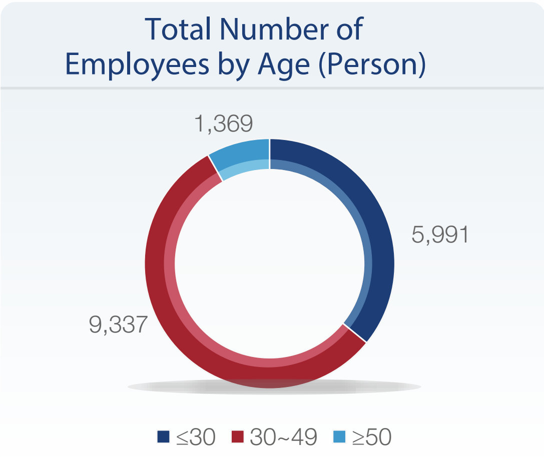
Principles

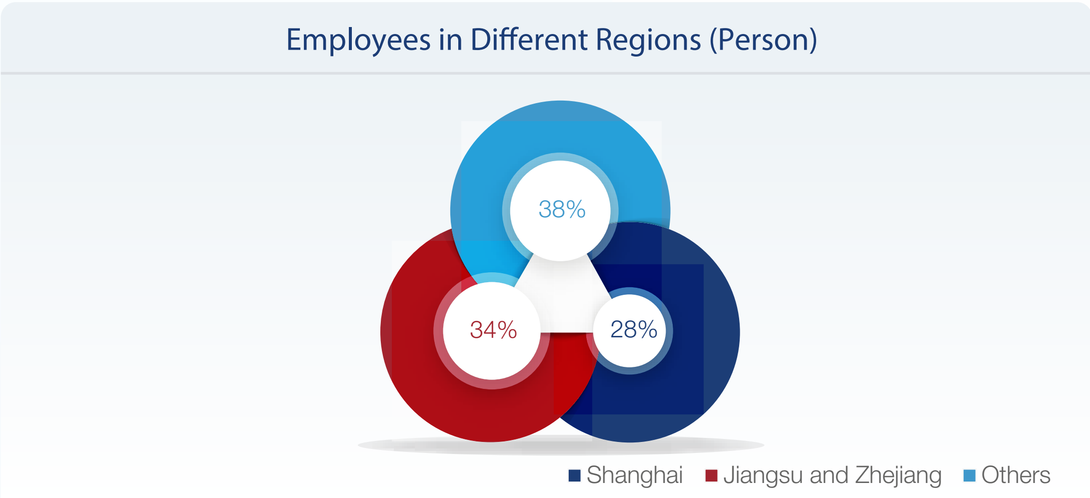
The Group acts in strict compliance with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Law on the Protection of Minors*, and *the Provisions on Prohibiting the Use of Child Labor*. It established the internal *Provisions on Optimizing Recruitment and On-boarding Management of Employees* and *Provisions on Strengthening the Survival-of-the-Fittest Management of Employees* to regulate the recruitment and promotion processes. The Group sticks to the principles of fairness and ensures no discrimination against or privilege for employees regardless of their gender, age, nationality, ethnicity, and religion. The Group strictly follows the national regulations and never recruits people under the age of 16 or forces people to work. Also, we conduct self-inspection from time to time; if any violation is found, it will be corrected and punished in a timely manner, ensuring all labour work in compliance with relevant laws.

We allow flexible working hours within the Group for better work and life balance. The Group implements an eight-hour working system with at least one day off every week. We also provide statutory holidays (such as paid annual leave, wedding holidays, maternity leave, sick leave, and bereavement leave) for employees according to local policies, to guarantee employees' will and rights to take holidays.

By the end of the Reporting Period, the Group had a total of 16,697 employees. The number of employees categorised by sex, gender and regions is as below:







Compensation system

A fair and equitable compensation system is an important basis for attracting talents. The Group strives to provide employees with a competitive compensation and benefits package based on the market standards and the company's operation, and dedicates to improving its compensation and benefit level.

The Group's employee compensation mainly includes fixed salary and performance bonus. There are clear performance evaluation indicators for different positions so that the salary distribution reflects, to the extent possible, the principle of variation among positions, results sharing and more rewards for more work, ensuring that all employees fairly enjoy labour rewards. We will flexibly adjust employees' salaries every year according to their performance and the changes in the external environment to provide employees a salary that matches the value of their position and contributions.

Employee welfare and activities

We established a diversified and humanized benefits system that covers five types of social insurance and a housing fund, annual or sick leave, other paid holidays, holiday gifts, free working meals, birthday treats, and physical examination. We also execute a series of Yongda-specific welfare policies, including:

-Family medical assistance: The company provides assistance for employees suffering serious illnesses (or their immediate families) and major emergencies;

-Child education fund: For employees who worked for Yongda more than one year, the Group will provide scholarships and subsidies to their children each year during their undergraduate, graduate or doctoral study;

-High-end physical examination: The Group arranges a special physical examination and VIP inquiry services for senior executives, directors, general managers, and core management and their families, the family members of the executives and expatriate general managers can enjoy the same treatment;

-Family salary: The Group pays a family salary to both the spouse and parents of the senior executives, directors, general managers, and personnel at other core management positions, with an annual expenditure of about RMB4 million, to express thoughtfulness for the relativesof management personnel;

-Special paid holidays: Other than the normal statutory holidays, the Group offers a one-day paid leave for female employees on International Women's Day, a one-day paid leave for all employees on their birthday, and a three-day paid leave for employees who are awarded the title of Exemplary Individual.

In addition, we hold various activities to enrich employees' spare time, such as weekly fitness activities for management personnel, sports club, art performance, employees' sports meeting, labour emulation, "Yongda Craftsman" Selection.

Various staff sports meetings

Art performance to celebrate the centenary of the Communist Party of China

Through the launch of sales, after-sales, management elite competitions,
“Yongda Craftsman” selection and etc., to actively improve the skill level of staff

4.2 Employee training and development

The Group attaches great importance to the capability building and career development of employees and offers employees diversified training channels to help them enhance their professional knowledge and comprehensive skills, and provides adequate and equal promotion opportunities, thus steadily building talent within the Group.

Employee training

The Group has established and continuously improves a training system that focuses on employees' competency and career development, and adjusts the training plans every year according to business needs. We offer different training to different employees:

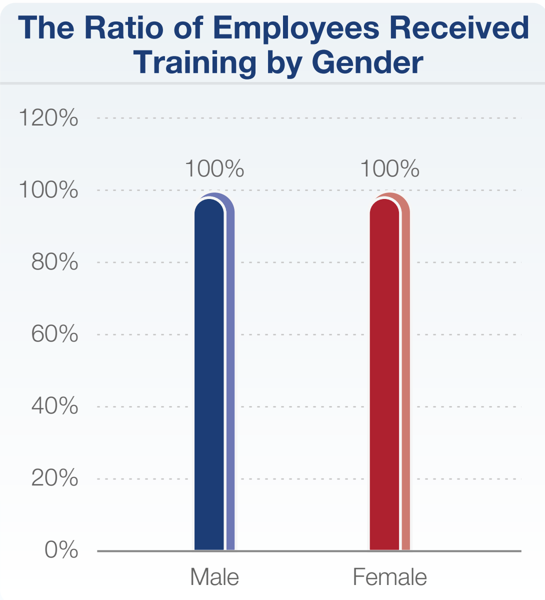
New employee	Orientation and on-the-job training
	• Help new employees understand the company culture and the job duties to fit in as soon as possible.
Professional talent	Internal business skills training and advanced certification training by external manufacturers
	• Help professional talent to quickly upgrade skills to fully realize their potential
Management personnel	Management ability enchancement training, general management courses, professional skill upgrading training
	• Help management personnel further expand their horizons and understand the company's development strategies.

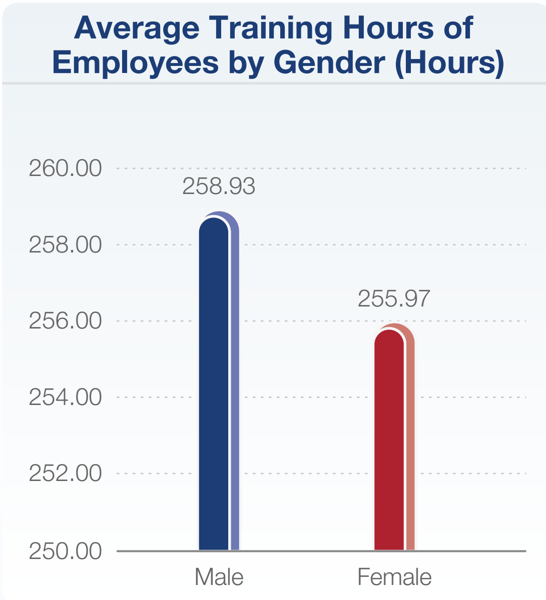
For three years, we have been cooperating with Korn Ferry to promote the "Talent Development Program" — Yongda EMP Class, which has fostered over 100 outstanding young management personnel through a professional assessment on competency and leadership potential and systematic training. After being promoted as a director or general manager, employees will continue to receive leadership training to meet daily management needs. The Group also encourages middle and high-level management personnel and outstanding young managers to attend the EMBA, MBA, and AMP courses of key institutions such as CEIBS, Jiao Tong University, and Fudan University and covers their full tuition. As of 2021, we had spent over RMB10 million on our employees' tuition fees.

Daily training and activities of Yongda EMP Class

During the Reporting Period, we organized 17 special training sessions, which focused on leadership improvement and empowerment of the Group's key businesses and covered more than 1,000 management personnel, with a score of 9 out of 10 regarding the participants' satisfaction with each training session. We have also set up a digital learning platform—Yongda Cloud University, which provides unified training on all employees through pre-charted learning maps and nearly 500 online courses, achieving digital employee training management. In 2021, employees' average online learning time was 144 hours, with a credits completion rate of over 90%.

During the Reporting Period, all of our employees received training, with a total training time of 4,304,256 hours and 257.77 hours of training per capita. Ratio of employees being trained and average training hours are set out below:





Career development

We offer clear career paths for employees who can take the development route of professional talent or management personnel. The professional talent route consists of five levels: junior, intermediate, advanced, senior and chief; the management personnel will grow from supervisor, manager, general manager, to director. Each level is divided into 1-3 sub-levels based on the capabilities and experience of employees. Employees are motivated to climb the career ladder through continuous hard work.

The two routes are connected, and employees can switch between the two according to their competency, or they can change a position within the professional route to develop other capabilities to become versatile talent. Both routes will provide employees with proper positions and adequate opportunities to maximize their value and become mainstays of the Group.

4.3 Occupational health and safety

Employee health and safety is the top priority of the Group. The Group always implements the policy of "prevention first, combined prevention and control," constantly optimizes the safe operation measures, and specifies the management responsibilities and supervision tasks, to create a healthy and safe working environment for employees.

Occupational health

We try our best to avoid occupational hazards and take proper control measures to eliminate the potential health risks of employees. We provide employees working on the positions with potential occupational hazards with appropriate protective equipment, such as gas masks, earplugs, goggles, insulating gloves, and insulating shoes. We conduct regular environmental tests, occupational health examination which includes pre-job, in-job, and off-job physical examinations, to prevent occupational diseases and ensure employees' health.

Safety

The Group strictly abides by the *Law of the People's Republic of China on Workplace Safety* and other relevant regulations. It has formulated the *Regulations on Management of Production Safety* to clarify production safety management tasks and the relevant responsibilities. All affiliates set up their safety management team and sign a written pledge of risk prevention and control responsibilities with the directors, general managers, management personnel, and employees of all functional departments to establish a sound responsibility system for production safety management at all levels.

At present, the Group faces potential test-drive safety hazards and operational safety risks in the maintenance workshop. To ensure the safety of test-drivers, we have clearly defined the rights and responsibilities of our affiliates, sales consultants and the test-drivers, including:

(1) The company shall require customers to provide their original identity card and driving license before the test drive, and carefully verify the identity of the customers.

(2) A *Test Drive Service Agreement* shall be signed with customers, which will be reviewed and confirmed by the vehicle administrator; then vehicle administrator can give the key to the sales consultant.

(3) The company shall install a camcorder on the vehicles to be tested and ensure that the recorder functions well during the test drive, to effectively reduce various kinds of potential safety hazards.

(4) When taking a customer to test a vehicle, the sales consultant or designated driver shall shut down the vehicle and take out the key before changing seats with the customer, and give the key to the customer after he/she is seated with the safety belt fastened. In the case of a Keyless-Go car, the key must be kept by the sales consultant or designated driver throughout the test drive.

(5) Customers are not allow to test drive the vehicles under the influence of alcohol or drugs.

(6) Test drivers must undertake that they will comply with relevant laws and regulations, keep a safe distance during the test drive, avoid dangers, and obey the arrangements and instructions of our text-driving escorts.

Accompanied by a designated driver, the customer is driving a car after signing the *Test Drive Service Agreement*

For the operational safety problems in the maintenance workshop, we have established a system for safety inspection and hidden danger identification, and require all affiliates to conduct a safety self-inspection every day and have the general manager conduct a monthly safety inspection. All affiliates must take immediate measures to eliminate hidden dangers found during daily self-inspection. If the hidden danger cannot be rectified immediately, the affiliates shall make a rectification plan and have designated people to implement the rectification measures. In addition, the Group conducts safety inspections from time to time, and will timely record and make rectification suggestions for any safety hazards found. We carry out regular maintenance and overhaul of the equipment in the maintenance workshop in strict accordance with the maintenance system to ensure normal operation of the equipment. We will immediately stop using the faulty or unsafe equipment until it is repaired.

The Group also attaches great importance to enhancing employees' safety awareness and executes a sound safety education and training system. We ensure that employees have the necessary safety knowledge through training on general safety knowledge for new recruits, basic requirements training and education, pre-job safety knowledge education, training on safe operation rules, and fire drills. Besides, we publicize safe production through the company newspapers and cultural walls and commend advanced units and individuals in the safe production to create a safe production culture.

Case **Fire drill**

All the Group's affiliates must conduct at least one company-wide fire drill every year to train employees to save themselves and properly respond to emergencies. The affiliates will set up a temporary fire drill working group, organize relevant personnel to check all fire alarm equipment in the week before the drill, and inform employees of the relevant cautions one day before the drill. During the fire drill, all staff must quickly leave their workplace, evacuate from the exit passageway, and assemble at the designated place. After all employees are assembled, the manager of each functional department will count the number of people and the fire service instructor will explain how to use the fire equipment and fire-fighting to ensure employees to know the correct fire escape methods and skills.

Fire drill

Prevention and control of COVID-19

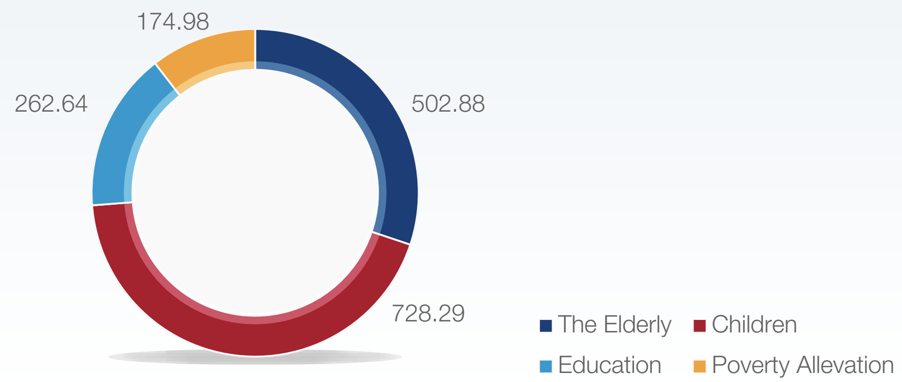
During the Reporting Period, the Group established a working group to continuously strictly prevent and control the pandemic and ensure every store and employee fulfill their epidemic-prevention obligations.

We pay close attention to the changes of local government's guidelines on pandemic prevention. We actively take necessary measures to protect people and the workplace, including temperature measurement of employees and visitors, checking the health code, workplace and vehicle disinfection, avoiding indoor gatherings, and sending people for examination. We strictly follow the local government's guidance and combine our actual situation to manage the use of masks, air conditioners and the dining hall. In addition, sticking to the principle of early detection, quarantine, treatment and reporting, all affiliates continued to publicize hygiene and pandemic prevention knowledge in various ways and occasions to arouse greater attention of all employees, especially those on key positions.

V. LOVE FOR SOCIETY

As a socially responsible corporate citizen, the Group actively contributes to society and participates in community activities while pursuing strategic growth. Since the establishment of Yongda Foundation in 2017, we have focused on "caring for children," "caring for the elderly," "caring for education", and "caring for poverty" to carry out various public welfare programs with an expenditure of over RMB100 million. During the Reporting Period, the Yongda Foundation investment in community projects reached RMB16.69 million. The Group received many honors and titles granted by relevant authorities, such as the "Shanghai Charity Star," "Pudong New Area Charity Organization Award," and "Public Welfare Alliance Unit of Shanghai Traffic Police Corps."

Community Investment by Category (RMB10,000)



5.1 Caring for the elderly

Great love begins with great kindness, and filial piety is one of the virtues to be held above all else. In today's society with an increasingly aging population, promoting a culture of respect for the elderly is of great importance to maintaining family happiness and social harmony and stability. Therefore, Yongda Foundation has always made prioritized caring for the elderly, especially their physical and mental health.

2021 was the third year for Yongda Foundation's "Yongda Lights Up the Sunset," an eye health care project for the elderly. The Foundation organized an ophthalmologist team from Shanghai General Hospital to conduct free diagnosis and treatment in Zunyi, Guizhou province, helping the elderly suffering from cataracts and fundus diseases to recover their sight. During the Reporting Period, a total of RMB3 million was spent on this project to fund 503 older adults with eye diseases to receive treatment, including 416 patients with genetic eye diseases, 71 patients undergoing anti-VEGF therapy, and 16 patients receiving cataract surgery.

An ophthalmologist was volunteering examining the eyes of a patient

In addition to the physical health of the elderly, the Foundation also cares for their mental health. In 2021, the Foundation launched the "Love Around You" elderly companionship project, which conducted a series of activities such as the Double Ninth Festival activity, the "Echoes of Old Times" documentary, and the newspaper donation activity, total expenditure of RMB1.98 million.

2021 "Love Around You" elderly companionship project

1. On Double Ninth Festival in 2021, Yongda Foundation organized an elderly greeting event at the Conference Centre of Yongda International Building with the theme of "Yongda Foundation-Making Life Better for the Elderly", which invited Huang Baomei, the first generation National Model Worker and winner of the July 1 Medal, and Guo Chuanzhong, a Shanghai special-grade Chinese teacher. The company presented Double Ninth Festival gifts to more than 4,400 older people in 21 nursing homes throughout Shanghai.

2. The Foundation recorded a public service documentary called "Echoes of Old Times", which features 11 meritorious figures including Huang Baomei and Lu Qiming, and aims to keep image and sound archives of the old people who have made outstanding contributions in different fields and inspire the young generations.

3. To alleviate the aloneness of the elderly during the pandemic, the Foundation subscribed to Xinmin Wanbao for 45 nursing homes, providing richer cultural nourishment for nearly 10,000 old people.

2021 Double Ninth Festival activity for the elderly

5.2 Caring for children

Children are the hope and future of our nation. The Group always cares about children's growth and carries out public service activities focusing on children's health and safety during the Reporting Period.

In 2021, Yongda Foundation donated RMB10 million to the Children's Hospital of Shanghai and the EYE & ENT Hospital of Fudan University, respectively, to initiate the "Snow Angel Care Project," which funds the surgical treatment of children who have leukemia, hematologic tumors, and other diseases and provides humanistic care over the next five years. The Group also funds the "Healthy Kids with Good Hearing and Sight" project, which is dedicated to helping children with severe congenital deafness, microtia and cataracts. By the end of 2021, the "Snow Angel Care Project" had helped 17 children while the other had helped 28 children from low-income families receive surgery, including 4 children with cataracts, 6 children with congenital malformation of the middle and outer ears, and 18 children with severe congenital deafness.

Child patients of the "Snow Angel Care Project"

The Foundation established the Harmonia Capital Special Fund in March 2021, receiving a donation of RMB1.5 million from the CHCC Group. The fund is mainly used for carrying out children-caring activities, of which RMB900,000 will be donated to the Shanghai Renji Hospital to help children with liver diseases from poor families.

