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

INTERIM REPORT 2022


BMW iX

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
Camana Bay
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 *(Chairlady)*
Mr. LYU Wei
Mr. MU Binrui

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

HONG KONG SHARE REGISTRAR

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

STOCK CODE

03669

AUDITOR

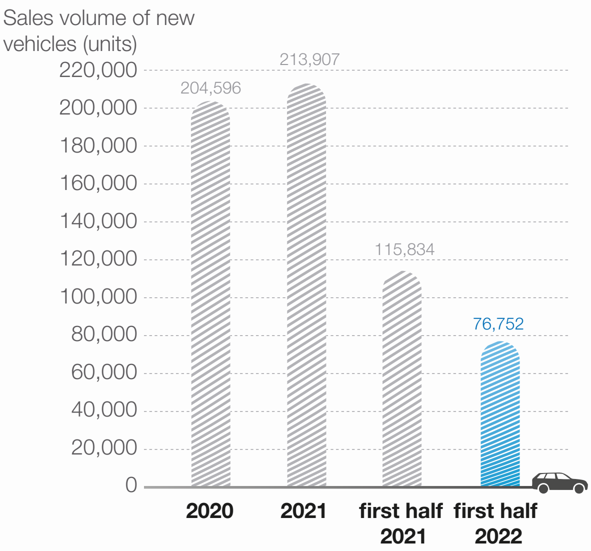
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE

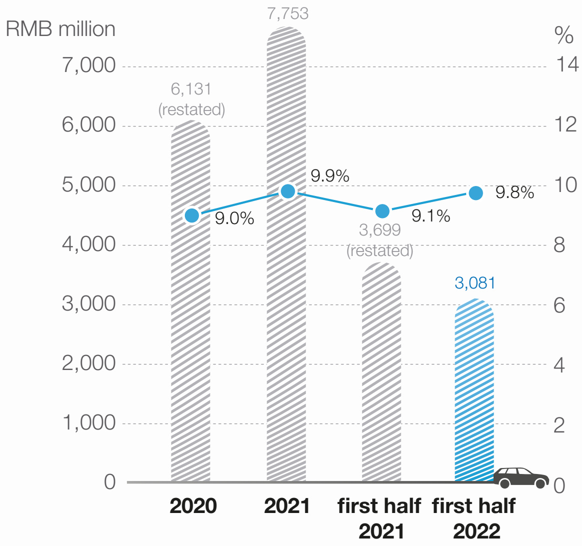
www.ydauto.com.cn

Financial Highlights

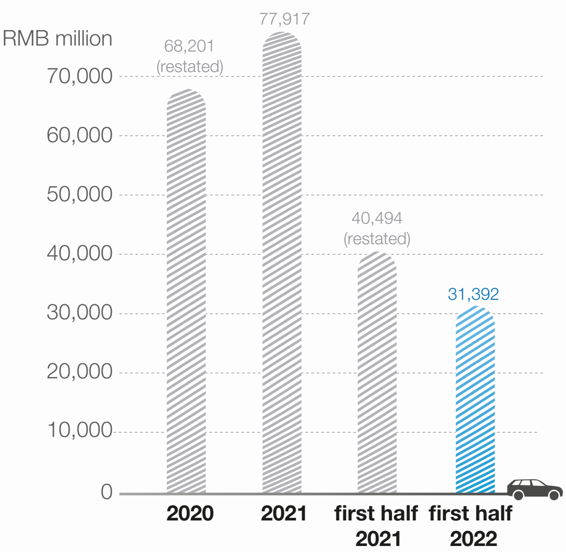
New vehicles sales volume



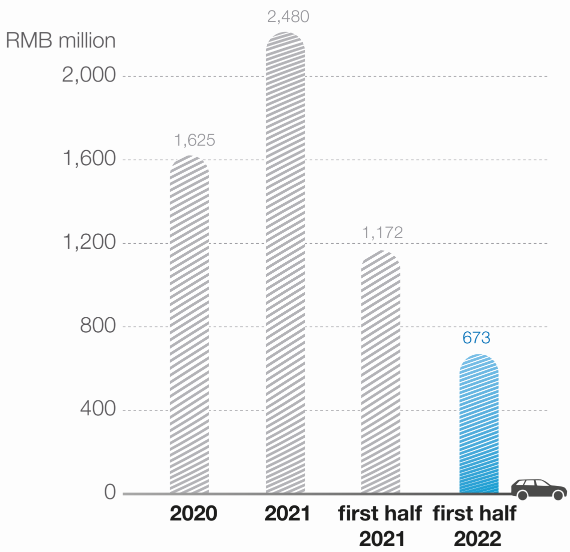
Gross profit and gross profit margin



Revenue



Profit attributable to owners of the Company



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 Interim Report for the first half of 2022 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 the first half of 2022, the overall retail sales of passenger vehicles in China reached 9.261 million units, representing a year-on-year decrease of 7.2%. Among them, the sales volume of new energy vehicles reached 2.248 million units, representing a year-on-year increase of 122.5%. According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 7.585 million units in the first half of 2022, representing a year-on-year decrease of 10.07%.

In the first half of 2022, as the domestic pandemic control had a greater impact on the release of market demand and industrial supply chain, the overall growth of passenger vehicles in the first half of the year declined year-on-year. However, since June 2022, with the adjustment of pandemic control policies in Shanghai and other places, all parts of the country have also ushered in a comprehensive resumption of work and production, and the market has begun to enter a rapid recovery period. In June 2022, the overall retail sales of passenger vehicles reached 1.943 million units, representing a year-on-year increase of 22.6%. The luxury brands and new energy vehicle market still maintained rapid growth.

In the first half of 2022, the Group's comprehensive revenue and comprehensive gross profit including revenue from agency services amounted to RMB31,986 million and RMB3,675 million respectively, representing decreases of 22.2% and 15.1% respectively compared with the same period of 2021. In the first half of 2022, our net profit amounted to RMB703 million, representing a decrease of 43.6% compared with the same period of 2021. The net profit attributable to owners of the Company amounted to RMB673 million, representing a decrease of 42.5% compared with the same period of 2021.

KEY OPERATING RESULTS AND MANAGEMENT PERFORMANCE DURING THE REPORTING PERIOD

1. In the first half of 2022, although the pandemic affected various businesses to varying degrees, the three major business sectors including luxury brand sales and services, new energy and pre-owned vehicles still maintained a good development trend. Especially, since the comprehensive resumption of work and production in various places in June, the businesses have recovered rapidly.

   In the first half of 2022, our sales revenue from new vehicles reached RMB25,399 million, representing a year-on-year decrease of 25.2%. Among them, the sales revenue from luxury brand new vehicles accounted for 88.5%, representing an increase of 4 percentage points from the previous month. In June 2022, the sales revenue of new vehicles was RMB6,157 million, representing a year-on-year increase of 1.4%.

   In the first half of 2022, our gross profit margin of new vehicle sales was 3.58%, representing an increase of 0.46 percentage point compared with the same period of 2021. Among them, the gross profit margin of new vehicles of luxury brands was 3.97%, representing a year-on-year increase of 0.29 percentage point.

   In the first half of 2022, our sales volume of new energy vehicles reached 7,500 units, representing a year-on-year increase of 12.7%, accounting for 9.75% of the total sales volume. Among them, the sales volume of independent new energy brands reached 2,849 units, representing a year-on-year increase of 143.7%.

   In the first half of 2022, our sales volume of pre-owned vehicles was 31,454 units, representing a year-on-year decrease of 5.0%. Among them, 6,471 units were distributed by us, and recorded a revenue of RMB1,406.53 million; and 24,983 units were sold for which we acted as an agent and recorded the agency revenue generated from pre-owned vehicles of RMB44.43 million. In the first half of 2022, the gross profit of pre-owned vehicles amounted to RMB173.81 million, representing a year-on-year decrease of 0.2%, including RMB129.38 million from distribution, representing a year-on-year increase of 58.1%, and RMB44.43 million from agency sales.