In addition, to help improve children's awareness of traffic safety, Yongda Foundation prepared a traffic safety comic book during the Reporting Period, and donated it to 200,000 first-grade students of primary schools in 16 districts and counties of Shanghai. In the meantime, we gave a vivid and interesting traffic safety lecture in one representative school of each district and county, intending to help the children understand the basic traffic rules.

While caring for the health and safety of children, Yongda Foundation also hopes that every child can have a happy childhood. The Foundation sent a gift package to 1,000 hospitalized children at Shanghai Children's Medical Centre, Children's Hospital of Shanghai and Renji Hospital on the Children's Day, which contained children's pillow, cup, toys and other items. We also visited the orphaned and disabled children at the Baby's Home of Shanghai Children's Medical Centre and brought them presents and blessings for Children's Day.

Traffic safety lecture in a primary school

Children's Day gift package

5.3 Caring for education

A thriving education makes a thriving country, while a robust education makes a powerful country. The Group believes that education is one of the main driving forces for regional economic development. Therefore, we actively participate in public educational undertakings and have provided a special education fund for many years to support students and facilitate the construction of excellent teaching teams. In 2021, our five special education funds, i.e., Shanghai Normal University-Yongda Special Education Fund, Pudong Heqing Town-Yongda Special Education Fund, Gyangzê County, Tibet – Yongda Special Education Fund, Shanghai University of Traditional Chinese Medicine- Yongda Special Education Fund, Shanghai Communications Polytechnic – Yongda Special Education Fund, continued to help create a good learning environment and provide adequate education resources for hundreds of children in remote and poor areas.

Yongda's education assistance projects during the Reporting Period included:

Project	Expenditure (RMB10,000)	Number of Beneficiaries (Students)
Shanghai Normal University – Yongda Special Education Fund	10	21
Pudong Heqing Town – Yongda Special Education Fund	50	127
Gyangzê County, Tibet – Yongda Special Education Fund	50	220
Shanghai University of Traditional Chinese Medicine – Yongda Special Education Fund	60	60
Yongda Class – Yongda Special Education Fund (15 vocational schools)	84	459
Total	254	887

5.4 Caring for poverty

The Group is committed to targeted poverty alleviation and takes practical actions to help the poor and vulnerable groups, especially those sinking back into poverty due to illness. Through establishing the Wan Zhanggen Special Fund and Jiaqi Special Fund, Yongda Foundation has continued to help people suffering serious illnesses for three years. During the Reporting Period, the two funds were mainly used as consolation money for people suffering serious diseases, which helped 21 sick and poor people.

To support the local government to help the backward villages and towns, Yongda Foundation has been running a paired assistance project in Heqing Town and Xijia Village of Pudong New Area for three consecutive years. During the Reporting Period, the project assisted 1,201 people, including 938 older people in nursing homes, 101 people from families that lost their only child, 92 patients with malignant tumors, 53 patients with uremia and 17 patients with leukemia. It also renewed the assistance agreement with Xijia Village to continuously help the poor, the elderly and the households that lost their only child.

The Foundation also implements a training program for doctors in poor areas. In 2021, it sponsored three doctors to take medical training in Shanghai. The Group strives to cultivate excellent medical talent for the remote poor areas. For instance, we hold online urology forums, prepare urology training manuals, and record video tutorials for doctors in remote regions of Anhui, Sichuan, Xinjiang, Shanxi, Shandong, Zhejiang and Liaoning provinces.

VI. ENVIRONMENTAL PROTECTION

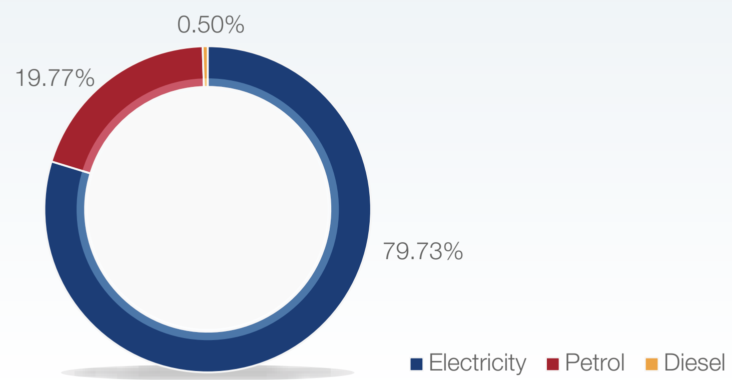
The Group is mainly engaged in automobile sales and services, which is not an energy-intensive industry and has a limited impact on the environment. However, we fully understand the environmental responsibilities enterprises should assume and take practical actions to implement sustainable development during our operations. We are committed to sincerely managing our resources and minimizing carbon emissions and waste generation.

6.1 Low-carbon operation: rational utilization of resources

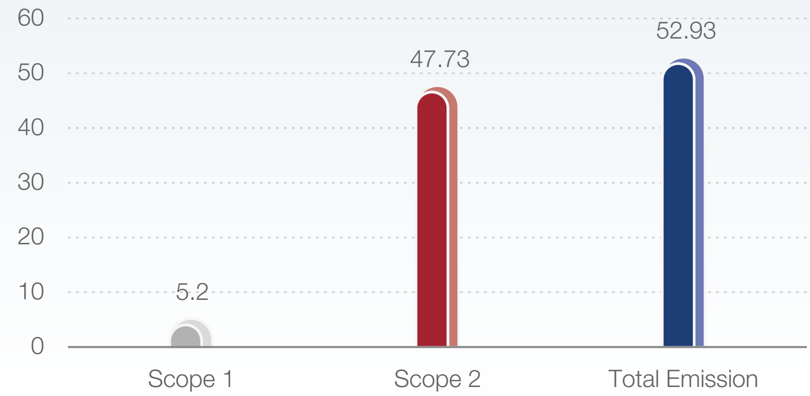
The Group has always attached importance to improving energy use efficiency and strictly abides by the *Environmental Protection Law of the People' Republic of China, the Law of the People's Republic of China on Conserving Energy*, and other laws and regulations. We mainly use electricity, petrol, diesel, and municipal water.

During the Reporting Period, our energy consumption totalled 87,014.34 MWh, and the total energy use intensity is 762.28 MWh/hm2. Specifically, the Group consumed 69,379.65MWh of electricity, 17,203.15 MWh of petrol and 431.54 MWh of diesel. The Group's Scope 1 direct greenhouse gas emission is mainly caused by the use of petrol, with total greenhouse gas emissions (CO2 equivalent) of 5,199.19 tonnes in 2021 and the intensity of 45.55 tonnes/hm2. Our Scope 2 direct greenhouse gas is mainly generated from the use of electric power, with total emissions of 47,729.73 tonnes in 2021 and the intensity of 418.13 tonnes/hm2. In addition, our total water consumption and paper consumption amounted to 773,747.72 tonnes and 385.52 tonnes respectively.

Energy Consumption by Category



Greenhouse Gas Emission (Thousand tons)



The Group always advocates low-carbon operations and incorporates minimizing resource utilization into daily operations and management. Currently, we have set long-term targets for the use of power and water—specifically, we are committed to continuously improving electricity efficiency and will install rooftop photovoltaic power to reduce building energy consumption and implement low-carbon energy usage; we will strive to control annual water consumption below the amount approved by the water supply company. During the Reporting Period, the Group took the following resource-saving measures during its operations:

Water saving

We regularly checked water pipes and fire hoses for leakage, pay close attention to monthly water consumption and abnormalities, and publicized to improve employees' awareness of water conservation, to effectively reduce annual water consumption.

Paper saving

In principle, staff are required to adopt electronic means such as Email and WeChat for business reporting and issuing notices whenever possible; necessary paper materials should be printed using different types of paper in proper printing modes; for example, using a new piece of paper and single-sided printing for external documents, and double-sided printing for important internal reporting materials.

Electricity saving

We upgraded the hardware and furnished interior to gradually replace the ordinary lamps with energy-saving lamps, got rid of unnecessary electric equipment, used air conditioners according to seasonal temperatures, and set the air conditioning on at 26℃.

6.2 Reducing pollutant discharge

The Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Integrated Wastewater Discharge Standard*, and other relevant environmental laws and regulations. We have designed a scientific discharge system to mitigate the impact of the pollutants generated during our operations on the environment.

Waste discharge management

At present, the non-hazardous waste generated by the Group is mainly household waste, iron scrap, aluminum scrap, waste plastic, and waste glass, among others; the hazardous waste mainly includes waste oil, lead battery scrap and other hazardous incineration waste. In 2021, we managed to achieve the annual waste discharge target by actively cooperating with suppliers to reduce waste and improve reuse and recycling approach and seek sustainable disposal methods.

To achieve our targets, we set up operating procedures for sorting, storing, cleaning and disposing of non-hazardous waste and signed a waste disposal agreement with qualified third-party companies to maximally utilize the recyclable parts. For faulty furniture, printing and photocopying machines, we tried to repair and continue to use them to reduce solid waste.

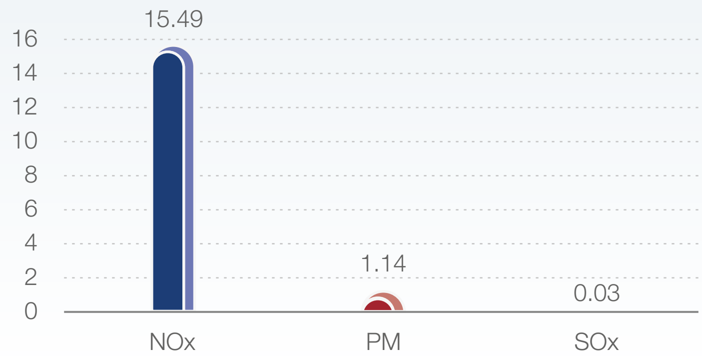
In addition, we established a hazardous waste ledger to record the generation, disposal and storage of waste oil, lead battery scrap and other hazardous waste. We ensure that hazardous waste is disposed of through legal and compliant channels, and regularly inspect the management of hazardous waste.

During the Reporting Period, the Group generated 64,512.36 tonnes of non-hazardous and 2,952.57 tonnes of hazardous waste.

Exhaust emission management

The Group mainly generates nitrogen oxides, sulphur oxides, and particulate matter from the daily use of vehicles at work, rescue vehicles provided to customers and test drives. To effectively reduce exhaust emissions, the Group is trying its best to replace all the fuel-powered business vehicles with new energy vehicles by 2025. Besides, we will plan our test drive routes scientifically and rationally to minimise the impact of exhaust emissions on the environment. In 2021, the total exhaust emission of the Group is 16.66 tons, including 15.29 tons of nitrogen oxides, 1.14 tons of particulate matter and 0.03 tons of sulfur oxides.

Total Exhaust Emission (Tons)



For the small amount of exhaust gas generated during the repair of vehicles, we have introduced exhaust gas purification devices in the paint room and other places. We will test the exhaust gas and ensure it meets the relevant national standards before discharging it. We regularly replace the consumables of the exhaust gas purification devices, such as the filter cotton and activated carbon, according to the paint room condition and actively implement the equipment maintenance plans to ensure legal and compliant emission of exhaust gases.

Sewage discharge management

The Group mainly generates car-washing wastewater and sanitary wastewater, and we separately collect and dispose of these two kinds of wastewater. We have filter mesh and grit basin to filter the car-washing wastewater to ensure it meets the relevant standards before being discharged; besides, we regularly deal with the sediment for hazardous waste treatment. We keep daily monitoring and control sanitary wastewater, regularly check if it is excessively discharged, and take remedial measures immediately in case of any abnormality. At the same time, we have not found any problems with the water source we use.

6.3 Addressing climate changes

The Group attaches great importance to effectively addressing climate changes throughout its operations. We strictly follow the government's guidelines on dealing with extreme weather and develop emergency plans and countermeasures based on the actual situations of the company to minimise the impact of climate changes on daily operations and personal safety.

The Group operates mainly in mainland China and may face typhoons and heavy rainfall. Every year we issue typhoon and flood prevention notices in the typhoon and flood seasons and require all affiliates to conduct a comprehensive safety inspection, especially the electric circuits, downpipes, and sanitary sewers. To promptly deal with the climate changes, we will also set up a temporary emergency response team and require the team members to be on standby around the clock to address emergencies in time.

Case **Flood control of Zhengzhou Yongda Hexie Automobile Sales and Services Co., Ltd.**

On July 20, 2021, Zhengzhou experienced an extraordinary rainstorm. To reduce property damage, the general manger immediately required the sales department to move all the new cars to the parking area on the third floor, and sent people to check and deal with building roof leakage, to collect the water and clean up timely. At the same time, we actively responded to the government's request and allowed employees to work from home the next day to ensure their personal safety. Meanwhile, all business departments were coordinated to provide logistical support, such as bringing food and safety equipment for the employees stranded in the company. Due to the joint efforts of all staff, the company didn't suffer any property loss from the rainstorm and undertook the influence brought by the rainstorm.

Salvaging vehicles

VII. APPENDIX

7.1 Data overview

- ***Environmental***

A1.1 The type of emissions	Unit	2021
Total NOx emissions	tons	15.49
Total SOx emissions	tons	0.03
Total PM emissions	tons	1.14
Total exhaust emission	tons	16.66
Intensity of exhaust emission	tons/hm^2	0.15

A1.2 Total GHG emissions	Unit	2021
GHG emissions- scope1	tons	5,199.19
GHG emissions- scope2	tons	47,729.73
Total GHG emissions	tons	52,928.92
Intensity of total GHG emissions (scope1&scope 2)	tons/hm^2	463.68

A1.3 Total hazardous waste produced	Unit	2021
Total emissions of hazardous waste	tons	2,952.57
Intensity of hazardous waste	tons/hm^2	25.87

A1.4 Total non-hazardous waste produced	Unit	2021
Total emissions of non-hazardous waste	tons	64,512.36
Intensity of non-hazardous waste	tons/hm^2	565.15

A2.1 Total energy consumption by type	Unit	2021
Electricity	MWh	69,379.65
Petrol	MWh	17,203.15
Diesel	MWh	431.54
Total energy consumption	MWh	87,014.34
Intensity of energy consumption	MWh/hm^2	762.28

A2.2 Water consumption	Unit	2021
Total water consumption	tons	773,747.72
Intensity of water consumption	tons/hm^2	6,778.34

- ***Social***

B1.1 Total workforce by gender, employment type, age, employee category and geographical region		2021
Total number of employees		16,697
Gender	Male	10,249
	Female	6,448
Employment type	Full-time	16,664
	Part-time	33
Age	Age: ≤30	5,991
	Age: 30~49	9,337
	Age: ≥50	1,369
Employee category	Senior management	15
	Middle management	193
	Junior management	1,027
	Staff	15,462
Region	Shanghai	4,733
	Jiangsu and Zhejiang	5,659
	Others	6,305

B1.2 Employee turnover rate by gender, age and geographical region		2021
Gender	Male	26.43%
	Female	26.91%
Age	Age: ≤30	40.48%
	Age: 30~49	20.76%
	Age: ≥50	5.92%
Region	Shanghai	31.33%
	Jiangsu and Zhejiang	21.21%
	Others	27.93%

B2.1 Number and rate of work-related fatalities	2019	2020	2021
The number of work-related fatalities	0	0	0
The rate of work-related fatalities	0	0	0

B2.2 Lost days due to work injury	2021
Lost days due to work injury	0

B3.1 The percentage of employees trained by gender and employee category		2021
Gender	Male	100.00%
	Female	100.00%
Employee category	Senior management	100.00%
	Middle management	100.00%
	Junior management	100.00%
	Staff	100.00%

B3.2 Average training hours completed by per employee by gender and employee category		2021
Gender	Male	258.93
	Female	255.97
Employee category	Senior management	105.00
	Middle management	190.90
	Junior management	232.55
	Staff	260.45

B5.1 Number of suppliers by geographical region	2021
Eastern China	62
South China	7
Central China	2
North China	5
Northwest	0
Southwest	3
Northeast	5

B6.2 Products and service related complaints received	2021
The number of products and service related complaints	49

B8 Community Investment	Unit	2021
Total community investment	RMB10,000	1,668.79

- ***Standards and methodologies used in calculation:***

  1. Greenhouse gases include carbon dioxide, methane, nitrous oxide and sulfur hexafluoride. Scope 1 GHG is calculated by default values of common fossil fuel characteristic parameters issued by the National Development and Reform Commission of China; Scope 2 GHG is calculated by region based on the average CO_2 emission factors of China's regional power grids published by the National Development and Reform Commission of China.

  2. NOx. SOx. PM data sources were monitoring systems installed or third-party commissioned for monitoring. The calculation was based on factors from the EMFAC-HK Vehicle Emission Calculation issued by the Hong Kong Environmental Protection Department.

  3. The Hazardous waste was classified according to "hazardous waste" as stipulated in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal as mentioned in the Guidelines on Reporting of Environmental Key Performance Indicators published by the HKEX. The data sources were the relevant records and ledgers.

  4. The non-hazardous waste was all waste that does not fall within the definition of "hazardous waste" of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. The data sources were the relevant records and ledgers.

  5. Water consumption: the data sources were municipal water purchase volume.

  6. Energy consumption: the calculation was based on purchased electricity and fuel consumption, with relevant conversion factors provided by the International Energy Agency.

7.2 ESG content index

ESG Guide	Description	Location/Remarks
A. Environment		
Aspect A1: Emission		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Protection
A1.1	The types of emissions and respective emissions data	Environmental Protection
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Protection; Data Overview
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Protection; Data Overview
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Protection; Data Overview
A1.5	Description of emission target(s) set and steps taken to achieve them	Environmental Protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environmental Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Environmental Protection
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Environmental Protection; Data Overview
A2.2	Water consumption in total and in intensity (e.g. per unit of production volume, per facility)	Environmental Protection; Data Overview
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Environmental Protection
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Undisclosed: this is a non-material issue
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Protection

ESG Guide	Description	Location/Remarks
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Environmental Protection
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Cherish Talent
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Cherish Talent; Data Overview
B1.2	Employee turnover rate by gender, age group and geographical region	Data Overview
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Cherish Talent
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Data Overview
B2.2	Lost days due to work injury	Data Overview
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Cherish Talent
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Cherish Talent
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Cherish Talent; Data Overview
B3.2	Average training hours completed per employee by gender and employee category	Cherish Talent; Data Overview
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Cherish Talent
B4.1	Description of measures to review employment practices to avoid child and forced labour	Cherish Talent
B4.2	Description of steps taken to eliminate such practices when discovered	Cherish Talent

ESG Guide	Description	Location/Remarks
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Enjoy Quality
B5.1	Number of suppliers by geographical region	Data Overview
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Enjoy Quality
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Enjoy Quality
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Enjoy Quality
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Enjoy Quality (Labelling is a non-material issue)
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable: if there are product recalls, they will be conducted directly by the automotive OEM.
B6.2	Number of complaints received related to products and service and how they are dealt with	Enjoy Quality
B6.3	Description of practices relating to observing and protecting intellectual property rights	Undisclosed: this is a non-material issue
B6.4	Description of quality assurance process and recall procedures	Enjoy Quality
B6.5	Description of consumer data protection and privacy policies, how implemented and monitored	Enjoy Quality
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Integrity and Responsibility
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Integrity and Responsibility
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Integrity and Responsibility
B7.3	Description of anti-corruption training provided to directors and staff	Integrity and Responsibility
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Love for Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Love for Society
B8.2	Resources contributed (e.g. money or time) to the focus area	Love for Society; Data Overview

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the 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 121 to 255, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill arising from acquisitions of businesses as a key audit matter due to significance of the Group's goodwill in the context of the Group's consolidated financial statements, combined with the complexity and significant judgements and management estimation involved in the assessment process. Determining whether goodwill is impaired required management's estimation of the value in use of the cash generating units ("CGUs") to which goodwill has been allocated. As disclosed in Note 4 to the consolidated financial statements, the impairment assessment of goodwill is dependent on certain significant inputs and assumptions including regarding the discount rates, sales volume growth rates, changes in selling prices and direct costs that involve the management's judgments. As at December 31, 2021, the carrying amount of goodwill was approximately RMB1,672,160,000. No impairment loss has been recognized against goodwill for the year then ended. Details of such judgements and estimations are disclosed in Note 18 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of goodwill arising from acquisitions included: • Obtaining an understanding of the management control processes over impairment assessment of goodwill; • Assessing the methodology used by the managements to determine the recoverable amounts which are the value in use of CGUs to which goodwill has been allocated; • Obtaining the value in use calculations of the CGUs to which the goodwill has been allocated and understanding the key management assumptions adopted in these calculations through enquiries with management; • Evaluating key inputs and assumptions used by the management in estimations of value in use, on sample basis, including discount rates applied, sales volume growth rates, selling prices and direct costs; and • Comparing cash flow projections to supporting evidence, on sample basis, such as approved budgets, and evaluating the reasonableness of these budgets with reference to the past performance and future prospects of respective CGU as well as our knowledge of the business.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Joseph Wing Ming Chan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 15, 2022