   In the first half of 2022, the revenue from after-sales service business, including repair and maintenance services and extended automotive products and services, was RMB4,419 million, representing a year-on-year decrease of 19.9% over the same period in 2021. The gross profit margin of after-sales service was 45.17%, which was basically the same as the same period in 2021.

Chairman's Statement

2. Our operational efficiency still maintained at the relatively good level in the first half of 2022 even though under the impact of the pandemic. Our inventory turnover days in the first half of 2022 were 23.7 days, maintaining at a healthy level; the net cash generated from operating activities was RMB3.152 billion.

3. Accelerating the layout of new energy vehicle business.

   In the first half of 2022, in terms of new authorization, we further expanded store authorization of popular new energy brands, and obtained a total of 47 independent new energy network authorizations. The total number of authorized outlets of independent new energy brands has reached 69, covering various store types such as supermarket showroom, independent after-sales and delivery service center and comprehensive 4S store. The newly obtained authorization covers popular independent new energy brands such as AITO, Xiaopeng, BYD, smart, Lotus, ORA, Zhiji and Voyah.

4. The distribution scale and new-to-pre-owned ratio have risen sharply, which continuously consolidated the value of officially certified pre-owned brands of Yongda.

   In the first half of 2022, we adopted stable pre-owned vehicle business strategy to accelerate turnover efficiency and control business risks. Meanwhile, we continued to increase distribution efforts, achieved rapid growth in distribution, and basically formed a new business pattern of distribution, retail and digitalization. The overall new-to-pre-owned ratio of the Group rose rapidly to 40.8% from 28.6% in the same period of 2021, achieving sustained and rapid growth.

   We have newly upgraded the brand of "Yongda Officially Certified Pre-owned Vehicles", and took the lead in the industry to implement "quality assurance, 30 days return without reason" and eight service commitments, so as to create new product and service system, and enhance customer service experience.

5. In the first half of 2022, we built and opened 4 brand authorized outlets, and had 55 newly authorized brands, including 47 independent new energy brands and others mainly being traditional luxury brands. With respect to new energy brands authorization, smart, Lotus, HiPhi sheet spray maintenance center were newly obtained. As of the first half of 2022, we operated a total of 241 outlets, 58 of which have been authorized to open, luxury brands account for 65.2%, independent new energy brands account for 9.5%, and others are mid-to-high-end brands and Yongda Pre-owned Vehicle Mall outlets.

FUTURE DEVELOPMENT STRATEGIES

In the first half of 2022, under the once-in-a-century changes of the global economic downturn and the crack of the global supply chain caused by the pandemic, although China's automobile market encountered unexpected downward trend caused by the pandemic blockade in several many districts, it also ushered in a series of most favorable policies in the PRC and a historical development opportunity of outperformance of companies in the new energy vehicle industry chain. At the beginning of 2022, the Company proposed the general strategic plan of driving the Company's future development with three growth curves of luxury vehicles, pre-owned vehicles and new energy vehicles. In the first half of 2022, the Company was challenged by extreme market conditions of "ice and fire", which also indicated the accuracy and effectiveness of the strategy.

The Company will achieve breakthroughs in the era of new energy revolution through the following four strategies:

Firstly, to further consolidate and maintain the Company's leading position in the BMW and Porsche luxury brand vehicles, and consolidate and strengthen the powerful moat created by these two luxury brands. We will maintain the rapid growth of the main business of luxury vehicle sales and services, focus on operation efficiency and one-stop vehicle life cycle operation services for millions of quality customers of the Company, 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;

Secondly, relying on the natural advantages of the luxury automobile dealer group to develop the pre-owned vehicles business, we will promote Yongda's pre-owned vehicles business to develop at full speed into a new growth engine for the main business of automobile services. The Company will take full advantage of the favorable policies in the pre-owned vehicles industry, accelerate our upgrade from brokerage model to the distribution model and our upgrade from the traditional operation model to the digital and full-channel operation model in regard of the pre-owned vehicles business, so to achieve a comprehensive improvement in scale, retail sales and profitability. The Company will continue to build an influential Yongda official certified pre-owned vehicles brand.

Thirdly, the Company will accurately grasp the moment, timely seize the opportunity of rapid growth of new energy vehicles, accelerate the integration into the layout of the new energy vehicle industry chain, change with the trend, create a new model of new energy vehicle sales and services, accelerate the layout of the new energy vehicle service industry, and build the Company's third growth curve. By establishing an independent management organization and team, the Company can ensure the independent operation and rapid development of the new energy business segment. At present, the Company's new energy service network of a certain scale has been formed and is still expanding rapidly. The Company strives to achieve 100 new energy brand outlets by the end of this year with a goal of becoming a leading full ecological service provider for new energy vehicle users in China.

Chairman’s Statement

Fourthly, the market has accelerated the pace of entering into the new era of automotive retail and digital economy. With focus on comprehensively promoting digital transformation, the Company will drive lean operations and activate user value with digital method in the future. The Company has completed the construction of an internal intelligent operation platform in recent years, and the mobile phone terminal application software of the Yongda automobile customer service integration platform for the user terminal has also been launched. With this, we will: firstly, focus on consumer demand and experience, improve customer experience through online connections; secondly, gradually realize a comprehensive digital retail process, realize the interconnection between the whole network, and continue to optimize the online and offline integrated retail experience; thirdly, create an open full-chain ecosystem, actively use the access of Internet channels and the infrastructure services of software and hardware to explore the purchasing power beyond the traditional marketing network of 4S outlets, and promote the Company to realize the transformation, upgrading and development from “vehicle dealer” to “service provider for the entire life cycle of vehicle users”.

In the future, the Company will also simultaneously strengthen the team building and future talent pool in the field of new energy and pre-owned vehicles, optimize the assessment management and incentive mechanism, and build a team of professionals who can meet future trends with digital capabilities. The management of the Company will also be committed to continuously improving the efficiency of asset operations and maintaining a healthy and stable cash flow and asset-liability ratio. Besides, the Company will also actively and continuously respond to the national “low carbon” strategy and commit itself to fulfilling ESG-related corporate social responsibilities, build the ability for long-term sustainable growth, so that the Company will always remain invincible in the future competitions, and return our shareholders and investors with more stable performance growth.

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

August 29, 2022

Management Discussion & Analysis

MARKET REVIEW

According to the data from CPCA, in the first half of 2022, the overall retail sales of passenger vehicles in China reached 9.261 million units. In the first half of the year, affected by implementations of pandemic control in China, especially the long-term lockdown in Shanghai and other places, the market demand and industrial supply chain have been deeply affected. Since June 2022, overall resumption of work and production has been started in Shanghai, and the pandemic control strategies in China have been gradually adjusted, therefore the overall automobile market stepped in a rapid recovery. In June 2022, the overall retail sales of passenger vehicles reached 1.943 million units, representing a year-on-year increase of 22.6%. Affected by the relevant policies to promote the improvement and development of the automobile industry in China in the second half of the year, it is expected that in the second half of 2022, under the circumstance that the risk of the pandemic is under control, the overall passenger vehicle market is expected to usher in further growth opportunities.