Consolidated Statement of Profit or Loss

For the year ended December 31, 2021

	NOTES	2021 RMB'000	2020 RMB'000 (Restated) (Note)
Continuing operations			
Revenue			
Goods and services		**77,389,975**	67,584,976
Rental		**526,579**	552,004
Interests		**–**	64,262
Total revenue	5A/B	**77,916,554**	68,201,242
Cost of sales and services		**(70,163,869)**	(62,070,065)
Gross profit		**7,752,685**	6,131,177
Other income and other gains and losses	6	**1,404,527**	1,171,333
Distribution and selling expenses		**(3,534,258)**	(2,989,678)
Administrative expenses		**(1,813,993)**	(1,543,483)
Profit from operations		**3,808,961**	2,769,349
Share of profit (loss) of joint ventures	19	**1,481**	(1,915)
Share of profit of associates	20	**70,710**	47,643
Finance costs	7	**(506,390)**	(675,515)
Profit before tax	9	**3,374,762**	2,139,562
Income tax expense	8	**(837,027)**	(523,704)
Profit for the year from continuing operations		**2,537,735**	1,615,858
Discontinued operations			
Profit for the year from discontinued operations – net	39(a)	**80,338**	117,227
Profit for the year		**2,618,073**	1,733,085

Consolidated Statement of Profit or Loss

For the year ended December 31, 2021

	NOTE	2021 RMB'000	2020 RMB'000 (Restated) (Note)
Profit for the year attributable to:			
Owners of the Company			
– from continuing operations		**2,399,760**	1,507,734
– from discontinued operations		**80,338**	117,227
		2,480,098	1,624,961
Profit for the year attributable to the non-controlling interests			
– from continuing operations		**137,975**	108,124
		2,618,073	1,733,085
EARNINGS PER SHARE			
From continuing and discontinued operations			
– basic	*13*	**RMB1.26**	RMB0.85
– diluted	*13*	**RMB1.26**	RMB0.85
From continuing operations			
– basic	*13*	**RMB1.22**	RMB0.79
– diluted	*13*	**RMB1.22**	RMB0.79

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2021

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

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

Consolidated Statement of Financial Position

At December 31, 2021

	NOTES	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	14	**5,838,423**	6,012,300
Right-of-use assets	15	**3,129,191**	2,992,826
Goodwill	16, 18	**1,672,160**	1,396,802
Other intangible assets	17	**2,860,100**	2,333,346
Deposits paid for acquisition of property, plant and equipment		**82,871**	78,390
Deposits paid for acquisition of land use rights		**34,653**	41,153
Equity instruments at FVTOCI	22	**9,415**	12,947
Financial assets at fair value through profit or loss ("FVTPL")	21	**350,180**	354,934
Interests in joint ventures	19	**47,632**	92,795
Interests in associates	20	**666,636**	502,155
Finance lease receivables		**–**	425,313
Loan receivables		**–**	4,618
Deferred tax assets	31	**186,868**	208,976
Other assets	23	**71,195**	76,195
		14,949,324	14,532,750
Current assets			
Inventories	24	**4,037,703**	4,855,794
Finance lease receivables		**–**	1,988,522
Loan receivables		**–**	109,303
Trade and other receivables	23	**9,126,717**	7,510,504
Financial assets at FVTPL	21	**2,453**	302,525
Amounts due from related parties	48	**147,626**	180,018
Cash in transit	25	**81,845**	94,939
Time deposits	26	**8,100**	363,175
Restricted bank balances	26	**962,523**	1,720,094
Bank balances and cash	26	**2,250,347**	3,079,867
		16,617,314	20,204,741
Current liabilities			
Trade and other payables	27	**5,569,010**	5,806,835
Amounts due to related parties	48	**58,690**	32,279
Tax liabilities		**1,277,046**	1,057,033
Borrowings	32	**3,595,518**	6,433,683
Contract liabilities	28	**2,479,537**	2,369,198
Lease liabilities	35	**235,685**	197,571
Super short-term commercial papers	33	**–**	99,951
Derivative financial liabilities	29	**112,014**	47,029
		13,327,500	16,043,579
Net current assets		**3,289,814**	4,161,162
Total assets less current liabilities		**18,239,138**	18,693,912

Consolidated Statement of Financial Position

At December 31, 2021

	NOTES	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Borrowings	32	**911,478**	3,220,732
Lease liabilities	35	**1,894,076**	1,749,194
Other liabilities	27	**–**	11,282
Deferred tax liabilities	31	**776,066**	705,895
Medium-term note	34	**368,653**	367,543
Derivative financial liabilities	29	**–**	283,607
		3,950,273	6,338,253
Net assets		**14,288,865**	12,355,659
Capital and reserves			
Share capital	30	**16,262**	16,306
Treasury shares		**(8,953)**	–
Reserves		**13,701,157**	11,815,430
Equity attributable to owners of the Company		**13,708,466**	11,831,736
Non-controlling interests	36	**580,399**	523,923
Total equity		**14,288,865**	12,355,659

The consolidated financial statements on pages 121 to 255 were approved and authorized for issue by the Board of Directors on March 15, 2022 and are signed on its behalf by:

Cheung Tak On	**Xu Yue**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to owners of the Company										
	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	Total RMB'000
At January 1, 2020	15,080	1,826,226	1,408,647	–	219,974	131,114	(8,041)	6,288,540	9,881,540	571,057	10,452,597
Profit for the year	–	–	–	–	–	–	–	1,624,961	1,624,961	108,124	1,733,085
Other comprehensive income for the year	–	–	–	–	–	–	2,289	–	2,289	–	2,289
Total comprehensive income for the year	–	–	–	–	–	–	2,289	1,624,961	1,627,250	108,124	1,735,374
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	16,600	16,600
Disposal of partial interest of subsidiaries without losing control	–	–	–	–	(2,027)	–	–	–	(2,027)	15,598	13,571
Acquisition of non-controlling interests	–	–	–	–	(172,475)	–	–	–	(172,475)	(117,991)	(290,466)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(3,177)	(3,177)
Recognition of equity-settled share-based payments *(Note 37)*	–	–	–	–	–	31,254	–	–	31,254	–	31,254
Exercise of share options	132	59,470	–	–	–	–	–	–	59,602	–	59,602
Placement and subscription *(Note 30)*	1,094	903,133	–	–	–	–	–	–	904,227	–	904,227
Issue costs for the placement and subscription	–	(11,181)	–	–	–	–	–	–	(11,181)	–	(11,181)
Transfer to statutory reserve	–	–	275,311	–	–	–	–	(275,311)	–	–	–
Dividends recognized as distributions *(Note 12)*	–	(486,454)	–	–	–	–	–	–	(486,454)	–	(486,454)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(66,288)	(66,288)
At December 31, 2020	16,306	2,291,194	1,683,958	–	45,472	162,368	(5,752)	7,638,190	11,831,736	523,923	12,355,659
Profit for the year	-	-	-	-	-	-	-	2,480,098	2,480,098	137,975	2,618,073
Other comprehensive expense for the year	-	-	-	-	-	-	(3,532)	-	(3,532)	-	(3,532)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(3,532)	2,480,098	2,476,566	137,975	2,614,541
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	22,686	22,686
Disposal of partial interest of subsidiaries without losing control	-	-	-	-	(4,548)	-	-	-	(4,548)	10,037	5,489
Acquisition of non-controlling interests *(Note 40)*	-	-	-	-	192	-	-	-	192	(913)	(721)
Repurchase and cancellation of shares *(Note 30(b))*	(55)	(64,597)	-	(8,953)	-	-	-	-	(73,605)	-	(73,605)
Disposal of subsidiaries *(Note 39)*	-	-	-	-	-	-	-	-	-	222	222
Recognition of equity-settled share-based payments *(Note 37)*	-	-	-	-	-	37,870	-	-	37,870	-	37,870
Exercise of share options	11	9,309	-	-	-	-	-	-	9,320	-	9,320
Transfer to statutory reserve	-	-	489,510	-	-	-	-	(489,510)	-	-	-
Dividends recognized as distributions *(Note 12)*	-	(569,065)	-	-	-	-	-	-	(569,065)	-	(569,065)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(113,531)	(113,531)
At December 31, 2021	16,262	1,666,841	2,173,468	(8,953)	41,116	200,238	(9,284)	9,628,778	13,708,466	580,399	14,288,865

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 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 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 RMB292,531,000 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.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
Profit before tax from continuing and discontinued operations	**3,491,498**	2,294,793
Adjustments for:		
Finance costs	**506,390**	675,515
Interest income on bank deposits	**(60,491)**	(47,283)
Interest income from a related party	**–**	(2,304)
Loss on disposal of subsidiaries	**14,510**	9,526
Loss on disposal of an associate	**3,644**	–
Gain on disposal of joint ventures	**(2,231)**	–
Depreciation of property, plant and equipment	**791,697**	748,865
Depreciation of right-of-use assets	**284,062**	284,173
Amortization of other intangible assets	**78,600**	60,957
Share-based payment expenses	**37,870**	31,254
Gain on disposal of property, plant and equipment and other intangible assets	**(27,378)**	(22,746)
(Gain) loss on fair value change of financial assets at FVTPL	**(6,922)**	7,159
(Reversal) provision of impairment of loan receivables	**(2,467)**	1,134
Provision of impairment of finance lease receivables	**–**	3,798
(Gain) loss on changes in fair value of derivative financial instruments, net	**(98,470)**	228,137
Foreign exchange loss (gain)	**98,470**	(228,137)
Share of profit of associates	**(70,710)**	(47,643)
Share of (profit) loss of joint ventures	**(1,481)**	1,915
Operating cash flows before movements in working capital	**5,036,591**	3,999,113
Decrease in inventories	**879,434**	987,494
Increase in trade and other receivables	**(2,047,190)**	(651,588)
Decrease in finance lease receivables	**37,923**	1,161,329
Decrease in loan receivables	**116,388**	239,852
Decrease in cash in transit	**13,094**	55,933
Decrease in other liabilities	**(7,203)**	(10,862)
Increase in contract liabilities	**110,339**	643,753
Increase (decrease) in trade and other payables	**804,744**	(1,142,957)
(Increase) decrease in amounts due from related parties	**(12,833)**	77
Decrease in amounts due to related parties	**(186)**	(258)
Withdrawal of restricted bank balances	**1,720,094**	2,450,362
Placement of restricted bank balances	**(962,523)**	(1,720,094)
Cash generated from operations	**5,688,672**	6,012,154
Income taxes paid	**(673,866)**	(283,134)
NET CASH FROM OPERATING ACTIVITIES	**5,014,806**	5,729,020

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	2021 *RMB'000*	2020 *RMB'000*
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(1,040,412)**	(944,396)
Purchase of intangible assets	**(60,405)**	(47,419)
Purchase of financial assets at FVTPL	**(471,000)**	(632,525)
Refund of financial assets at FVTPL	**782,748**	308,449
Payments for right-of-use assets	**(1,267)**	–
Proceeds on disposal of property, plant, equipment, intangible assets and right-of-use assets	**387,831**	505,805
Advance to related parties	**(1,005)**	(28,492)
Advance to third parties	**–**	(290)
Advance to non-controlling shareholders	**(15,870)**	–
Collection of advance to non-controlling interests	**23,600**	409
Collection of advance to related parties	**46,230**	–
Collection of advance to independent third parties	**–**	8,693
Settlement of consideration for prior year acquisition of subsidiaries	**(73,150)**	(153,898)
Acquisition of subsidiaries *(Note 38(a))*	**(606,961)**	(693,971)
Payments for rental deposits	**(18,170)**	(4,505)
Proceeds on disposal of subsidiaries *(Note 39)*	**301,551**	(9,534)
Proceeds on disposal of an associate	**2,069**	–
Proceeds on disposal of a joint venture	**23,188**	–
Proceeds on deemed acquisition of a subsidiary *(Note 38(b))*	**12,578**	–
Interest received	**60,792**	50,384
Dividends received from joint ventures	**2,579**	2,705
Dividends received from associates	**12,145**	10,490
Investment in joint ventures	**(4,300)**	–
Placement of time deposits	**(23,100)**	(366,166)
Withdrawal of time deposits	**378,175**	325,894
NET CASH USED IN INVESTING ACTIVITIES	**(282,154)**	(1,668,367)

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	2021 RMB'000	2020 RMB'000
FINANCING ACTIVITIES		
New borrowings raised	**23,978,304**	29,930,777
Repayment of borrowings	**(27,898,489)**	(32,941,851)
Proceeds from issue of medium-term note	**–**	370,000
Proceeds from issue of super short-term commercial papers	**–**	100,000
Repayment of super short-term commercial papers	**(100,000)**	–
Payment for transaction costs of issue of medium-term notes	**(1,110)**	(1,110)
Payment for transaction costs of issue of super short-term commercial papers	**–**	(550)
Repayment of leases liabilities	**(162,491)**	(207,516)
Repayment of advance from a related party	**(28,302)**	(5,524)
Capital injection by non-controlling interests	**22,686**	16,600
Acquisition of non-controlling interests *(Note 40)*	**(26,907)**	(264,280)
Proceeds from partial disposal of subsidiaries without losing control	**5,489**	13,571
Advance from non-controlling interests	**124**	435,229
Advance from related parties	**54,899**	35,252
Repayment of advance from non-controlling interests	**(90,387)**	(381,239)
Interest paid	**(514,563)**	(692,715)
Placement of deposits to entities controlled by suppliers for borrowings	**(149,057)**	(81,197)
Withdrawal of deposits to entities controlled by suppliers for borrowings	**84,105**	83,482
Dividends paid as distribution	**(569,065)**	(486,454)
Dividends paid to non-controlling interests	**(103,123)**	(66,332)
Proceeds from exercise of share options	**9,320**	59,602
Proceeds from placement and subscription	**–**	904,227
Share repurchase	**(73,605)**	–
Issue costs paid for the placement and subscription	**–**	(11,181)
NET CASH USED IN FINANCING ACTIVITIES	**(5,562,172)**	(3,191,209)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(829,520)**	869,444
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**3,079,867**	2,210,423
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**2,250,347**	3,079,867

1. GENERAL INFORMATION

China Yongda Automobiles Services Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's registered office is located at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands and its principal place of business in Hong Kong is Unit 5708, 57/F, The Center, 99 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the Group.

During the current year, the Group propriety finance operation was discontinued upon the disposal of Shanghai Yongda Finance Leasing Co., Ltd. as disclosed in Note 39(a).

The consolidated financial statements are presented in Renminbi (the "RMB"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

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

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

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1 Impacts on early application of Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond June 30, 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of IFRS 16 Leases ("IFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

2.2 Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 Financial Instruments: Disclosures ("IFRS 7").

As at January 1, 2021, the Group has several financial liabilities and derivatives and the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	GBP London Interbank Offered Rate ("LIBOR") *RMB'000*
Financial liabilities	
Borrowings	2,926,055
Derivatives	
Foreign currency forward contracts	330,636

The amendments have had no impact on the consolidated financial statements for the current and prior years as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for debt instruments and bank loans measured at amortized cost. Additional disclosures as required by IFRS 7 are set out in Note 45.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.3 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (IAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realizable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realizable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realizable value of inventories taking into consideration both incremental. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance for the current and prior years.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts and the related Amendments*[2]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policie*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to IFRS Standards	*Annual Improvements to IFRS standards 2018-2020*[1]

1 Effective for annual periods beginning on or after January 1, 2022

2 Effective for annual periods beginning on or after January 1, 2023

3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all the above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of the preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In additional, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

Effective from January 1, 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognize the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payments arrangements of the acquiree or share-based payments arrangements of the Group entered into to replace share-based payments arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate or a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associates or joint ventures.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Principal versus Agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provide by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in the exchange for arranging for the specified goods or services to be provided by the other party.

Contract costs

Costs to fulfil a contract

The Group first assesses whether costs incurred to fulfil revenue generate contracts qualify for recognition as an asset in terms of other relevant Standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is also subject to impairment review.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are amounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and make a corresponding adjustment to the related right-of use assets. A lease modification is required by the interest rate benchmark reform if and only if both of these conditions are met:

- The modification is necessary as a direct consequence of interest rate benchmark reform; and

- The new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognized in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(ii) Finance leases

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognized and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognized in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognize the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognized in profit or loss at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the year in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income and other gains or losses”.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

Restricted shares/Share options granted to the directors and employees of the Company

Equity-settled share-based payments to the directors and employees are measured at the fair value of the equity instruments at the grant date.

The fair values of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest based on assessment of all relevant non-market vesting conditions, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market rest conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

When share options are exercised or the share granted are vested, the amount previously recognized in share-based payments reserve will continued to be held in share-based payments reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will also continued to be held in share-based payments reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirement to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary difference arising from subsequent revision to carrying amounts of right-of-use assets and lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash -generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are calculated using the individually method or weighted average method based on their nature, respectively. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Vendor rebates

Incentive rebates provided by vendors are recognized on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract. Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicles purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial assets are held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial assets are held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and other gains and losses" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other income and other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from related parties, loan receivables, other non-current assets, cash in transit, time deposits, restricted bank balances and bank balances) and finance lease receivables which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and amounts due from related parties (trade nature). The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings, estimated based on the financial quality of debtors and historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management purposes, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables – goods and service using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Generally, ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the interest rate determined at initial recognition. For a lease receivable, the cash flow used for determining the ECL is consistent with the cash flow used in measuring the lease receivable in accordance with IFRS 16.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition/modification of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risk and rewards of ownership and continues to control the transfer asset, the Group recognize its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transfer financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

Except for changes in the basis for determining the contractual cash flow as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from the original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flow under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modification contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortized over the remaining term. Any adjustment to the carrying amount of the financial asset is recognized in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties, borrowings, super short-term commercial papers, medium-term note and other liabilities are subsequently measured at amortized cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in IFRS 9 on modification of a financial asset or a financial liability (see accounting policy above) to the additional changes to which the practical expedient does not apply.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidate statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amount; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the key inputs including discount rate applied, sales volume growth rates, changes in selling price and direct costs in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2021, the carrying amount of goodwill is RMB1,672,160,000 (2020: RMB1,396,802,000). Details of the recoverable amount calculation are disclosed in Note 18.

Deferred tax assets

As at December 31, 2021, a deferred tax asset of approximately RMB166,578,000 (2020: RMB184,650,000) in relation to unused tax losses for certain operating subsidiaries has been recognized in the Group's consolidated statement of financial position. No deferred tax asset has been recognized on the tax losses of RMB8,730,000 (2020: RMB45,761,000) due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement

Certain financial assets of the Group amounting to RMB346,663,000 as at December 31, 2021 (2020: RMB351,493,000) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 45(c) for further disclosures.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provision of ECL for trade receivables

Except for trade receivables with significant balances and credit-impaired which are assessed for ECL individually, the Group uses provision matrix to calculate ECL for the trade receivables and loan receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in Note 23 and Note 45(b) respectively.

Estimated useful lives and impairment of intangible assets acquired through business combinations

The Group's management determines the estimated useful lives and the amortization method in determining the related amortization charges for the intangible assets acquired through business combinations, namely, dealership agreement and customer relationship (see Note 17 for details). The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortization charges when useful lives become shorter than previously estimated. In addition, determining whether the intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which the relevant intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2021, the carrying amounts of intangible assets acquired in business combinations are approximately RMB2,385,840,000 (2020: RMB1,935,341,000).

Estimated useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect recoverable amounts. Management will increase the depreciation charge when useful lives become shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the year in which such event takes place. As at December 31, 2021, the carrying amounts of property, plant and equipment are approximately RMB5,838,423,000 (2020: RMB6,012,300,000).

5A. REVENUE

(i) Disaggregation of revenue from contracts with customers for continuing operations

	2021 RMB'000	2020 RMB'000 (Restated)
Types of goods or services		
Sale of new vehicles:		
– Luxury and ultra-luxury brands *(note a)*	53,885,900	48,874,098
– Mid-to-high-end brands *(note b)*	9,723,985	9,140,216
Sale of pre-owned vehicles distribution *(note c)*	2,243,011	–
	65,852,896	58,014,314
Services		
– After-sales services	11,537,079	9,570,662
Total	77,389,975	67,584,976
Geographical markets		
Mainland China	77,389,975	67,584,976
Timing of revenue recognition		
A point in time	65,852,896	58,014,314
Over time	11,537,079	9,570,662
Total	77,389,975	67,584,976

Notes:

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

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

c. The revenue on sale of pre-owned automobile business under the distribution model was recognized on a gross basis.

5A. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers for continuing operations (continued)

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

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Sale of passenger vehicles RMB'000	After-sales services RMB'000	Sale of passenger vehicles RMB'000	After-sales services RMB'000
Revenue disclosed in segment information				
External customers	65,852,896	11,537,079	58,014,314	9,570,662
Inter-segment	171,964	5,495	214,296	5,768
Total	66,024,860	11,542,574	58,228,610	9,576,430
Eliminations	(171,964)	(5,495)	(214,296)	(5,768)
Revenue from contracts with customers	65,852,896	11,537,079	58,014,314	9,570,662

(ii) Performance obligations for contracts with customers

The Group sells passenger vehicles directly to customers through its own 4S outlets. Revenue on sale of new or pre-owned passenger vehicles is recognized when (or as) the passenger vehicles are transferred to the customers and the customers obtain control of the vehicles.

For after-sales services, since the Group's performance enhances the vehicle that's within the customer's control, revenue is recognized over time.

Generally, no credit period is allowed for sales of passenger vehicles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicle sales and after-sales services, a credit period of not exceeding 60 days is granted.

5A. REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of sales of passenger vehicles and after-sales services as the related contracts have an original expected duration of less than one year.

(iv) Revenue from other segments

	2021 ***RMB'000***	2020 *RMB'000* (Restated)
Automobile operating lease services	**526,579**	552,004
Others	**–**	64,262

5B. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the Group's chief operating decision makers who review the segment revenue and results when making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided. For passenger vehicle sales and services, and automobile operating lease services business, the executive directors of the Company review the financial information of each outlet or entity, hence each outlet or entity constitutes a separate operating segment. However, the outlets and entities possess similar economic characteristics, and are similar in terms of products and services, customers, methods used to distribute products and provide services, and regulatory environment. Therefore, all outlets or entities are aggregated into respective reportable segment, namely "passenger vehicle sales and services" and "automobile operating lease services" for segment reporting purposes.

The Group's reportable segments are as follows:

- Passenger vehicle sales and services – (i) sale of passenger vehicles; and (ii) provision of after-sales services, including primarily repair and maintenance services, certain auxiliary passenger vehicles sales related services and provision of other passenger vehicles-related services; and

- Automobile operating lease services.

5B. OPERATING SEGMENTS (continued)

Segment revenue and results

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

Continuing operations

	Passenger vehicle sales and services *RMB'000*	Automobile operating lease services *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended December 31, 2021				
External revenue	77,389,975	526,579	–	77,916,554
Inter-segment revenue	177,459	11,388	(188,847)	–
Segment revenue *(note a)*	77,567,434	537,967	(188,847)	77,916,554
Segment cost *(note b)*	(69,927,461)	(413,867)	177,459	(70,163,869)
Segment gross profit	7,639,973	124,100	(11,388)	7,752,685
Service income	1,306,992	–	(18,428)	1,288,564
Segment results	8,946,965	124,100	(29,816)	9,041,249
Other income and other gains and losses *(note c)*				115,963
Distribution and selling expenses				(3,534,258)
Administrative expenses				(1,813,993)
Finance costs				(506,390)
Share of profit of joint ventures				1,481
Share of profit of associates				70,710
Profit before tax				3,374,762

5B. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

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

Continuing operations (continued)

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

5B. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

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

Continuing operations (continued)

Notes:

a. The segment revenue of passenger vehicles sales and services for the year ended December 31, 2021 was approximately RMB77,567,434,000 (2020: RMB67,805,040,000) which included the sales of passenger vehicles amounting to approximately RMB66,024,860,000 (2020: RMB58,228,610,000) and the after-sales services revenue amounting to approximately RMB11,542,574,000 (2020: RMB9,576,430,000).

b. The segment cost of passenger vehicles sales and services for the year ended December 31, 2021 was approximately RMB69,927,461,000 (2020: RMB61,844,919,000) which included the cost of sales of passenger vehicles amounting to approximately RMB63,591,116,000 (2020: RMB56,674,572,000) and the cost of after-sales services amounting to approximately RMB6,336,345,000 (2020: RMB5,170,347,000).

c. The amount excludes the services income generated from the passenger vehicle sales and services segment, which is included in the segment results above.

d. Historically the propriety finance business segment of the Group mainly represented finance leasing services while a small portion of which was small loan services. During the year ended December 31, 2021, the entire finance leasing services were disposed of through the disposal of Shanghai Yongda Finance Leasing Co. Ltd. and therefore the propriety finance business is accounted for as a discontinued operation. As such, the other segment business disclosed above represents the segment revenue, the associated finance costs and results of small loan services.

The accounting policies of the operating segments are the same as those of the Group described in *Note 3*. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses other than service income *(Note 6)*, distribution and selling expenses, administrative expenses, finance costs, share of profit(loss) of joint ventures and share of profit of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors of the Company.

Geographical information

Substantially all of the Group's revenue is generated in the PRC; and all of the Group's principal non-current assets for operation are located in the PRC.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2021 and 2020.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Other income comprises:		
Service income *(note a)*	**1,288,564**	1,099,109
Government grants *(note b)*	**30,968**	29,748
Interest income on bank deposits	**57,958**	44,041
Interest income from a related party *(Note 48)*	**–**	2,304
	1,377,490	1,175,202
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment and other intangible assets	**27,378**	22,068
Gain (loss) on fair value change of financial assets at FVTPL	**6,922**	(7,159)
Net foreign exchange (loss) gain	**(96,819)**	218,638
Net gain (loss) on changes in fair value of derivative financial instruments	**98,470**	(228,137)
Loss on disposal of subsidiaries *(Note 39(b))*	**(10,411)**	(9,526)
Loss on disposal of an associate	**(3,644)**	–
Gain on disposal of a joint venture	**2,231**	–
Others	**2,910**	247
	27,037	(3,869)
Total	**1,404,527**	1,171,333

Notes:

a. Service income was primarily related to agency income derived from distribution of automobile insurance products, automobile financial products and suppliers' vehicles in the PRC. It is recognized when the agency services have been completed, which is the point of time being when the services are accepted by customers. The normal credit term is 30 to 60 days upon invoiced. The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of service income as the related contracts have an original expected duration of less than one year.

b. Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.

7. FINANCE COSTS

	2021 RMB'000	2020 RMB'000 (Restated)
Continuing operations		
Interest on:		
– bank loans	**304,644**	430,992
– other borrowings from entities controlled by suppliers	**37,270**	55,680
– reimbursement to suppliers *(note a)*	**30,346**	62,308
– super short-term commercial papers	**208**	2,448
– medium-term note	**17,738**	14,084
– lease liabilities	**116,085**	113,536
Release of capitalized transaction cost in relation to issue of super short-term commercial papers *(Note 33)*	**49**	501
Release of capitalized transaction cost in relation to issue of medium-term note *(Note 34)*	**1,110**	873
Less: interest capitalized *(note b)*	**(1,060)**	(4,907)
	506,390	675,515

Notes:

a. 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 purchase of new passenger vehicles.

b. Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 5.32% (2020: 6.01%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000 (Restated)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	**888,540**	574,110
Underprovision of PRC EIT in prior years	**489**	3,176
	889,029	577,286
Deferred tax *(Note 31)*:		
Current year credit	**(52,002)**	(53,582)
	837,027	523,704

The tax charge for the year can be reconciled to the profit before tax as follows:

	2021 RMB'000	2020 RMB'000 (Restated)
Profit before tax	**3,374,762**	2,139,562
Tax at the PRC EIT rate of 25% (2020: 25%)	**843,691**	534,891
Tax effect of expenses not deductible for tax purpose	**49,406**	40,793
Tax effect of income not taxable for tax purpose	**(44,353)**	(34,537)
Tax effect of share of results of associates and joint ventures	**(18,870)**	(11,432)
Effect of withholding tax associated with interest income arising from intra-group borrowings	**9,176**	3,191
Effect of withholding tax associated with distributed earnings of subsidiaries in PRC	**20,000**	5,400
Tax effect of preferential tax rates for certain subsidiaries	**(19,075)**	(9,741)
Utilization of tax losses previously not recognized	**(3,439)**	(8,037)
Tax effect of tax loss not recognized	**2**	–
Underprovision of PRC EIT in prior years	**489**	3,176
Income tax expense for the year	**837,027**	523,704

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.

8. INCOME TAX EXPENSE (continued)

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 in the years ended December 31, 2021 and 2020.

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 2.5% to 10% with the expiry date on December 31, 2022.

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 consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB9,615,374,000 (2020: RMB7,609,202,000) 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.

9. PROFIT BEFORE TAX

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

	2021 ***RMB'000***	2020 *RMB'000* (Restated)
Staff costs, including directors' remuneration *(Note 10)*:		
Salaries, wages and other benefits	**1,995,592**	1,622,286
Retirement benefits scheme contributions	**146,238**	40,396
Share-based payment expenses	**37,870**	31,254
Total staff costs	**2,179,700**	1,693,936
Auditors' remuneration:		
– in respect of audit service for the Company	**6,920**	6,920
– in respect of the statutory audits for the subsidiaries of the Company	**3,735**	2,883
Total auditors' remuneration	**10,655**	9,803
Cost of inventories recognized as an expense	**69,718,751**	61,630,623
Depreciation of property, plant and equipment	**787,831**	746,879
Depreciation of right-of-use assets	**284,062**	284,173
Amortization of other intangibles assets	**78,600**	60,957
Covid-19-related rent concessions (deducted in the related expenses)	**–**	(15,080)

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to the chief executive and the directors of the Company for the year are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Fees	**1,120**	1,120
Other emoluments		
Salaries and other benefits	**8,713**	7,932
Contributions to retirement benefits scheme	**317**	18
Share-based payments	**7,544**	3,832
	17,694	12,902

The emoluments of the chief executive and the directors of the Company on a named basis are as follows:

For the year ended December 31, 2021

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Share-based payments *RMB'000* *(Note 37)*	Total *RMB'000*
Executive Directors					
Mr. Cheung Tak On	–	2,664	57	–	2,721
Mr. Cai Yingjie	–	1,356	57	–	1,413
Mr. Wang Zhigao	–	1,193	32	–	1,225
Mr. Xu Yue	–	1,376	57	3,866	5,299
Ms. Chen Yi	–	1,100	57	1,225	2,382
Mr. Tang Liang	–	1,024	57	2,453	3,534
Non-Executive Director					
Mr. Wang Liqun	280	–	–	–	280
Independent Non-Executive Directors					
Mr. Lyu Wei	280	–	–	–	280
Ms. Zhu Anna Dezhen	280	–	–	–	280
Mr. Mu Binrui	280	–	–	–	280
	1,120	8,713	317	7,544	17,694

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

The emoluments of the chief executive and the directors of the Company on a named basis are as follows: (continued)

For the year ended December 31, 2020

	Fees	Salaries and other benefits	Contributions to retirement benefits scheme	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Note 37)*	*RMB'000*
Executive Directors					
Mr. Cheung Tak On	–	2,582	4	–	2,586
Mr. Cai Yingjie	–	1,430	4	–	1,434
Mr. Wang Zhigao	–	1,284	2	–	1,286
Mr. Xu Yue	–	1,420	4	2,770	4,194
Ms. Chen Yi	–	1,216	4	975	2,195
Non-Executive Director					
Mr. Wang Liqun	280	–	–	29	309
Independent Non-Executive Directors					
Mr. Lyu Wei	280	–	–	29	309
Ms. Zhu Anna Dezhen	280	–	–	29	309
Mr. Mu Binrui	280	–	–	–	280
	1,120	7,932	18	3,832	12,902

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. Other than the share-based payments disclosed above and the share options granted to certain directors as disclosed in Note 37 (a), no directors' emoluments consist of a benefit otherwise than in cash.

Mr. Cheung Tak On is the Chairman of the Board of Directors of the Company and his emoluments disclosed above include those services rendered by him as the director of the Company and the Group.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

The emoluments of the chief executive and the directors of the Company on a named basis are as follows: (continued)

Mr. Cai Yingjie is the Vice-chairman and a director of the Company. He was also the Chief Executive Officer of the Company for the period from March 23, 2015 to December 21, 2021. His emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Wang Zhigao is the Vice-chairman and a director of the Company and his emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Xu Yue is the Vice-chairman, President and a director of the Company and is appointed as the Chief Executive Officer of the Company on December 21, 2021. His emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Ms. Chen Yi is the Vice-president and a director of the Company and her emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Tang Liang is the Vice-president and appointed as an executive director of the Company on December 21, 2021. His emoluments include those services in connection with the management of the affairs of the Company and the Group.

Mr. Wang Liqun resigned as a non-executive director of the Company on December 21, 2021. His emoluments shown above were for his services as a director of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the year included four executive directors for the year ended December 31, 2021 (2020: five). The remuneration of the remaining individual for the year ended December 31, 2021 (2020: nil) is as follows:

	2021
	RMB'000
Employee	
Salaries and other benefits	**764**
Contributions to retirement benefits scheme	**57**
Share-based payments	**1,067**
	1,888

11. FIVE HIGHEST PAID EMPLOYEES (continued)

The emolument of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2021	2020
Hong Kong dollars ("HK$") 1,500,001-HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**1**	1
HK$3,000,001 – HK$3,500,000	**1**	1
HK$3,500,001 – HK$4,000,000	**–**	–
HK$4,000,001 – HK$4,500,000	**1**	–
HK$4,500,001 – HK$5,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**–**	–
HK$5,500,001 – HK$6,000,000	**–**	–
HK$6,000,001 – HK$6,500,000	**1**	–
	5	5

During the year ended December 31, 2021, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors of the Company waived or agreed to waive any emoluments during both of the years.

12. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2020 final dividends – RMB0.288 (2020: special dividends – HK$0.27 (equivalent to RMB0.247))	**569,065**	486,454

A final dividend of RMB0.479 per share with the total amount of approximately RMB942.3 million in respect of the year ended December 31, 2021 has been proposed by the Board of Directors and is subject to approval by the shareholders in the upcoming annual general meeting.

13. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2021 RMB'000	2020 RMB'000
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**2,480,098**	1,624,961

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,974,777**	1,909,805
Effect of dilutive potential ordinary shares:		
Share options	**1,293**	10,816
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,976,070**	1,920,621

13. EARNINGS PER SHARE (continued)

From continuing operations

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

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

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

From discontinued operations

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At January 1, 2020	2,678,771	553,068	1,899,305	536,643	2,215,768	266,400	8,149,955
Additions	30,137	57,450	133,305	60,827	679,384	69,117	1,030,220
Acquired on acquisition of subsidiaries	–	7,388	63,551	8,977	36,085	1,280	117,281
Transfer	27,210	–	54,006	–	–	(81,216)	–
Disposals	(23,870)	(27,358)	(23,226)	(31,296)	(715,401)	(2,258)	(823,409)
Disposal of subsidiaries	(33,047)	(12,348)	–	(14,108)	(7,305)	(806)	(67,614)
At December 31, 2020	2,679,201	578,200	2,126,941	561,043	2,208,531	252,517	8,406,433
Additions	34,831	49,331	107,021	94,371	781,092	90,830	1,157,476
Acquired on acquisition of subsidiaries *(Note 38(a))*	49,862	3,310	3,968	3,288	18,837	–	79,265
Transfer	27,666	–	23,334	–	–	(51,000)	–
Transfer to other intangible assets	–	–	–	–	–	(130,891)	(130,891)
Deemed acquisition of a subsidiary *(Note 38(b))*	–	343	1,218	276	1,599	–	3,436
Disposals	(30,224)	(22,157)	(2,328)	(47,122)	(711,665)	(12,067)	(825,563)
Disposal of subsidiaries *(Note 39)*	(13,165)	(2,204)	(4,696)	(18,007)	(1,617)	–	(39,689)
At December 31, 2021	2,748,171	606,823	2,255,458	593,849	2,296,777	149,389	8,650,467
DEPRECIATION							
At January 1, 2020	461,818	351,401	526,504	320,722	384,104	–	2,044,549
Provided for the year	104,637	52,098	127,248	60,908	403,974	–	748,865
Eliminated on disposals	(22,554)	(25,969)	(1,881)	(29,620)	(277,360)	–	(357,384)
Eliminated on disposals of subsidiaries	(29,693)	(2,686)	–	(9,341)	(177)	–	(41,897)
At December 31, 2020	514,208	374,844	651,871	342,669	510,541	–	2,394,133
Provided for the year	97,247	54,714	178,605	61,139	399,992	–	791,697
Eliminated on disposals	(11,442)	(15,484)	(2,090)	(36,559)	(287,020)	–	(352,595)
Eliminated on disposals of subsidiaries *(Note 39)*	(3,555)	(1,246)	(3,102)	(12,553)	(735)	–	(21,191)
At December 31, 2021	596,458	412,828	825,284	354,696	622,778	–	2,812,044
CARRYING VALUES							
At December 31, 2020	2,164,993	203,356	1,475,070	218,374	1,697,990	252,517	6,012,300
At December 31, 2021	2,151,713	193,995	1,430,174	239,153	1,673,999	149,389	5,838,423

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their estimated residual values, at the following rates per annum where applicable:

Buildings	Over the shorter of the remaining lease term of land on which buildings are located and useful life of buildings of 20 – 40 years
Plant and machinery	11.88% – 31.67%
Leasehold improvements	10% – 20%
Furniture, fixtures and equipment	19%
Motor vehicles	14% – 19%

Details of the Group's buildings and motor vehicles pledged to secure bank borrowings granted to the Group are set out in Note 32.

The Group leases out a number of motor vehicles under operating lease. The leases typically run for an initial period of one to three years (2020: one to three years). None of the leases include the variable lease payments. The reconciliation of the carrying amount at the beginning and end of the year are set out as below:

	Motor vehicles *RMB'000*
COST	
At January 1, 2020	1,301,195
Additions	165,536
Disposals	(156,204)
At December 31, 2020	1,310,527
Additions	196,092
Disposals	(194,279)
At December 31, 2021	1,312,340
DEPRECIATION	
At January 1, 2020	240,529
Provided for the year	234,767
Eliminated on disposals	(116,470)
At December 31, 2020	358,826
Provided for the year	214,437
Eliminated on disposals	(127,675)
At December 31, 2021	445,588
CARRYING VALUES	
At January 1, 2021	951,701
At December 31, 2021	866,752

15. RIGHT-OF-USE ASSETS

	Leasehold land *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
As at January 1, 2021			
Carrying amount	1,264,347	1,728,479	2,992,826
As at December 31, 2021			
Carrying amount	1,287,437	1,841,754	3,129,191
For the year ended December 31, 2021			
Depreciation charge	(44,158)	(239,904)	(284,062)
For the year ended December 31, 2020			
Depreciation charge	(45,411)	(238,762)	(284,173)

	2021 ***RMB'000***	2020 *RMB'000*
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date from initial application of IFRS 16	**65,913**	52,541
Total cash outflow for leases	**(344,489)**	(369,896)
Additions to right-of-use assets *(note)*	**383,306**	355,311

Note: Amount includes right-of-use assets resulting from business combinations and new lease contracts entered into.

For both years, the Group leases various leasehold lands and properties, offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 to 20 years. Lease terms are negotiated on an individual basis and contain similar terms and conditions. In determining the lease term and assessing the length of the non-cancellable lease period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. RIGHT-OF-USE ASSETS (continued)

In addition, the Group owns several commercial buildings where its business are operated. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Details of the Group's leasehold land pledged to secure bank borrowings granted to the Group are set out in Note 32.

16. GOODWILL

	2021	2020
	RMB'000	*RMB'000*
COST		
At the beginning of the year	**1,396,802**	1,236,585
Acquisitions of subsidiaries *(Note 38)*	**275,358**	160,217
At the end of the year	**1,672,160**	1,396,802

Particulars regarding impairment testing on goodwill are disclosed in Note 18.