Management Discussion & Analysis

According to the data from CPCA, the sales of new energy vehicles in the first half of 2022 increased by 122.5% year-on-year to 2.248 million units, of which pure electric vehicles was 1.745 million units, accounted for 77.6%. Self-owned brand new energy vehicles, represented by BYD, GAC, Geely, Great Wall and other brands, achieved a good year-on-year growth; emerging new energy vehicle brands, represented by Tesla, Xiaopeng, Li Auto and NIO, maintained rapid growth and continued to launch new models into the market; traditional joint venture brands, represented by Volkswagen and others, have achieved rapid growth in the sales of pure electric vehicles. With the rapid growth of sales of new energy vehicles, the construction of supporting facilities for new energy vehicles in China also followed closely. According to the latest data released by the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of June 2022, the cumulative number of charging infrastructure nationwide was 3.918 million units, representing a year-on-year increase of 101.2%. It is expected that the domestic new energy vehicle industry will still be in a window period of rapid layout and development in the future.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 7.5852 million units in the first half of 2022, representing a year-on-year decrease of 10.07%. Pre-owned vehicles market will face a series of favorable policies in the second half of 2022. From August 1, 2022, the relocation restrictions of small non-operating pre-owned vehicles that meet the National V emission standards has been canceled nationwidely. In addition, the temporary property rights transaction system has been improved, and it clarified that the non-used vehicles market can carry out distribution business. The above opinions clarified and solved the problems that have plagued the industry for a long time. It is believed that domestic pre-owned vehicles trading market will face a stage of rapid growth in the future.

At the beginning of July 2022, 17 departments including the Ministry of Commerce issued the “Notice on Several Measures to Revitalize Automobile Circulation and Expand Automobile Consumption”. The notice proposed 12 policy measures in 6 areas, focusing on aspects including supporting the purchase and use of new energy vehicles, activating the pre-owned vehicles market, promoting automobile renewal and consumption, supporting parallel import of automobiles, optimizing the environment for automobile use, and enriching automobile financial services. The policies of automobile renewal and consumption and support for the purchase and use of new energy vehicles will greatly benefit the luxury vehicles and new energy vehicles sectors. The new policies on the pre-owned vehicles market have officially opened the channel for the comprehensive development of pre-owned vehicles, and supporting policies such as automobile financial services will also provide support and empowerment to the above-mentioned major industries. It is expected that the domestic automobile consumption and service industry will further improve quality and efficiency in the future.

BUSINESS REVIEW

Affected by the pandemic from March to May 2022, in the first half of 2022, our comprehensive revenue and comprehensive gross profit taking into account the revenue from agency services amounted to RMB31,986 million and RMB3,675 million respectively, representing a decrease of 22.2% and 15.1% respectively compared with the same period of 2021, and our net profit and net profit attributable to owners of the Company amounted to RMB703 million and RMB673 million respectively, representing a decrease of 43.6% and 42.5% respectively compared with the same period of 2021.

As of June 30, 2022, our inventories amounted to RMB3,505 million, representing a decrease of 13.2% from RMB4,038 million as of December 31, 2021, enabling our inventory turnover in the first half of 2022 at a relatively healthy level of 23.7 days. In the first half of 2022, our net cash from operating activities was RMB3,152 million, and our net gearing ratio as of June 30, 2022 was 10.1%, representing a decrease of 8.2 percentage points from 18.3% as of December 31, 2021.

Set forth below is a summary of our business development in the first half of 2022:

Management Discussion & Analysis

Obvious Growth Trend in New Vehicle Sales Business

In the first half of 2022, our sales volume of new vehicles reached 76,752 units. The sales revenue of new vehicles amounted to RMB25,399 million, of which the sales revenue of luxury brands accounted for 88.5%, representing a year-on-year increase of 3.8 percentage points. Enterprises in Shanghai, Jiangsu and other regions have experienced a long period of pandemic containment and control, which has resulted in a delay in the time period for customers to pay for and pick up their vehicles and for the delivery of new vehicles to our stores. However, we believe that it is only a backward shift of the entire sales cycle of new vehicles, and the positive consumption trend in overall market has not changed. Therefore, our brand enterprises use new media channels to intensively carry out online differentiated marketing of products and customer care services. In addition, by taking advantage of the impact of the new vehicles consumption subsidy policy issued by the state and local governments at the end of May 2022 on the transaction price of end customers, we accelerated the matching and sorting of information, orders and resources of new vehicles, and effectively promoted the rapid release of the high-quality existing vehicles reserved at the early stage. Sales volume of new vehicles in June 2022 was 18,738 units, and the sales volume of luxury brands was 13,587 units, basically unchanged year-on-year. Sales revenue of new vehicles in June 2022 was RMB6,157 million, representing a year-on-year increase of 1.4% over June 2021.

In the first half of 2022, the gross profit margin of our new vehicle sales was 3.58%, representing an increase of 0.46 percentage point compared with the same period of 2021. The gross profit margin of our new vehicles of luxury brands was 3.97%, representing a year-on-year increase of 0.29 percentage point compared with 2021. We further strengthened the assessment of the retail rate of new vehicles of luxury brands and the management and control of the wholesale business; strengthened the data benchmarking of the vehicles of the same series under the same brand leveraging on the policy rebate system, including fixed and variable business policy rebate projects, rebate coefficients and other information; realized full coverage management of obtaining business policy rebates of various brand enterprises, and ensured that the commercial policy coefficient of each model can be obtained to the greatest extent.

In the first half of 2022, the turnover day of our new vehicle were 22.0 days, representing a year-on-year decrease of 1.0 day over the same period in 2021. By using the digital new vehicles supply and demand management system, we completed the forecast of the sales supply and demand plan for the current month and the next month, and used this as a management starting point to effectively and timely adjust the new vehicles supply and demand quota plan of the brand factories as well as to strengthen the sales process of new vehicles, realizing the rationalization and precision of the final vehicle distribution demand quota. In addition, led by the brand business department, we coordinated and exchanged new vehicles resources among the subordinated enterprises, improving our ability to meet customer demand for vehicle models and maximizing new vehicle sales revenue and turnover efficiency.

Continuous Improvement in the Quality of After-sales Services Management

In the first half of 2022, due to the impact of the pandemic, our after-sales service business, including repair and maintenance services and extended automotive products and services recorded a revenue of RMB4,419 million, representing a year-on-year decrease of 19.9% over the same period in 2021. We achieved revenue of RMB894 million in June 2022, and the business recovered well. In the first half of 2022, gross profit margin of our after-sales service was 45.17%, which was basically the same as the same period last year.

Excluding the impact of the pandemic, as of the end of the first half of 2022, our customers under management increased by 11.3% compared with the same period in 2021. We always pay attention to and continuously improve our user operation capabilities. During the pandemic, we actively carried out online user care and marketing activities, strengthened user communication, and kept abreast of the user's vehicle status and maintenance needs. Through crowd funding, pre-purchase and other methods, we locked in after-sales business opportunities in advance, which provided a guarantee for the rapid recovery of after-sales business after the ease of the pandemic and the resumption of work. In June 2022, we maintained 0.19 million maintenance units, representing a year-on-year increase of 9.2%.

In terms of improving the mechanical and electrical repair and maintenance business, we continued to use the online user service platform to increase the user's active reservation rate for vehicle maintenance. In addition, we repeatedly calculated and upgraded the existing digital tools for current information management, realized the integration and de-duplication of information from various channels, effectively increased the number of valid information and the effectiveness of solicitation.

In terms of business enhancement in accident car business, during the pandemic, we actively carried out online marketing for insurance renewal, which increased our premium scale in the first half of 2022 by 4.9% compared with the same period in 2021, which provided a guarantee for us to obtain more effective information and claims policy support from insurance companies. In addition, we also developed and promoted digital management tools for accident vehicle information, which effectively improved the effectiveness of information management and further increased the rate of information retention.

In terms of inventory efficiency control, under the premise of ensuring the timely supply rate, we strictly controlled the procurement of parts and supplies, which enabled us to effectively control the scale of inventory with the number of enterprises increasing continuously. As of the end of the first half of 2022, our spare parts inventory amounted to RMB527 million, a slight decrease from the end of last year.

In terms of after-sales skill improvement, on one hand, we have taken various measures to actively retain high-level skilled talents team; on the other hand, we have given full play to their skill advantages. Through online case sharing, technicians' teaching and other measures, the overall skill level of the Group has maintained a leading position in the industry.