17. OTHER INTANGIBLE ASSETS

	Dealership agreements RMB'000	Customer relationship RMB'000	Vehicle licence plates RMB'000	Software RMB'000	Total RMB'000
COST					
At January 1, 2020	1,638,868	190,319	328,698	55,929	2,213,814
Acquisition of subsidiaries	275,100	21,600	–	–	296,700
Additions	–	–	38,310	9,109	47,419
Disposals	–	–	(14,704)	–	(14,704)
At December 31, 2020	1,913,968	211,919	352,304	65,038	2,543,229
Acquisition of subsidiaries *(Note 38)*	506,700	7,900	–	–	514,600
Transfer from property, plant and equipment	–	–	–	130,891	130,891
Additions	–	–	29,427	30,978	60,405
Disposal	–	–	(7,861)	(10,211)	(18,072)
Disposal of subsidiaries *(Note 39)*	–	–	(87,166)	–	(87,166)
At December 31, 2021	2,420,668	219,819	286,704	216,696	3,143,887
AMORTIZATION					
At January 1, 2020	103,588	33,573	–	11,765	148,926
Provided for the year	41,124	12,261	–	7,572	60,957
At December 31, 2020	144,712	45,834	–	19,337	209,883
Provided for the year	50,679	13,422	–	14,499	78,600
Eliminated on disposals	–	–	–	(4,696)	(4,696)
At December 31, 2021	195,391	59,256	–	29,140	283,787
CARRYING VALUES					
At December 31, 2020	1,769,256	166,085	352,304	45,701	2,333,346
At December 31, 2021	2,225,277	160,563	286,704	187,556	2,860,100

17. OTHER INTANGIBLE ASSETS (continued)

Dealership agreements, customer relationship and software are stated at cost less any impairment losses and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of these intangible assets are as follows:

Dealership agreements	40 years
Customer relationship	15 years
Software	5-10 years

The majority of vehicle licence plates were issued by the relevant authorities in Shanghai and Guangzhou with no expiration dates. As such, the management of the Group considers such licence plates to have an indefinite useful life and they are carried at cost less any subsequent impairment losses, if any.

The licence plates will not be amortized until the respective useful life is determined to be finite. Instead, they will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The management of the Group determined that there was no impairment of licence plates as their market value exceeds their carrying amount as at the end of the reporting periods.

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 16 has been allocated to certain individual cash generating units ("CGUs") by different brands and locations which were all included in passenger vehicle sales segment. The carrying amounts of goodwill are as follows:

	Goodwill	
	2021	2020
	RMB'000	*RMB'000*
CGU A	**192,236**	192,236
CGU B	**178,167**	178,167
CGU C	**148,267**	148,267
CGU D	**120,183**	120,183
CGU E	**107,670**	107,670
CGU F	**81,803**	81,803
CGU G	**72,159**	72,159
CGU H	**73,355**	73,355
CGU I	**64,959**	64,959
CGU J	**178,611**	–
CGU K	**96,747**	–
Others	**358,003**	358,003
Total	**1,672,160**	1,396,802

18. IMPAIRMENT TESTING ON GOODWILL (continued)

In opinion of the directors of Company, the goodwill comprises the fair value of future profit from expected business synergies arising from acquisitions, which is not separately recognized.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, sale volume growth rates, changes in selling prices and direct costs. The management of the Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to CGUs. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended December 31, 2021, the Group performed impairment review for goodwill and intangible assets of CGUs based on cash flow forecasts derived from the most recent financial budgets for the next five years approved by the management using pre-tax discount rates ranging from 12% to 13% (2020: 12% to 13%) which reflect current market assessments of the time value of money and the risks specific to CGUs. The cash flows beyond the next five years are extrapolated using a growth rate of 3% per annum (2020: 3%). The growth rates are by reference to industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. During the years ended December 31, 2021 and 2020, the management of the Group determines that there are no impairments on any of its CGUs containing goodwill. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed the recoverable amounts.

19. INTERESTS IN JOINT VENTURES

	2021	2020
	RMB'000	*RMB'000*
Cost of unlisted investments in joint ventures	**41,756**	82,455
Share of post-acquisition profits and other comprehensive income, net of dividends received	**5,876**	10,340
	47,632	92,795

19. INTERESTS IN JOINT VENTURES (continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activity
					2021	2020	**2021**	2020	
					%	%	**%**	%	
Shanghai Bashi Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda") 上海巴士永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**-**	50	**-**	50	4S (sales, spare parts, service and survey) dealership
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong") 上海永達長榮汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Harbin Yongda International Automobile Plaza Co., Ltd. ("Harbin Yongda") 哈爾濱永達國際汽車廣場有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**41**	36	**41**	36	Property investments
Ryde 88 Pty Limited	Australian limited liability enterprise	Australia	Australia	Limited by shares	**-**	40	**-**	40	Proprietary company

* The English names of the above entities established in the PRC are translated for identification purpose only.

None of the joint ventures are considered individually material, and the aggregate information of all the joint ventures are as follows:

	2021	2020
	RMB'000	*RMB'000*
The Group's share of profit (loss) and other comprehensive income (expense) for the year	**1,481**	(1,915)

20. INTERESTS IN ASSOCIATES

	2021	2020
	RMB'000	*RMB'000*
Cost of unlisted investments in associates	**461,753**	359,124
Share of post-acquisition profits and other comprehensive income, net of dividends received	**204,883**	143,031
Total	**666,636**	502,155

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activity
					2021	2020	**2021**	2020	
					%	%	**%**	%	
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile") 上海永達風度汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda") 上海東方永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	49	**49**	49	Sale of passenger vehicles
Shanghai Jinjiang Toyota Automobile Sales and Services Co., Ltd. 上海錦江豐田汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**20**	20	**20**	20	4S dealership
Changjiang United Finance Leasing Co., Ltd. ("Changjiang United") *(Note)* 長江聯合金融租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**12**	12	**12**	12	Finance leasing
Guandao Network Technology (Shanghai) Co., Ltd. 觀道網路科技(上海)有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**30**	30	**30**	30	Software development

20. INTERESTS IN ASSOCIATES (continued)

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activity
					2021 %	2020 %	2021 %	2020 %	
Sichuan Yongzhida second-hand cars car sales Co. Ltd. ("Sichuan Yongzhida") 四川永智達二手車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	–	36	–	36	Sale of used cars
Anhui Jiajia Yongda Automobile Sales Co. Ltd. ("Anhui Jiajia Yongda") 安徽家家永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	–	49	–	49	Sale of used cars
Shanghai Shenbei Lexus car sales Co. Ltd. ("Shenbei Lexus") 上海申北雷克薩斯汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	30	30	30	30	4S dealership
Guangzhou Xianghe Zhongyue Industrial Development Co., Ltd. ("Guangzhou Xianghe Zhongyue") 廣州祥和眾悦實業發展有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	47	47	47	47	4S dealership property investments
Nanjing Yongda Haoxiang Automobile Sales Co. Ltd. ("Yongda Haoxiang") 南京永達好享汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	49	49	49	49	Sale of passenger vehicles
Shanghai Yongda Finance Leasing Co. Ltd. ("Yongda Finance Leasing") 上海永達融資租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	20	N/A	20	N/A	Finance leasing

* The English names of all associates established in the PRC are translated for identification purpose only.

Note: Pursuant to the articles of Changjiang United, the Group has the right to appoint one out of six directors of the board. As such, the Group considers it could have significant influence over Changjiang United and treated it as an associate.

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates

Summarized financial information in respect of the Group's material associates are set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs.

Changjiang United

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Current assets	**1,119,238**	759,085
Non-current assets	**31,937,484**	29,588,815
Current liabilities	**26,897,664**	24,802,602
Non-current liabilities	**2,187,556**	1,915,868

	2021	2020
	RMB'000	*RMB'000*
Revenue for the year	**1,141,245**	1,141,134
Profit and other comprehensive income for the year	**441,297**	331,530
The Group's share of profit and other comprehensive income of Changjiang United for the year	**54,015**	40,579
Dividend received from Changjiang United for the year	**12,145**	5,508

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

Changjiang United (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net asset of Changjiang United	3,971,502	3,629,430
Proportion of the Group's ownership interest in Changjiang United	12.24%	12.24%
Carrying amount of the Group's ownership interest in Changjiang United	486,234	444,364

Yongda Finance Leasing

	As at December 31, 2021 RMB'000
Current assets	1,276,676
Non-current assets	2,776,340
Current liabilities	2,898,099
Non-current liabilities	594,241

	2021* RMB'000
Revenue for the year	23,963
Profit and other comprehensive income for the year	2,529
The Group's share of profit and other comprehensive income of Yongda Finance Leasing for the year	506

* For the period from the date of acquisition to December 31, 2021

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

Yongda Finance Leasing (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2021 ***RMB'000***
Net asset of Yongda Finance Leasing	**560,676**
Proportion of the Group's ownership interest in Yongda Finance Leasing	**20.00%**
Carrying amount of the Group's ownership interest in Yongda Finance Leasing	**112,135**

Aggregate information of associates that are not individually material

	2021 ***RMB'000***	2020 *RMB'000*
The Group's share of profit and other comprehensive income of these associates for the year	**16,189**	7,064
Aggregate carrying amount of the Group's interests in these associates	**68,267**	57,791
Dividend received from these associates for the year	**–**	2,147

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
– Fund investments (a)	**2,453**	302,525
– Equity investments (b)	**350,180**	354,934
Total	**352,633**	657,459
Analyzed for reporting purposes as:		
Current assets	**2,453**	302,525
Non-current assets	**350,180**	354,934
Total	**352,633**	657,459

(a) Fund investments

During the year ended December 31, 2021, the Group entered into several contracts to purchase fund instruments from financial institutions amounting to RMB461,000,000 (2020: RMB302,525,000), and accounted for such investments as financial assets at FVTPL at initial recognition. The return of the fund investments is determined by reference to the performance of the underlying debt instruments and the expected return rate stated in the contracts. As at December 31, 2021 and 2020, all the fund investments are having maturity date within 12 months from the reporting date. A fair value gain of RMB6,846,000 (2020: loss RMB5,021,000) was recognized in profit or loss in the current year.

(b) Equity investments

	2021 RMB'000	2020 RMB'000
– Listed equity security (i)	**3,517**	3,441
– Limited partnership enterprises (ii)	**246,996**	246,150
– Unlisted equity securities (iii)	**99,667**	105,343
Total	**350,180**	354,934

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Equity investments (continued)

i. For the year ended December 31, 2021, a fair value gain of RMB76,000 (2020: loss of RMB2,138,000) based on the quoted bid prices in an active market is recognized in the "other income and other gains and losses".

ii. During the year ended December 31, 2021, the Group increased investments in certain limited partnership enterprises amounting to RMB10,000,000 (2020: RMB30,000,000), which are also measured at FVTPL, and withdrew certain investments in limited partnership enterprises amounting to RMB9,154,000 (2020: RMB3,447,000).

iii. During the year ended December 31, 2021, the Group withdrew certain investments in unlisted equity securities amounting to RMB5,676,000 (2020: RMB9,023,000). The fair value as at December 31, 2021 has been arrived at on the basis of valuation carried out by the Group's internal valuers and have appropriate qualifications and recent experience in the valuation of similar financial instrument. Details of the fair value measurement of the financial assets at FVTPL are set out in Note 45(c).

22. EQUITY INSTRUMENTS AT FVTOCI

	2021 ***RMB'000***	2020 *RMB'000*
Listed equity securities *(note)*	**9,415**	12,947

Note:

The above listed equity investments represent ordinary shares of an entity listed on The Stock Exchange of Hong Kong Limited. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During the year ended December 31, 2021, a fair value loss of RMB3,532,000 (2020: gain of RMB2,289,000) was recognized in the FVTOCI reserve.

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

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

a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers of passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted;

b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

	2021 RMB'000	2020 RMB'000
Current		
Trade receivables	915,739	1,019,557
Bills receivables	6,354	1,827
	922,093	1,021,384
Current		
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	5,076,197	2,999,115
Deposits to entities controlled by suppliers for borrowings	243,798	178,846
Prepayments and rental deposits on properties	196,378	65,311
Rebate receivables from suppliers	2,077,110	2,343,564
Finance and insurance commission receivables	177,342	194,624
Staff advances	5,079	12,164
Value-added tax recoverable	196,787	323,580
Receivables from former shareholders of acquired subsidiaries	–	66,728
Advances to non-controlling interests *(note a)*	57,161	64,891
Advances to independent third parties *(note a)*	7,520	7,520
Others	167,252	232,777
Less: allowance for impairment losses under ECL model *(Note 45(b))*	–	–
	8,204,624	6,489,120
	9,126,717	7,510,504
Non-current		
Other assets:		
Receivables from disposal of land use right	71,195	76,195

Note:

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

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

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

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

	2021	2020
	RMB'000	*RMB'000*
0 to 90 days	**922,093**	1,021,384

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

Details of impairment assessment on trade and other receivables, and other non-current assets are set out in Note 45(b).

24. INVENTORIES

	2021	2020
	RMB'000	*RMB'000*
Motor vehicles	**3,504,540**	4,362,604
Spare parts and accessories	**533,163**	493,190
	4,037,703	4,855,794

As at December 31, 2021, certain inventories of the Group with an aggregate carrying amount of RMB1,202,793,000 (2020: RMB1,678,657,000) were pledged as securities for the Group's borrowings (Note 32).

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

25. CASH IN TRANSIT

Cash in transit represents sales settled by credit cards, which has yet been credited to the Group by banks.

26. TIME DEPOSITS/RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

As at December 31, 2021, the Group had fixed-term time deposits in banks with carrying amount of approximately RMB8,100,000 (2020: RMB363,175,000), which carry interest rates ranging from 1.95% to 3.6% (2020: 1.95% to 3.60%) per annum.

The Group also pledged certain of its bank balances with carrying amount of RMB962,523,000 (2020: RMB1,720,094,000) to banks as security for bills payables and these restricted bank balances carry variable-rate interest rates ranging from 0.3% to 1.3% (2020: 0.30% to 1.30%) per annum. The restricted bank balances are classified as current assets as they will be released upon the settlement of the relevant bills payables.

The remaining bank balances carry variable-rate interest rates ranging from 0.001% to 0.30% (2020: 0.001% to 0.30%) per annum.

The Group's time deposits, restricted bank balances, bank balances and cash that are denominated in currencies other than RMB are set out below:

	2021 ***RMB'000***	2020 *RMB'000*
United States Dollars ("US$")	**40,261**	342,660
HK$	**17,403**	22,679
Euro ("EUR€")	**952**	1,148
Great Britain Pound ("GBP £")	**2**	2
	58,618	366,489

27. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

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

Note: The balances were unsecured, interest-free and repayable on demand.

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

27. TRADE AND OTHER PAYABLES/OTHER LIABILITIES (continued)

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

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

28. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Advances and deposits from customers	**2,479,537**	2,369,198

The Group classifies all contract liabilities as current because the Group expects to realize them in their normal operating cycle.

Advances and deposits from customers are mainly from passenger vehicle sales and typically no credit period is allowed.

All the contract liabilities at the beginning of the period have been realized to revenue in the reporting period and no revenue recognized in the reporting period from the performance obligations satisfied in prior periods. The balance of contract liabilities as at January 1, 2020 is RMB1,725,445,000.

29. DERIVATIVE FINANCIAL LIABILITIES

At the end of the reporting period, the Group held certain derivatives as follows:

	2021 RMB'000	2020 RMB'000
Foreign currency forward contracts	**112,014**	330,636
Analyze as:		
Current	**112,014**	47,029
Non-current	**–**	283,607
	112,014	330,636

29. DERIVATIVE FINANCIAL LIABILITIES (continued)

Foreign currency forward contracts

The foreign currency forward contracts that the Group has entered with banks in order to manage the currency risk of Group's foreign bank loans and remain outstanding as at December 31, 2021 are as follows:

	Receiving Currency *'000*	Selling Currency *RMB'000*	Maturity date	Weighted average forward exchange rate	Fair value liabilities *RMB'000*
Contract A	US$14,000	RMB91,027	March 18, 2022	USD:RMB at 1:6.5019	2,039
Contract B	US$35,000	RMB247,503	May 23, 2022	USD:RMB at 1:7.0715	20,626
Contract C	US$10,000	RMB69,400	May 22, 2022	USD:RMB at 1:6.94	4,759
Contract D	US$110,000	RMB777,700	May 22, 2022	USD:RMB at 1:7.07	64,140
Contract E	US$40,000	RMB278,080	May 22, 2022	USD:RMB at 1:6.952	20,450

The above foreign currency forward contracts are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements"). These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognized amount. These derivative instruments will be net settled and the Group's net profit & loss in deliverable RMB is for the final principal exchange for different USD/deliverable RMB spot rates on termination date.

30. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorized:		
At January 1, 2020, December 31, 2020 and 2021	2,500,000	25,000

	Number of shares	Amount	Shown in financial statements as
	'000	*HK$'000*	*RMB'000*
Issued and fully paid:			
At January 1, 2020	1,840,017	18,400	15,080
Exercise of share options *(Note 37)*	14,822	148	132
Placement and subscription *(note a)*	120,000	1,200	1,094
At December 31, 2020	1,974,839	19,748	16,306
Exercise of share options *(Note 37)*	1,361	14	11
Cancellation of shares *(note b)*	(6,629)	(66)	(55)
At December 31, 2021	1,969,571	19,696	16,262

Notes:

a. On June 23, 2020, 120,000,000 new subscription shares of the Company were allotted and issued to institutional investors at a price of HK$8.29 per subscription share. The net proceeds from the subscription of approximately RMB893,046,000 will be used to further expand of the Group's dealership network.

b. In accordance with a shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on May 20, 2021, the directors of the Company were granted a general mandate to repurchase up to 197,591,541 shares of the Company, representing 10% of the total number of issued shares on that date. In between September to December 2021, the Company had re-purchased an aggregate of 7,629,000 shares of the Company at a price ranging from HK$10.78 to HK$12.18 per share, for a total cash consideration of approximately RMB73,605,000, which had been fully paid in 2021. The Company has then cancelled 6,629,000 re-purchased shares and the remaining 1,000,000 re-purchased shares with carrying amount of approximately RMB8,953,000 are recorded as treasury shares.

31. DEFERRED TAXATION

(a) Deferred tax assets

The following are the major deferred tax assets recognized and movements thereon during the current and prior years:

	Tax losses	Property, plant and equipment impairment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	168,517	29,993	10,997	209,507
Credit (charge) to profit or loss	26,109	(108)	(56)	25,945
Eliminated on disposal of subsidiaries	(9,976)	(16,491)	(9)	(26,476)
At December 31, 2020	184,650	13,394	10,932	208,976
Charge to profit or loss	(14,302)	(143)	(889)	(15,334)
Eliminated on disposal of subsidiaries *(Note 39)*	(3,770)	–	(3,004)	(6,774)
At December 31, 2021	166,578	13,251	7,039	186,868

The deferred tax balances have reflected the tax rates that are expected to apply in the respective years when the asset is realized or the liability is settled.

The Group's unused tax losses of approximately RMB666,312,000 and RMB738,600,000 as at December 31, 2021 and 2020, respectively have been recognized as deferred tax assets as at the end of the reporting period.

Balances of unused tax losses for which no deferred tax assets have been recognized due to the unpredictability of future profits stream are as follows:

	2021	2020
	RMB'000	*RMB'000*
Tax losses	**8,730**	45,761

31. DEFERRED TAXATION (continued)

(a) Deferred tax assets (continued)

The unrecognized tax losses will be carried forward and expire in years as follows:

	2021 RMB'000	2020 RMB'000
2021	–	3,139
2022	–	42,384
2023	8,482	238
2024	238	–
2025	–	–
2026	10	–
	8,730	45,761

(b) Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
At January 1, 2020	502,974	156,327	659,301
Credit to profit or loss	(17,139)	(10,442)	(27,581)
Acquired on acquisition of subsidiaries	74,175	–	74,175
At December 31, 2020	560,010	145,885	705,895
Credit to profit or loss	(19,927)	(47,409)	(67,336)
Acquired on acquisition of subsidiaries *(Note 38)*	137,507	–	137,507
At December 31, 2021	677,590	98,476	776,066

32. BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank loans	2,687,246	7,213,643
Other borrowings *(note)*	1,819,750	2,440,772
	4,506,996	9,654,415
Secured borrowings, by the Group's assets	2,097,754	3,216,043
Unsecured borrowings	2,409,242	6,438,372
	4,506,996	9,654,415
Unguaranteed borrowings	4,506,996	9,654,415
Fixed-rate borrowings	4,014,996	9,157,547
Variable-rate borrowings	492,000	496,868
	4,506,996	9,654,415

	2021 RMB'000	2020 RMB'000
Carrying amount repayable:		
Within one year	3,595,518	6,433,683
More than one year, but not exceeding two years	470,478	2,421,798
More than two years, but not exceeding five years	358,500	636,934
More than five years	82,500	162,000
	4,506,996	9,654,415
Less: amounts due within one year shown under current liabilities	3,595,518	6,433,683
Amounts shown under non-current liabilities	911,478	3,220,732

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

32. BORROWINGS (continued)

The ranges of effective interest rates on the Group's bank and other borrowings are as follows:

	2021	2020
Effective interest rate (per annum):		
Fixed-rate borrowings	**3.40% to 6.09%**	3.25% to 6.09%
Variable-rate borrowings	**4.00% to 5.70%**	4.13% to 5.00%

The Group's variable-rate bank borrowings carry interest at the People's Bank of China benchmark rate plus a premium, London Inter-Bank Offer Rate ("LIBOR") plus a margin.

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 four 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.

During the years ended December 31, 2021 and 2020, the Group entered into various borrowing agreements with banks and financial institutions to finance its business operations and expansion. Such borrowings were secured against the Group's assets with carrying amounts as follows:

	2021 *RMB'000*	2020 *RMB'000*
Right-of-use assets (leasehold land)	**124,833**	103,218
Property, plant and equipment (buildings and motor vehicles)	**46,481**	94,362
Inventories	**1,202,793**	1,678,657
Total	**1,374,107**	1,876,237

As at December 31, 2021, the Group has also pledged the total equity interest of a subsidiary with a carrying amount of RMB492 million (2020: RMB400 million) for bank borrowings obtained.

The Group's borrowings that are denominated in currencies other the functional currency of the relevant group entities are set out below.

	US$ *RMB'000*
At December 31, 2021	1,174,207
At December 31, 2020	3,209,662

33. SUPER SHORT-TERM COMMERCIAL PAPERS

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

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

Movements of the super short-term commercial papers during the year ended December 31, 2021 are as follows:

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

34. MEDIUM-TERM NOTE

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

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

34. MEDIUM-TERM NOTE (continued)

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

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

	RMB'000
At December 31, 2020	367,543
Add: interest expense – amortization of transaction costs	1,110
At December 31, 2021	368,653

35. LEASE LIABILITIES

	2021 ***RMB'000***	2020 *RMB'000*
Lease liabilities payable:		
Within one year	**235,685**	197,571
Within a period of more than one year but not more than two years	**223,313**	169,710
Within a period of more than two years but not more than five years	**437,153**	426,050
Within a period of more than five years	**1,233,610**	1,153,434
	2,129,761	1,946,765
Less: Amount due for settlement with 12 months shown under current liabilities	**235,685**	197,571
Amount due for settlement after 12 months shown under non-current liabilities	**1,894,076**	1,749,194

Lease liabilities of RMB2,130 million (2020: RMB1,947 million) are recognized with the relevant right-of-use assets of RMB1,842 million (2020: RMB1,728 million) as at December 31, 2021 using the weighted incremental borrowing rate of 6% (2020: 6%) per-annum. The lease agreements do not impose any covenants and the related leased assets may not be used as security for borrowing purposes.

As at December 31, 2021, the full amount of lease liabilities are secured by rental deposits with carrying amount of RMB27 million (2020: RMB26 million).

36. NON-CONTROLLING INTERESTS

	RMB'000
At January 1, 2020	571,057
Profit for the year	108,124
Capital injection by non-controlling interests	16,600
Disposal of partial interest of subsidiaries without losing control	15,598
Acquisition of non-controlling interests	(117,991)
Disposal of subsidiaries	(3,177)
Dividends paid to non-controlling interests	(66,288)
At December 31, 2020	523,923
Profit for the year	137,975
Capital injection by non-controlling interests	22,686
Disposal of partial interest of subsidiaries without losing control	10,037
Acquisition of non-controlling interests *(Note 40)*	(913)
Disposal of subsidiaries (Note 39(b))	222
Dividends paid to non-controlling interests	(113,531)
At December 31, 2021	580,399

37. SHARE-BASED COMPENSATION

(a) Share Option Scheme

The Company's share option scheme was adopted by the Company on October 10, 2013 (the "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 optimize their performance and efficiency, and retaining the grantees whose contributions are important to the Group's long-term growth and profitability. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees, including the 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 Share Option Scheme shall not 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 share options shall be determined by the Board of Directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

37. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

The share options shall be vested in three tranches, 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.

Set out below are details of movements of the outstanding options granted under the Share Option Scheme during the years ended December 31, 2021 and 2020:

	Grant date	Exercised price (HK$)	Outstanding as at January 1, 2021	Number of options exercised during the year (Note 30)	Lapsed/ expired during the year	Outstanding as at December 31, 2021
Directors:						
Mr. Xu Yue	December 4, 2020	13.92	3,000,000	–	–	3,000,000
Mr. Tang Liang	June 19, 2017	8.14	500,000	–	–	500,000
	December 4, 2020	13.92	2,500,000	–	–	2,500,000
Ms. Chen Yi	December 4, 2020	13.92	800,000	–	–	800,000
Employees and other grantees	June 19, 2017	8.14	4,620,500	(1,360,600)	(978,000)	2,281,900
	December 4, 2020	13.92	5,700,000	–	–	5,700,000
			17,120,500	(1,360,600)	(978,000)	14,781,900
Option exercisable at the end of the year			5,120,500			6,781,900
Weighted average exercise price (HK$)			12.19	8.14	8.14	12.83

37. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

	Grant date	Exercised price (HK$)	Outstanding as at January 1, 2020	Granted during the year	Number of options exercised during the year (Note 30)	Lapsed/ expired during the year	Outstanding as at December 31, 2020
Directors:							
Mr. Wang Liqun	July 26, 2016	3.78	200,000	–	(200,000)	–	–
Mr. Lyu Wei	July 26, 2016	3.78	200,000	–	(200,000)	–	–
Ms. Zhu Ann Dezhen	July 26, 2016	3.78	200,000	–	–	(200,000)	–
Mr. Xu Yue	July 26, 2016	3.78	2,400,000	–	(2,400,000)	–	–
	December 4, 2020	13.92	–	3,000,000	–	–	3,000,000
Ms. Chen Yi	December 4, 2020	13.92	–	800,000	–	–	800,000
Employees and other grantees	July 26, 2016	3.78	9,494,500	–	(9,428,450)	(66,050)	–
	June 19, 2017	8.14	8,941,000	–	(2,593,500)	(1,227,000)	5,120,500
	December 4, 2020	13.92	–	8,200,000	–	–	8,200,000
			21,435,500	12,000,000	(14,821,950)	(1,493,050)	17,120,500
Option exercisable at the end of the year			15,969,000				5,120,500
Weighted average exercise price (HK$)			5.62	13.92	4.54	7.36	12.19

As at December 31, 2021, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 14,781,900 (2020: 17,120,500), representing 0.8% (2020: 0.9%) of the shares of the Company in issue at that date.

In respect of the share options exercised during the year ended December 31, 2021, the weighted average share price at the dates of exercise is HK$14.59 (2020: HK$9.52).

The Group recognized an expense of approximately RMB9,180,500 (2020: RMB8,265,000) for the year ended December 31, 2021 in relation to the share options granted by the Company under the Share Option Scheme.

37. 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 of the Company 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.

During the year ended December 31, 2021, awards of approximately 3,890,000 (2020: 4,615,000) restricted shares have been made pursuant to the Amended Scheme. Details of which 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

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

The Group recognized an expense of approximately RMB28,689,000 (2020: RMB22,989,000) for the year ended December 31, 2021 in relation to such awards made by the Company under the Amended Scheme.

38. ACQUISITION OF SUBSIDIARIES/DEEMED ACQUISITION OF A SUBSIDIARY

(a) Acquisition of BMW 4S ("BMW") and 4S LEXUS ("LEXUS") dealerships

In September 2021, the Group acquired the entire equity interests of four PRC entities from independent third parties for total cash consideration of RMB832.61 million, which comprise two BMW 4S dealerships and two LEXUS 4S dealerships, to expand the Group's dealership network. The consideration for the acquisition was in the form of cash, with RMB786.98 million paid by the end of the year of 2021 and the remaining consideration should be paid after six months of the acquisition.

The aggregate assets acquired and liabilities assumed on the respective acquisition dates are as follows:

	BMW *RMB'000*	LEXUS *RMB'000*	Total *RMB'000*
Property, plant and equipment	45,637	33,628	79,265
Right-of-use assets	32,300	27,180	59,480
Other intangible assets	279,100	235,500	514,600
Inventories	59,231	9,487	68,718
Trade and other receivables	39,776	7,463	47,239
Bank balances and cash	104,674	75,345	180,019
Borrowings	(39,438)	–	(39,438)
Trade and other payables	(162,610)	(44,495)	(207,105)
Tax liabilities	(2,259)	(5,760)	(8,019)
Deferred tax liabilities	(75,572)	(61,935)	(137,507)
Net assets acquired	280,839	276,413	557,252
Goodwill	178,611	96,747	275,358
Consideration transferred	459,450	373,160	832,610
Satisfied by:			
Cash			786,980
Consideration payable			45,630
			832,610
Net cash outflow arising on acquisition:			
Bank balances and cash acquired			180,019
Consideration paid			(786,980)
			(606,961)

38. ACQUISITION OF SUBSIDIARIES/DEEMED ACQUISITION OF A SUBSIDIARY (continued)

(a) Acquisition of BMW 4S ("BMW") and 4S LEXUS ("LEXUS") dealerships (continued)

Acquisition-related costs recognized as an expense in the current year were insignificant.

Included in the Group's profit for the year is RMB23,006,000 attributable to these subsidiaries acquired since the respective acquisition dates. The revenue of the Group for the year includes RMB316,418,000 generated from these subsidiaries.

Had the acquisition of these entities been effected at the beginning of the year, the total amount of revenue of the Group for the year ended December 31, 2021 would have been RMB79,129,362,000 and the amount of the profit for the year would have been RMB2,686,177,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

The fair value of trade and other receivables at the date of acquisition amounted to RMB47,239,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB47,239,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

In determining the 'pro-forma' revenue and profit of the Group had these subsidiaries been acquired at the beginning of the current year, the directors of the Company calculated amortization of right-of-use assets and other intangible assets based on the recognized amounts of right-of-use assets and other intangible assets at the date of the acquisition.

Goodwill arising on the acquisition is not expected to be deductible for tax purpose.

(b) Deem acquisition of Shanghai Bus Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda")

In June 2021, the Group's equity interests in joint venture of Shanghai Bashi Yongda has increased from 50% to 100% due to the withdrawal of the 50% investment by the joint venture partner of Shanghai Bashi Yongda.

38. ACQUISITION OF SUBSIDIARIES/DEEMED ACQUISITION OF A SUBSIDIARY (continued)

(b) Deem acquisition of Shanghai Bus Yongda Automobile Sales Co., Ltd. ("Shanghai Bashi Yongda") (continued)

The aggregate assets acquired and liabilities assumed on the date of deemed acquisition are as follows:

	RMB'000
Property, plant and equipment	3,436
Trade and other receivables	39,359
Bank balances and cash	12,578
Trade and other payables	(27,869)
Net assets acquired	27,504
Less: 50% equity interests held by the Group	(27,408)
Gain on deemed acquisition *(note)*	96
Net cash outflow arising on deemed acquisition:	
Bank balances and cash acquired	12,578

Note: As at December 31, 2021, gain on deemed acquisition of approximately RMB96,000 was recognized in other gains and losses.

39. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES

(a) Disposal of Shanghai Yongda Finance Leasing Co., Ltd. (the "Disposal")

On June 29, 2021, the Group entered into a series of equity transfer agreements to dispose of its 52% equity interest to independent third parties and 28% equity interest to a related party in Yongda Finance Leasing that carried out the finance lease operation for a total consideration of RMB446.5 million. This disposal was completed on December 22, 2021 and such disposal is accounted for as discontinued operations as the Group had no plan to carry out any proprietary financial business afterwards.

The profit for the year from discontinued operations – net are set out as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Profit for the year	**84,437***	117,227
Loss on disposal of the discontinued operations	**(4,099)**	–
	80,338	117,227

* For the period from January 1, 2021 to the date of disposal.

39. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of Shanghai Yongda Finance Leasing Co., Ltd. (the "Disposal") (continued)

The results of the discontinued operations from January 1, 2021 to the date of disposal are set out below. The comparative figures during the year ended December 31, 2020 in the Group's consolidated statement of profit or loss have been restated to represent the finance lease operations as discontinued operations.

	For the period from January 1, 2021 to the date of disposal *RMB'000*	For the year ended December 31, 2020 *RMB'000*
Revenue	**247,543**	349,882
Cost of sales and services	**(81,775)**	(112,259)
Gross profit	**165,768**	237,623
Other income and other gains and losses	**13,924**	328
Distribution and selling expenses	**(5,910)**	(13,531)
Administrative expenses	**(52,947)**	(69,189)
Profit before tax	**120,835**	155,231
Income tax expense	**(36,398)**	(38,004)
Profit for the period/year	**84,437**	117,227

During the year ended December 31 2021 and 2020, the proprietary finance business received RMB244,283,000 and RMB1,074,871,000 respectively in respect of operating activities, paid RMB6,184,000 and received RMB16,340,000 respectively in respect of investing activities; and paid RMB226,685,000 and RMB981,532,000 respectively in respect of financing activities.

39. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of Shanghai Yongda Finance Leasing Co., Ltd. (the "Disposal") (continued)

The net assets at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	5,197
Other intangible assets	87,166
Finance lease receivables	2,667,047
Deferred tax assets	3,004
Trade and other receivables	555,405
Bank balances and cash	138,531
Trade and other payables	(1,084,692)
Income tax liabilities	(39,418)
Borrowings	(1,485,293)
Other liabilities	(284,701)
Net assets disposal of	562,246
Less: 20% equity interests to be held by the Group	(111,629)
Net assets disposal of	450,617
Loss on disposal	(4,099)
Total cash consideration	446,518
Net cash inflow arising on disposal:	
Cash received	446,518
Less: bank balances and cash disposed of	(138,531)
	307,987

(b) Disposal of other subsidiaries

In March, April, August, September of 2021, the Group disposed of 83% equity interests in Beijing Linke Co., Ltd., 100% equity interests in Taixing Guangben Service Co., Ltd., 65% equity interests in Guangzhou Nanfang Zhongyue Automobile Sales Service Co., Ltd., and 95% equity interests in Shanghai Xianhe Automobile Information Consulting Service Co., Ltd. for a total consideration of approximately RMB31.69 million.

39. DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of other subsidiaries (continued)

The net assets at the dates of disposal were as follows:

	RMB'000
Property, plant and equipment	13,301
Right-of-use assets	22,359
Deferred tax assets	3,770
Inventories	7,375
Trade and other receivables	30,496
Bank balances and cash	38,124
Trade and other payables	(50,014)
Income tax liabilities	(149)
Lease liabilities	(23,385)
Net assets disposal of	41,877
Less: non-controlling interests	(222)
Net assets disposal of	42,099
Loss on disposal *(Note 6)*	(10,411)
Total cash consideration	31,688
Net cash outflow arising on disposal:	
Cash received	31,688
Less: bank balances and cash disposed of	(38,124)
	(6,436)

40. ACQUISITION OF NON-CONTROLLING INTERESTS

In April, June, July and October of 2021, the Group acquired 4% of equity interests in Shenzhen Tengyue New Energy Vehicle Sales Service Co., Ltd., 6% of equity interests in Shenzhen Yuebao Automobile Sales Service Co., Ltd., 40% equity interests in Guangzhou Nanfang Lujie Automobile Sales Service Co., Ltd. and 25% equity interests in Shenzhen Baohua Baocheng Automobile Sales Service Co., Ltd. from their respective non-controlling shareholders for a total cash consideration of RMB721,000. The difference between the consideration paid and the non-controlling interests acquired was approximately RMB192,000, which was recognized in the special reserve in the consolidated statement of changes in equity.

41. OPERATING LEASING ARRANGMENTS

The Group as lessor

At the end of reporting period, the Group had contracted with automobile renters for the following future undiscounted minimum lease payments:

	2021 RMB'000	2020 RMB'000
Within one year	188,230	158,492
In the second year	88,800	66,770
In the third year	34,061	34,325
In the fourth year	13,831	11,235
In the fifth year	5,133	2,933
	330,055	273,755

The Group provides automobile operating lease services for fixed rentals.

42. CAPITAL COMMITMENTS

	2021 RMB'000	2020 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	30,280	60,508

43. CONTINGENT LIABILITIES

Before the Disposal, the Group has provided guarantees (the "Previous Guarantees") in favour of certain banks in the PRC in respect of a series of credits (the "Existing Credits") and corresponding debts of Yongda Finance Leasing respectively. As at December 31, 2021, the total outstanding maximum guarantee related to the Previous Guarantees was RMB1.700 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB1.417 billion. The Group expects that the above borrowings drawn by Yongda Finance Leasing as at December 31, 2021 relevant to the Previous Guarantees will expire in 2022 at the latest. Upon the repayment of the above amount by Yongda Finance Leasing, the Group will no longer have guarantee obligations for the above borrowings.

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

As at December 31, 2021, save for the above, the Group did not have any material contingent liabilities.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, amounts due to related parties, super short-term commercial papers, medium-term note, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on an ongoing basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, capital injection, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2021	2020
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortized cost (including cash and cash equivalents)	**7,430,078**	10,001,933
Financial assets at FVTPL	**352,633**	657,459
Equity instruments at FVTOCI	**9,415**	12,947
Other items	**94,228**	2,505,839
	7,886,354	13,178,178
Financial liabilities		
Derivative financial liabilities	**112,014**	330,636
Financial liabilities at amortized cost	**10,021,814**	15,445,365
	10,133,828	15,776,001

b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, equity instruments at FVTOCI, trade and other receivables, other non-current assets, amounts due from related parties, cash in transit, time deposits, restricted bank balances, bank balances and cash, trade and other payables, amounts due to related parties, super short-term commercial papers, derivative financial liabilities, medium-term note, other liabilities, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk

Currency risk

Most of the Company's sales, purchase and expenditure are denominated in RMB. However, certain financial assets (principally bank balances and amounts due from related parties) and financial liabilities are denominated in foreign currencies, which expose the Group to foreign currency risk.

The Group mainly exposes to foreign currency of US$. During the year ended December 31, 2021, the Group entered into several US$/RMB foreign currency forward contracts with banks in order to manage the Group's currency risk associated with currency risk (see Note 29 for details).

The carrying amounts of the financial assets and financial liabilities denominated in foreign currencies of the group entities at the end of each reporting period are as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Assets		
US$	**40,261**	342,660
HK$	**17,403**	22,679
EUR€	**952**	1,148
GBP£	**2**	2
AU$	**–**	40,632
Liabilities		
US$	**1,174,207**	3,209,662

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies of the group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates of foreign currencies of the group entities. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies of the group entities and adjusts their translation at the end of each reporting period for a 5% change in related currency rates.

A positive number below indicates an increase in post-tax profit where foreign currencies of the group entities weaken 5% against RMB. For a 5% strengthen of foreign currencies of the group entities against RMB, there would be an equal and opposite impact on the post-tax profit.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	Foreign currencies of the Group entities impact	
	2021	2020
	RMB'000	*RMB'000*
Increase in post-tax profit for the year	**41,795**	94,841

Forward foreign exchange contracts

In addition, the Group has assessed that the exposure of 5% foreign exchange rate changes on the derivative financial liabilities, a decrease in post-tax profit amounted to RMB49,970,000 (2020: RMB110,108,000) where foreign currencies of the group entities weaken 5% against RMB, whereas a negative number indicates a decrease in post-tax profit.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, super short-term commercial papers, medium-term note, other borrowings and lease liabilities. The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, time deposits, restricted bank balances and variable-rate borrowings. It is the Group's policy to keep a portion of its financial assets and liabilities at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China benchmark rates and LIBOR.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Total interest revenue/income from financial assets that are measured at amortized cost or at FVTOCI is as follows:

	2021 RMB'000	2020 RMB'000
Interest revenue		
Financial assets at amortized cost	**247,543**	396,870
Other income		
Financial assets at amortized cost	**60,491**	49,587
Revenue/Interest income under effective interest method	**308,034**	446,457

Sensitivity analysis

Bank balances, pledged bank deposits and borrowings are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

Other price risk

The Group is exposed to other price risk through its equity instruments measured at FVTOCI and financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

If the prices of those financial assets at FVTPL had been 5% higher/lower, the Group's post-tax profit for the year ended December 31, 2021 would increase/decrease by RMB13,224,000 (2020: RMB24,655,000).

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

In order to minimize credit risk, the Group has developed and maintained the credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related parties, other non-current assets, cash in transit, time deposits, restricted bank balances and bank balances and cash.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Trade receivables – goods and services and amounts due from related parties – trade nature	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL -credit-impaired	Lifetime ECL -credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

	Notes	Internal credit rating	12m or lifetime ECL	December 31, 2021 Gross amount *(RMB'000)*	December 31, 2020 Gross amount *(RMB'000)*
Financial assets at amortized cost					
Trade receivables – goods and services	23	note 2	Lifetime ECL	827,865	941,397
Loan receivables			Lifetime ECL	–	118,269
Amounts due from related parties	48	note 1a	12m ECL	123,928	169,153
			Lifetime ECL	23,698	10,865
				147,626	180,018
Other receivables and other non-current assets	23	note 1b	12m ECL	3,151,772	3,520,539
Cash in transit	25	note 4	12m ECL	81,845	94,939
Time deposits	26	note 4	12m ECL	8,100	363,175
Restricted bank balances	26	note 4	12m ECL	962,523	1,720,094
Bank balances and cash	26	note 4	12m ECL	2,250,347	3,079,867
Other items					
Trade receivables – automobile operating lease services	23	note 3	12m ECL	94,228	79,987
Finance lease receivables			Lifetime ECL	–	2,425,852

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1a. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For the purposes of impairment assessment, amounts due from related parties are considered to have low credit risk as the counterparties to these financial assets have a high credit rating.

For the purpose of impairment assessment for the amounts due from related parties-non trade portion of RMB123,928,000, the Group has applied the 12-month ECL approach. For the amounts due from related parties-trade portion of RMB23,698,000, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance is measured at lifetime ECL. The directors of the Company considered that the 12-month ECL and lifetime ECL allowance are insignificant as at January 1, 2021 and December 31, 2021.

1b: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For the purposes of impairment assessment, other receivables and other assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating.

For other receivables and other non-current assets, debtors with significant outstanding balances with gross carrying amounts of RMB2,716 million as at December 31, 2021 were assessed individually. These individually assessed receivables mainly comprised deposits and rebate receivables from certain suppliers of passenger vehicles in the PRC as at December 31, 2021. The Group reviews the recoverable amount of each individual balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In order to further minimize the credit risk, the management of the Group delegates teams to deal with these suppliers on expected delivery schedules of inventories, purchase volume, settlement timeline of outstanding balances with suppliers and the suppliers' financial position, etc. And the Group could choose to offset the payables for the passenger vehicles purchase from the suppliers as agreed. The delegated teams also reconcile with these suppliers on outstanding balances and transactions recorded in relevant reporting period annually to ensure trading information is properly recorded. In view of the actions taken by the Group and the fact that the counterparties are the sino-foreign joint ventures of renowned automobile manufacturers with high credit quality, the Group considers that credit risk in rebate receivables made to suppliers is significantly reduced.

The Group's advances to non-controlling interests of RMB57 million consist of several balances with different non-controlling interests in the PRC and there is no concentration of credit risk. The Group considers that credit risk in advances to non-controlling interests is insignificant.

For the purpose of impairment assessment for the remaining other receivables with carrying amount of RMB379 million the Group has applied the 12-month ECL approach. The directors of the Company considered that the 12-month ECL and lifetime ECL allowance are insignificant as at January 1, 2021 and December 31, 2021.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: *(continued)*

2: For trade receivables – goods and services, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

The Group's trade receivables consist of a large number of customers located in the PRC which poses insignificant concentration of credit risk. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The directors of the Company considered that the life time ECL allowance are insignificant as at January 1, 2021 and December 31, 2021.

3: For trade receivables – automobile operating lease services, the Group has applied the 12m ECL approach in IFRS 9 to measure the loss allowance. The directors of the Company considered that the 12m ECL allowance are insignificant as at January 1, 2021 and December 31, 2021.

4: The credit risk in relation to the Group's cash in transit, time deposits, bank balances and cash and restricted bank balances is not significant because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants, if any.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date the Group can be required to pay, representing the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the undiscounted amount is derived from the applicable interest rates at the end of each reporting period.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2021							
Non-derivative financial liabilities							
Trade and other payables	–	5,063,294	–	–	–	5,063,294	5,063,294
Amounts due to related parties	–	58,690	–	–	–	58,690	58,690
Borrowings	4.15	1,996,082	1,603,420	893,192	82,805	4,575,499	4,517,115
Medium-term note	4.80	17,154	13,567	373,799	–	404,520	382,715
Other liabilities	–	–	–	–	–	–	–
		7,135,220	1,616,987	1,266,991	82,805	10,102,003	10,021,814
Lease liabilities	6.00	105,099	125,987	937,417	2,045,036	3,213,539	2,129,761
Derivative financial liabilities-net settlement							
Foreign currency forward contracts		2,039	109,975	–	–	112,014	112,014
		7,242,358	1,852,949	2,204,408	2,127,841	13,427,556	12,263,589

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2020							
Non-derivative financial liabilities							
Trade and other payables	–	5,247,442	–	–	–	5,247,442	5,247,442
Amounts due to related parties	–	32,279	–	–	–	32,279	32,279
Borrowings	3.88	3,085,088	3,357,153	3,291,556	381,438	10,115,235	9,670,336
Super short-term commercial papers	3.59	102,628	–	–	–	102,628	102,399
Medium-term note	4.80	16,251	14,132	392,714	–	423,097	381,627
Other liabilities	–	–	–	11,282	–	11,282	11,282
		8,483,688	3,371,285	3,695,552	381,438	15,931,963	15,445,365
Lease liabilities	6.00	86,350	123,284	853,624	2,047,345	3,110,603	1,946,765
Derivative financial liabilities-net settlement							
Foreign currency forward contracts		47,107	–	294,269	–	341,376	330,636
		8,617,145	3,494,569	4,843,445	2,428,783	19,383,942	17,722,766

Interest rate benchmark reform

As listed in Note 32, several of the Group's LIBOR borrowings will or may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after December 31, 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after June 30, 2023, in the case of the remaining US dollar settings.

(i) Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

45. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets 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.

	Fair value as at			
	December 31, 2021	December 31, 2020		
Financial assets	***RMB'000***	*RMB'000*	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVTPL	**Fund instruments RMB2,453 *(note)***	Fund instruments RMB302,525 *(note)*	Level 2	Determined based on the fair value of underlying investments which are quoted in active markets
Financial assets at FVTPL	**Listed securities RMB3,517**	Listed securities RMB3,441	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	**Unquoted equity instruments: RMB346,663**	Unquoted equity instruments: RMB351,493	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 investments at FVTOCI	**Listed securities RMB9,415**	Listed securities RMB12,947	Level 1	Quoted bid prices in an active market

45. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Note: During the year ended December 31, 2021, the Group entered into several contracts to purchase fund units (the "Fund") with financial institutions. The entire contracts have been accounted for financial assets at FVTPL on initial recognition. As at December 31, 2021, the fair value of the Fund is RMB2,453,000 (2020: RMB302,525,000) per the investment statement of the financial institution. The fair value change in the amount of RMB6,846,000 (2020: RMB5,021,000) was recognized in profit or loss in the current year.

There were no transfers among Level 1, 2 and 3 during the year.

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL *RMB'000*
At January 1, 2021	351,493
Purchases	10,000
Disposals	(14,830)
At December 31, 2021	346,663

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Super short-term commercial papers	Medium-term Note	Lease liabilities	Dividend payable	Accrued interest	Advance from non-controlling interests	Consideration payables for acquisition of non-controlling interests	Accrued expense	Amounts due to related parties non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 32)	*(Note 33)*	*(Note 34)*	*(Note 35)*	*(Note 27)*	*(Note 27)*	*(Note 27)*	*(Note 27)*		*(Note 48)*	
At January 1, 2020	12,851,983	–	–	1,833,370	1,976	46,120	83,902	–	–	1,524	14,818,875
Financing cash flows	(3,011,074)	99,450	368,890	(321,052)	(552,786)	(579,179)	53,990	(264,280)	(11,181)	29,728	(4,187,494)
Non-cash changes in finance costs	–	501	873	113,536	–	565,512	–	–	–	–	680,422
Net foreign exchange gain	(213,536)	–	–	–	–	–	–	–	–	–	(213,536)
Addition due to acquisition of subsidiaries	31,571	–	–	116,662	–	–	–	–	–	–	148,233
Decrease due to disposal of subsidiaries	(4,529)	–	–	(31,545)	–	–	–	–	–	–	(36,074)
Transaction costs in relation to issuance	–	–	(2,220)	–	–	–	–	–	–	–	(2,220)
New leases entered	–	–	–	250,874	–	–	–	–	–	–	250,874
Acquisition of non-controlling interests	–	–	–	–	–	–	–	290,466	–	–	290,466
Dividends recognized as distributions and paid to non-controlling interests	–	–	–	–	552,742	–	–	–	–	–	552,742
Issue costs of the placement and subscription	–	–	–	–	–	–	–	–	11,181	–	11,181
Covid-19-related rent concessions	–	–	–	(15,080)	–	–	–	–	–	–	(15,080)
At December 31, 2020	9,654,415	99,951	367,543	1,946,765	1,932	32,453	137,892	26,186	–	31,252	12,298,389
Financing cash flows	(3,920,185)	(100,000)	–	(278,576)	(672,188)	(398,478)	(90,263)	(26,907)	–	26,597	(5,460,000)
Non-cash changes in finance costs	–	49	1,110	116,085	–	390,206	–	–	–	–	507,450
Net foreign exchange loss	218,621	–	–	–	–	–	–	–	–	–	218,621
Addition due to acquisition of subsidiaries *(Note 38)*	39,438	–	–	–	–	–	–	–	–	–	39,438
Decrease due to disposal of subsidiaries *(Note 39)*	(1,485,293)	–	–	(23,385)	–	–	–	–	–	–	(1,508,678)
New leases entered	–	–	–	368,872	–	–	–	–	–	–	368,872
Acquisition of non-controlling interests	–	–	–	–	–	–	–	721	–	–	721
Dividends recognized as distributions and paid to non-controlling interests	–	–	–	–	682,596	–	–	–	–	–	682,596
At December 31, 2021	4,506,996	–	368,653	2,129,761	12,340	24,181	47,629	–	–	57,849	7,147,409

47. RETIREMENT BENEFITS SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The total costs charged to the consolidated statement of profit or loss and comprehensive income of RMB147,912,000 for the year ended December 31, 2021 (2020: RMB43,137,000) represent contributions paid and payable to the scheme by the Group for the year.

48. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	2021 *RMB'000*	2020 *RMB'000*
Current		
Associates held by the Group		
Shenbei Lexus	8,500	13,500
Yongda Finance Leasing	8,003	–
Guangzhou Xianghe Zhongyue	470	642
Sichuan Yongzhida	–	41
Joint ventures held by the Group		
Harbin Yongda *(note b)*	130,653	124,405
Ryde 88 Pty Limited *(note a)*	–	41,231
Shanghai Bashi Yongda	–	189
Shanghai Yongda Changrong	–	10
	147,626	180,018
Analyzed as:		
Trade-related *(note a)*	23,698	10,865
Non trade-related *(note a)*	123,928	169,153
	147,626	180,018

48. RELATED PARTY DISCLOSURES (continued)

I. Amounts due from related parties (continued)

Notes:

a. The Group offers at its discretion certain related parties a credit period up to 90 days.

Except the balance of Ryde 88 Pty Limited, the remaining balances are interest-free, unsecured and repayable on demand. The balance of Ryde 88 Pty Limited was an AU$-denominated and unsecured loan of principal amounting to AU$6,000,000 with maturity of three years commenced in 2016. The loan carried a fixed interest rate of 12% per annum. The interests are payable upon maturity. The loan has been fully settled during the current year.

b. The maximum amount outstanding related to Harbin Yongda during the year ended December 31, 2021 is RMB148,600,000 (2020: RMB124,405,000).

II. Amounts due to related parties

	2021	2020
	RMB'000	*RMB'000*
Joint ventures held by the Group		
Harbin Yongda	**91**	266
Shanghai Bashi Yongda	**–**	26,252
Associates held by the Group		
Yongda Finance Leasing	**52,849**	–
Shanghai Yongda Fengdu Automobile	**5,750**	5,750
Shenbei Lexus	**–**	6
Shanghai Oriental Yongda	**–**	5
	58,690	32,279
Analyzed as:		
Trade-related *(note a)*	**841**	1,027
Non trade-related *(note b)*	**57,849**	31,252
	58,690	32,279

Notes:

a. A credit period of not exceeding 90 days is given to the Group by the related parties.

b. Except the balance of finance lease payables to Yongda Finance Leasing, the remaining balances are interest-free, unsecured and repayable on demand.

48. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions

	2021 RMB'000	2020 RMB'000
a) Sales of motor vehicles		
Shanghai Oriental Yongda	**44,650**	729,543
Anhui Jiajia Yongda	**4,632**	–
Jiajia Yongda Automobile Sales Co. Ltd.	**3,881**	30,837
Harbin Yongda	**234**	–
Shanghai Bashi Yongda	**–**	2,052
Sichuan Yongzhida	**–**	866
Shenbei Lexus	**–**	258
Shanghai Yongda Changrong	**–**	125
	53,397	763,681
b) Purchase of motor vehicles		
Shanghai Yongda Changrong	**1,115**	2,544
Shanghai Bashi Yongda	**–**	34,263
	1,115	36,807
c) Sales of spare parts		
Shanghai Yongda Changrong	**434**	887
Shanghai Bashi Yongda	**–**	1,362
	434	2,249
d) Interest income from		
Ryde 88 Pty Limited *(Note 6)*	**–**	2,304
e) Finance lease interest expense to		
Yongda Finance Leasing	**455**	–

48. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

	2021 RMB'000	2020 RMB'000
f) Purchase of services		
Shanghai Oriental Yongda	**8,472**	–
g) Rental expenses paid or payable to:		
Entities controlled by the shareholders		
Shanghai Yongda Group Company Limited, Shanghai Yongda Transportation Equipment Co., Ltd., and Shanghai Yongda Property Development Co., Ltd. *(note)*	**33,546**	33,291
Associate held by the Group		
Shanghai Yongda Fengdu Automobile	**3,234**	3,904
Joint venture held by the Group		
Harbin Yongda	**–**	1,000
	36,780	38,195

Note:

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 RMB70,631,000 and a right-of-use asset with the balance of RMB68,851,000 as at December 31, 2021. In addition, the Group recorded depreciation of right-of-use assets of RMB34,426,000 and interest expense of RMB5,164,000 in the consolidated statement of profit or loss for year ended December 31, 2021.

	2021 RMB'000
h) Guarantees issued by the Group	
Bank borrowings of a related party under guarantees issued by the Group:	
Yongda Finance Leasing	**1,545,501**

i) Disposal of equity interest in a subsidiary

On June 29, 2021, the Group disposed its 28% equity interest in Yongda Finance Leasing to Shanghai Yongda Group Company Limited for total cash consideration of 156.3 million *(Note 39(a))*.

48. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

	2021 RMB'000	2020 RMB'000
j) Compensation of key management personnel		
Short-term benefits	**12,799**	12,109
Post-employment benefits	**698**	57
Share-based payments	**11,076**	6,027
	24,573	18,193

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

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at December 31, 2021 is as follows:

	NOTE	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		12,051	33,608
Unlisted investment in a subsidiary and amounts due from subsidiaries		1,477,075	4,002,643
		1,489,126	4,036,251
Current assets			
Other receivables		4,247	1,220
Bank balances and cash		63,251	558,572
Restricted bank balances		31,885	32,897
Amounts due from subsidiaries		2,178,257	1,142,982
		2,277,640	1,735,671
Current liabilities			
Other payables		7,704	17,214
Borrowings		1,085,219	416,884
Derivative financial liabilities		109,975	39,859
Amounts due to subsidiaries		617,829	617,879
		1,820,727	1,091,836
Net current assets		456,913	643,835
Total assets less current liabilities		1,946,039	4,680,086
Non-current liabilities			
Borrowings		–	2,383,545
Derivative financial liabilities		–	271,338
Total non-current liabilities		–	2,654,883
Net assets		1,946,039	2,025,203
Capital and reserves			
Share capital		16,262	16,306
Reserves	(a)	1,929,777	2,008,897
Total equity		1,946,039	2,025,203

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

The statement of financial position of the Company as at December 31, 2021 is as follows: (continued)

Note (a):

	Share premium RMB'000	Treasury shares RMB'000	Share-based payments reserve RMB'000	(Accumulated losses) retained profits RMB'000	Total RMB'000
As at January 1, 2020	1,826,226	–	131,114	(294,566)	1,662,774
Loss for the year	–	–	–	(150,099)	(150,099)
Placement and subscription *(Note 30)*	903,133	–	–	–	903,133
Issue costs for the placement and subscription	(11,181)	–	–	–	(11,181)
Exercise of share options	59,470	–	–	–	59,470
Recognition of equity-settled share-based payments	–	–	31,254	–	31,254
Dividends recognized as distributions	(486,454)	–	–	–	(486,454)
At December 31, 2020	2,291,194	–	162,368	(444,665)	2,008,897
Profit for the year	–	–	–	516,316	516,316
Repurchase and cancellation of shares	(64,597)	(8,953)	–	–	(73,550)
Exercise of share options	9,309	–	–	–	9,309
Recognition of equity-settled share-based payments	–	–	37,870	–	37,870
Dividends recognized as distributions	(569,065)	–	–	–	(569,065)
At December 31, 2021	1,666,841	(8,953)	200,238	71,651	1,929,777

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows:

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31, 2021 %	2020 %	Principal activities@
Directly held:						
Sea of Wealth International Investment Company Limited ("Sea of Wealth") 富海國際投資有限公司	The British Virgin Islands	November 15, 2011	1 share of US$1.00 each	100	100	Investment holding
Hongda Automobiles Co., Ltd. 弘達汽車有限公司	Hong Kong	November 12, 2003	HK$775,787,736	100	100	Investment holding
Grouprich International Investment Holdings Limited ("Grouprich International") 匯富國際投資集團有限公司	Hong Kong	September 10, 2004	1,000,000 shares of HK$1.00 each	100	100	Investment holding
Indirectly held:						
Shanghai Yongda Investment Holdings Group Co., Ltd. *(note 3)* 上海永達投資控股集團有限公司 (formerly known as Shanghai Yongda Investment Co., Ltd. 上海永達投資有限公司)	PRC	September 25, 2003	RMB2,320,000,000	100	100	Investment holding
Shanghai Yongda Automobile Group Co., Ltd. *(note 2)* 上海永達汽車集團有限公司 (formerly known as Shanghai Yongda Automobile International Investment Management Co., Ltd. 上海永達汽車國際投資管理有限公司)	PRC	September 15, 2003	RMB1,893,204,250	100	100	Investment holding
Shanghai Yongda Automobile Leasing Co., Ltd. *(note 3)* 上海永達汽車租賃有限公司	PRC	February 21, 2000	RMB150,000,000	100	100	Automobile operating lease services

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Shanghai Baozen Automobile Sales and Services Co., Ltd. *(note 3)* 上海寶誠汽車銷售服務有限公司	PRC	January 6, 2004	RMB80,000,000	**100**	100	4S dealership
Shanghai Baozen Zhonghuan Automobile Sales and Services Co., Ltd. *(note 3)* 上海寶誠中環汽車銷售服務有限公司	PRC	August 30, 2007	RMB50,000,000	**100**	100	4S dealership
Taiyuan Baozen Automobile Sales and Services Co., Ltd. *(note 4)* 太原寶誠汽車銷售服務有限公司	PRC	October 23, 2007	RMB15,000,000	**60**	60	4S dealership
Nantong Baozen Automobile Sales and Services Co., Ltd. *(note 4)* 南通寶誠汽車銷售服務有限公司	PRC	September 1, 2006	RMB30,000,000	**100**	100	4S dealership
Wuxi Yicheng Automobile Sales and Services Co., Ltd. *(note 4)* 無錫翼誠汽車銷售服務有限公司	PRC	October 13, 2011	RMB30,000,000	**100**	100	4S dealership
Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. *(note 4)* ("Wuxi Yongda Oriental") 無錫永達東方汽車銷售服務有限公司	PRC	April 15, 2011	RMB50,000,000	**100**	95	4S dealership
Shanghai Yongda Infiniti Automobile Sales and Services Co., Ltd. *(note 4)* 上海永達英菲尼迪汽車銷售服務有限公司	PRC	September 18, 2006	RMB30,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Shanghai Yongda Infiniti Qibao Automobile Sales and Services Co., Ltd. *(note 4)* 上海永達英菲尼迪七寶汽車銷售服務有限公司	PRC	August 14, 2009	RMB25,000,000	**100**	100	4S dealership
Guangzhou Yongda Automobile Rental Co., Ltd. ("Guangzhou Yongda Automobile Rental") 廣州永達汽車租賃有限公司 *(note 4)*	PRC	July 6, 2012	RMB30,000,000	**100**	100	Automobile operating lease services
Yongsheng Finance Leasing Co., Ltd 永昇融資租賃有限公司 *(note 2)*	PRC	August 22, 2014	RMB133,875,000	**100**	100	Finance leasing services
Linyi Yubaohang Automobile Sales and Services Co., Ltd. *(note 4)* 臨沂宇寶行汽車銷售服務有限公司	PRC	October 26, 2006	RMB30,000,000	**100**	100	4S dealership
Lishui Jiacheng Automobile Sales and Services Co., Ltd. *(note 3)* 麗水市嘉誠汽車銷售有限公司	PRC	May 17, 2010	RMB80,000,000	**100**	100	4S dealership
Jiangyin Leichi Automobile Sales and Services Co., Ltd. *(note 4)* 江陰雷馳汽車銷售服務有限公司	PRC	August 23, 2010	RMB35,000,000	**88**	88	4S dealership
Yancheng Yuebao Trading Co., Ltd. 鹽城悅寶貿易有限公司 *(note 4)*	PRC	October 31, 2015	RMB20,396,500	**100**	100	Not yet commenced business
Haerbin Baozen Automobile Sales and Services Co., Ltd. *(note 4)* 哈爾濱寶誠汽車銷售服務有限公司	PRC	March 7, 2015	RMB30,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Tianjin Zhongshun Jinbao Automobile Sales and Services Co., Ltd. *(note 3)* 天津市中順津寶汽車服務有限公司	PRC	March 31, 2015	RMB45,000,000	**100**	100	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. *(note 4)* 無錫寶尊汽車銷售服務有限公司	PRC	August 31, 2015	RMB20,000,000	**100**	100	4S dealership
Guangdong Yongda South Investing Co., Ltd. *(note 4)* 廣東永達南方投資有限公司	PRC	June 09, 2014	RMB266,000,000	**70**	70	Investment holding
Taixing Yongda Zhongcheng Automobile Sales and Services Co., Ltd. *(note 5)* 泰興永達眾誠汽車銷售服務有限公司	PRC	February 28, 2015	RMB20,000,000	**–**	100	4S dealership
Beijing Zhongqi Zhongyue Automobile Sales Service Co., Ltd. *(note 5)* 北京中汽眾悦汽車銷售服務有限公司	PRC	November 12, 2018	RMB10,000,000	**–**	83	4S dealership
Shanghai Xianhe Automobile Information Consulting Service Co., Ltd. *(note 5)* 上海賢合汽車信息諮詢服務有限公司	PRC	November 27, 2019	RMB19,000,000	**–**	95	4S dealership
Linfen Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 臨汾寶誠汽車銷售服務有限公司	PRC	July 10, 2009	RMB30,000,000	**90**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Yongjia Baozen Automobile Sales Service Co., Ltd. *(note 4)* 永嘉寶誠汽車銷售服務有限公司	PRC	January 19, 2010	RMB20,000,000	**70**	84	4S dealership
Jiangyin Infinite Automobile Sales Service Co., Ltd. *(note 4)* 江陰無限汽車銷售服務有限公司	PRC	December 5, 2014	RMB20,000,000	**88**	100	4S dealership
Shengzhou Yongda Bencheng Automobile Sales and Services Co., Ltd. *(note 4)* 嵊州市永達本誠汽車銷售服務有限公司	PRC	June 30, 2015	RMB43,300,000	**100**	100	4S dealership
Nantong Oriental Yongda Jiachen Automobile Sales and Services Co., Ltd. *(note 4)* 南通東方永達佳晨汽車銷售服務有限公司	PRC	November 16, 2011	RMB40,000,000	**100**	100	4S dealership
Shanghai Yongda Shenjie Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達申傑汽車銷售服務有限公司	PRC	March 3, 2011	RMB30,000,000	**100**	100	4S dealership
Shanghai Yongda Jiawo Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達嘉沃汽車銷售服務有限公司	PRC	March 1, 2011	RMB30,000,000	**100**	100	4S dealership
Rui'an Yongda Lujie Automobile Sales and Services Co., Ltd. *(note 3)* 瑞安市永達路捷汽車銷售服務有限公司	PRC	March 5, 2014	RMB42,000,000	**100**	100	4S dealership
Kunshan Yongda Lujie Automobile Sales and Services Co., Ltd. *(note 4)* 昆山永達路捷汽車銷售服務有限公司	PRC	March 15, 2014	RMB40,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Changshu Yongda Lujie Automobile Sales and Services Co., Ltd. *(note 4)* 常熟永達路捷汽車銷售服務有限公司	PRC	June 8, 2014	RMB30,000,000	**100**	100	4S dealership
Shanghai Yongda Hongjie Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達弘傑汽車銷售服務有限公司	PRC	July 5, 2011	RMB60,000,000	**100**	100	4S dealership
Shanghai Yongda Qiming Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達啟明汽車銷售服務有限公司	PRC	January 27, 2015	RMB22,000,000	**100**	100	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. ("Wuxi Baozen") *(note 4)* 無錫寶誠汽車銷售服務有限公司	PRC	September 13, 2004	RMB100,000,000	**88**	88	4S dealership
Jiangsu Baozun Investment Group Co., Ltd. 江蘇寶尊投資集團有限公司 *(note 3)*	PRC	April 25, 2011	RMB589,910,000	**100**	100	Investment holding
Changzhou Xin Baozun Automobile Sales and Services Co., Ltd. *(note 4)* 常州新寶尊汽車銷售服務有限公司	PRC	October 29, 2009	RMB10,000,000	**100**	100	4S dealership
Changzhou Kaidi Automobile Sales and Services Co., Ltd. *(note 4)* 常州凱帝汽車銷售服務有限公司	PRC	August 29, 2012	RMB10,000,000	**100**	100	4S dealership
Changzhou Changtong Auto Sales and Service Co., Ltd.. *(note 4)* 常州常通汽車銷售服務有限公司	PRC	January 9, 2003	RMB23,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Changzhou Zunyue Automobile Sales and Services Co., Ltd. *(note 4)* 常州尊越汽車銷售服務有限公司	PRC	June 25, 2007	RMB10,000,000	**100**	100	4S dealership
Dezhou Shengbao Automobile Sales Service Co. Ltd. *(note 4)* 德州聖寶汽車銷售服務有限公司	PRC	October 17, 2013	RMB99,890,000	**100**	100	4S dealership
Yancheng Baocheng Automobile Sales and Service Co., Ltd. *(note 4)* 鹽城寶誠汽車銷售服務有限公司	PRC	December 9, 2008	RMB30,000,000	**100**	100	4S dealership
Yancheng Yongda Zhongcheng Automobile Sales Service Co., Ltd. *(note 4)* 鹽城永達眾誠汽車銷售服務有限公司	PRC	July 22, 2012	RMB30,000,000	**100**	100	4S dealership
Guangzhou Tengyue New Energy Vehicle Sales Service Co., Ltd. *(note 4)* 廣州騰悦新能源汽車銷售服務有限公司	PRC	June 11, 2015	RMB10,000,000	**100**	100	4S dealership
Shenzhen Baohua Baocheng Automobile Sales Service Co., Ltd. *(Note 40)* 深圳寶華寶誠汽車銷售服務有限公司	PRC	May 14, 2015	RMB20,000,000	**100**	75	4S dealership
Shenzhen Tengyue New Energy Vehicle Sales Service Co., Ltd. *(Note 40)* 深圳騰悦新能源汽車銷售服務有限公司	PRC	August 3, 2015	RMB10,000,000	**98**	94	4S dealership
Shenzhen Yuebao Automobile Sales Service Co., Ltd. *(Note 40)* 深圳市悦寶汽車銷售服務有限公司	PRC	July 19, 2016	RMB2,000,000	**85**	79	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Guangzhou Nanfang Lujie Automobile Sales Service Co., Ltd. *(Note 40)* 廣州南方路捷汽車銷售服務有限公司	PRC	June 2, 2017	RMB2,000,000	100	60	4S dealership
Guangzhou Nantang Zhongyue Automobile Sales Service Co., Ltd *(note 5)* 廣州南方眾悅汽車銷售服務有限公司	PRC	August 17, 2016	RMB2,000,000	–	65	4S dealership
Shanghai Yongda Used Car Chain Management Co., Ltd. 上海永達二手車連鎖經營有限公司	PRC	November 26, 2014	RMB50,000,000	100	100	Used car business
Weifang Shengbao Automobile Sales Service Co. Ltd. *(note 3)* 濰坊聖寶汽車銷售服務有限公司	PRC	October 10, 2013	RMB20,000,000	100	100	4S dealership
Zibo Shengbao Automobile Sales Service Co. Ltd. *(note 4)* 淄博聖寶汽車銷售服務有限公司	PRC	October 18, 2013	RMB10,000,000	100	100	4S dealership
Dongying Yibaoxuan Automobile Sales Service Co. Ltd. *(note 4)* 東營宜寶軒汽車銷售服務有限公司	PRC	March 1, 2011	RMB10,000,000	100	100	4S dealership
Yulin Baitai Automobile Sales and Services Co., Ltd. *(note 3)* 榆林百泰汽車銷售服務有限公司	PRC	May 24, 2012	RMB52,000,000	100	100	4S dealership
Fujian Quanzhou Baitai Automobile Sales and Services Co., Ltd. *(note 3)* 福建省泉州百泰汽車銷售服務有限公司	PRC	March 23, 2011	RMB50,000,000	100	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31, 2021 %	2020 %	Principal activities@
Fujian Baitai Automobile Sales and Services Co., Ltd. *(note 4)* 福建百泰汽車銷售服務有限公司	PRC	December 19, 2013	RMB95,000,000	**100**	100	4S dealership
Fuqing Dachangjiang Runtong auto Sales Services Ltd. *(note 4)* 福清大長江潤通汽車銷售服務有限公司	PRC	December 10, 2013	RMB30,000,000	**100**	100	4S dealership
Haina Automobile Insurance Sales Co., Ltd. *(note 4)* 海納汽車保險銷售有限公司	PRC	May 4, 2012	RMB50,000,000	**100**	100	Insurance services
Weifang Yongda Investment management Ltd. *(note 3)* 濰坊永達投資管理有限公司	PRC	May 4, 2012	RMB13,580,595	**100**	100	Investment management
Changzhou Baozun Automobile Sales and Services Co., Ltd. *(note 4)* 常州寶尊汽車銷售服務有限公司	PRC	May 11, 2006	RMB22,220,000	**100**	100	4S dealership
Zhenjiang Dongfang Meiya Lexus Automobile Sales Service Co., Ltd. *(notes 1,4)* 鎮江東方美亞雷克薩斯汽車銷售服務有限公司	PRC	October 15, 2021	RMB278,270,000	**100**	–	4S dealership
Nantong Dongfang Jiayu Lexus Automobile Sales Service Co., Ltd. *(notes 1,4)* 南通東方嘉宇雷克薩斯汽車銷售服務有限公司	PRC	November 2, 2021	RMB72,000,000	**100**	–	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Wujiang Baozhi Automobile Sales Service Co., Ltd. *(notes 1,4)* 吳江寶致汽車銷售服務有限公司	PRC	October 18, 2021	RMB94,890,000	**100**	–	4S dealership
Nantong baozhihang Automobile Sales Service Co., Ltd. *(notes 1,4)* 南通寶致行汽車銷售服務有限公司	PRC	October 18, 2021	RMB202,980,000	**100**	–	4S dealership
Fuzhou Tianchu Machinery Co., Ltd. *(note 4)* 福州天楚機械有限公司	PRC	August 13, 1998	RMB13,500,000	**100**	100	Machine tools trading
Nanchong Yongda Lujie Automobile Sales Service Co., Ltd. *(note 4)* 南充永達路捷汽車銷售服務有限公司	PRC	April 3, 2014	RMB64,500,000	**100**	100	4S dealership
Chengdu Xin Jin Feng Automobile Sales and Services Co., Ltd. *(note 4)* 成都新錦豐汽車銷售服務有限責任公司	PRC	February 22, 2013	RMB62,300,000	**100**	100	4S dealership
Mianyang Xinjincheng Automobile Sales and Services Co., Ltd. *(note 4)* 綿陽新錦程汽車銷售服務有限責任公司	PRC	May 23, 2014	RMB81,000,000	**100**	100	4S dealership
Nanchong Xinshuangli Automobile Sales Service Co. Ltd. *(note 4)* 南充新雙立汽車銷售服務有限責任公司	PRC	April 4, 2014	RMB26,700,000	**100**	100	4S dealership
Jiangyin Shengda Automobile Sales Service Co. Ltd. *(note 4)* 江陰市盛達汽車銷售服務有限公司	PRC	April 25, 2001	RMB10,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Jiangyin Shengda Toyota Automobile Sales Service Co. Ltd. *(note 4)* 江陰市盛達豐田汽車銷售服務有限公司	PRC	October 27, 1999	RMB20,000,000	**100**	100	4S dealership
Jiangyin Shengda Yintian Automobile Sales Service Co. Ltd. *(note 4)* 江陰市盛達穎田汽車有限公司	PRC	November 16, 2005	RMB10,000,000	**100**	100	4S dealership
Jiangyin Yinda Automobile Sales Service Co. Ltd. *(note 4)* 江陰市穎達汽車銷售有限公司	PRC	May 15, 2007	RMB12,100,000	**100**	100	4S dealership
Jiangyin Shengda Jiayin Automobile Sales Service Co. Ltd. *(note 4)* 江陰市盛達佳穎汽車銷售有限公司	PRC	September 5, 2007	RMB5,000,000	**100**	100	4S dealership
Jiangyin Shengsheng Automobile Sales Service Co. Ltd. *(note 4)* 江陰盛升汽車有限公司	PRC	August 4, 2009	RMB15,000,000	**100**	100	4S dealership
Shanghai Yuexing Automobile Co., Ltd. *(note 4)* 上海越星汽車有限公司	PRC	July 25, 2013	RMB30,000,000	**100**	100	4S dealership
Shanghai Dezhilin Automobile Co., Ltd. *(note 4)* 上海德之林汽車有限公司	PRC	July 25, 2013	RMB80,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31, 2021 %	2020 %	Principal activities@
Qingruo Investment (Shanghai) Co., Ltd. *(note 3)* 慶若投資(上海)有限公司	PRC	March 1, 2013	RMB480,610,806	**100**	100	Investment holding
Shanghai Hongshi Information Consulting Co., Ltd. *(note 4)* 上海宏實信息諮詢有限公司	PRC	October 16, 2007	RMB47,075,500	**100**	100	Information consultancy
Nanchang Yongda Yongcheng Automobile Sales Service Co., Ltd. *(note 4)* 南昌永達永誠汽車銷售服務有限公司	PRC	November 9, 2017	RMB2,100,000	**100**	100	4S dealership
Jiujiang Yongda Zhixing Automobile Sales Service Co., Ltd. *(note 4)* 九江永達之星汽車銷售服務有限公司	PRC	October 25, 2017	RMB80,164,740	**100**	100	4S dealership
Shaoxing Yongda Lexus Automobile Sales Service Co., Ltd. *(note 4)* 紹興永達雷克薩斯汽車銷售服務有限公司	PRC	February 28, 2007	RMB112,438,960	**100**	100	4S dealership
Nanchang Yongda Automobile Sales Service Co., Ltd. *(note 4)* 南昌永達汽車銷售服務有限公司	PRC	June 1, 2011	RMB65,366,600	**100**	100	4S dealership
Nanning Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 南寧寶誠汽車銷售服務有限公司	PRC	November 11, 2015	RMB20,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities@
				2021 %	2020 %	
Kunming Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 昆明寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB200,000,000	**100**	100	4S dealership
Dali Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 大理寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB80,000,000	**100**	100	4S dealership
Yuxi Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 玉溪寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB53,000,000	**100**	100	4S dealership
Baoshan Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 保山寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB21,000,000	**100**	100	4S dealership
Yibin Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 宜賓寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB52,000,000	**100**	100	4S dealership
Dazhou Baocheng Automobile Sales Service Co., Ltd. *(note 4)* 達州寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB72,000,000	**100**	100	4S dealership

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2021 and 2020 are as follows: (continued)

Except for Sea of Wealth, Hongda Automobiles Co., Ltd. and Grouprich International which are limited liability companies, all subsidiaries are domestic limited liability enterprises.

^ The English names of all subsidiaries established in the PRC are translated for identification purpose only.

@ 4S dealership represents an automobile dealership authorized by an automobile manufacturer to engage in the four businesses relating to sales, spare parts, services and survey.

Notes:

1. These companies were newly acquired in 2021. Details are set out in Note 38.

2. This Company is a sino-foreign equity joint venture (including Hong Kong,Taiwan and Macao).

3. This Company is a wholly-foreign owned enterprise (including Hong Kong,Taiwan and Macao).

4. This Company is a wholly-domestic owned enterprise.

5. These Company is disposal in 2021. Details are set out in Note 39.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year, except for Shanghai Yongda Investment Holdings Group Co., Ltd. which issued super short-term commercial papers and medium-term note as set out in Note 33 and Note 34 respectively.

Financial Summary

For the year ended December 31, 2021

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	2021 RMB'000	2020 RMB'000 (Restated)	2019 RMB'000	2018 RMB'000	2017 RMB'000
Continuing operations					
REVENUE	**77,916,554**	68,201,242	62,707,380	55,318,486	50,699,302
Profit before tax	**3,374,762**	2,139,562	2,075,782	1,752,561	2,007,500
Income tax expense	**(837,027)**	(523,704)	(506,728)	(427,525)	(405,712)
Profit for the year from continuing operations	**2,537,735**	1,615,858	1,569,054	1,325,036	1,601,788
Discontinued operations					
Profit for the year from discontinued operations – net	**80,338**	117,227	–	–	–
Profit for the year	**2,618,073**	1,733,085	1,569,054	1,325,036	1,601,788
Other comprehensive income	**(3,532)**	2,289	1,331	(15,161)	5,789
Total comprehensive income for the year	**2,614,541**	1,735,374	1,570,385	1,309,875	1,607,577
Profit for the year attributable to:					
Owners of the Company	**2,480,098**	1,624,961	1,472,984	1,253,099	1,509,930
Non-controlling interests	**137,975**	108,124	96,070	71,937	91,858
	2,618,073	1,733,085	1,569,054	1,325,036	1,601,788
Total comprehensive income for the year attributable to:					
Owners of the Company	**2,476,566**	1,627,250	1,474,315	1,237,938	1,515,719
Non-controlling interests	**137,975**	108,124	96,070	71,937	91,858
	2,614,541	1,735,374	1,570,385	1,309,875	1,607,577
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**31,566,638**	34,737,491	35,474,817	31,015,663	27,926,788
TOTAL LIABILITIES	**(17,277,773)**	(22,381,832)	(25,022,220)	(21,495,676)	(19,145,354)
NON-CONTROLLING INTERESTS	**(580,399)**	(523,923)	(571,057)	(532,074)	(493,123)
	13,708,466	11,831,736	9,881,540	8,987,913	8,288,311