Further Improvement of Extended Businesses

In the first half of 2022, our revenue from finance and insurance agency services amounted to RMB575 million, representing a year-on-year decrease of 7.3% compared to the same period in 2021.

In terms of automobile agency finance business, the Group continued to improve the marketing for (extra) long-term products, strengthened the marketing skills of corporate agency finance business, improved the enterprise's market risk prevention ability and deepened the regional cross-brand business benchmarking. Besides, we have strengthened the streamlining of cooperation with banks throughout the nation. In 2022, our financial agency business revenue reached RMB438 million, representing a year-on-year decrease of 3.2%; commission income from financial institutions reached RMB375 million, representing a year-on-year increase of 17.2%, and the penetration rate of financial services per unit was 65.0%, representing an increase of 4.9 percentage points year-on-year compared to last year.

In terms of insurance business, we continued to carry out refined management: we actively communicated with insurance companies to obtain policy support in terms of commissions, claims, underwriting, etc. We effectively improved the quality of new insurance business by increasing the insurance limit of third-party insurance and scratch insurance as well as the insurance rate of new vehicles; we increased the conversion rate of new renewals, renewal of renewed insurance and clients under repair but not under insurance to ensure steady growth in renewed insurance scale and quality; we enriched the product line of non-auto insurance to promote the rapid growth of non-auto insurance business. In the first half of 2022, the premium scale, number of renewed units and number of non-auto insurance units increased by 4.9%, 21% and 128% respectively compared to the same period in 2021. Although the new insurance business was affected to a certain extent by the pandemic, with the support of renewal and non-auto insurance business, our premium scale increased significantly year-on-year, which effectively guaranteed continuous improvement of after-sale accident car business.

In terms of decoration supplies business, we proactively introduced new products and services, and improved the profitability of supplies per vehicle while satisfying the unique needs of customers. In the first half of 2022, the unit income of our new vehicle decoration supplies increased by 12.3% compared to the corresponding period of 2021. In addition, we continued to study the supplies business needs of customers under management of different vehicle ages and vehicle configurations, and carried out point-to-point precision marketing to effectively increase the income of after-sales supplies per customer. In the first half of 2022, the unit income of after-sales supplies increased by 20.8% compared to the corresponding period of 2021.

The Distribution Scale and New-to-pre-owned Ratio of Pre-owned Vehicles Have Risen Sharply, and the Business Has Been Rapidly Upgraded and Developed

In the first half of 2022, our trade volume of pre-owned vehicles was 31,454 units, of which 6,471 units were distributed by us, representing a year-on-year increase of 47.1%, and recorded a distribution revenue of RMB1,406.53 million, representing a year-on-year increase of 56.9%; and 24,983 units were sold for which we acted as an agent and recorded the agency revenue generated from pre-owned vehicles of RMB44.43 million. We achieved gross profit of RMB173.81 million, including RMB129.38 million from distribution, representing a year-on-year increase of 58.1%, and RMB44.43 million from agency sales.

In the first half of 2022, affected by the pandemic, supply chain, price fluctuations and other factors, we adopted stable pre-owned vehicle business strategy to accelerate turnover efficiency and control business risks. Meanwhile, we continued to increase distribution efforts, achieved rapid growth in distribution, and basically formed a new business pattern of distribution, retail and digitalization. In June 2022, after the pandemic situation in China turned better, the sales volume of our pre-owned vehicles achieved a year-on-year increase of 19.6%. In the first half of the year, the overall new-to-pre-owned ratio of the Group rose rapidly to 40.8% from 28.6% in the first half of 2021, with sustained and rapid growth achieved.

We actively built a "2 + 1" new digital business model of pre-owned vehicles, and achieved the digital and omnichannel 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 15 independent Yongda pre-owned vehicles retail chain outlets; "1" represents the official website of Yongda pre-owned vehicles, whose capacity of resource sharing and clue management has been continuously enhancing, together with the third-party vertical media and we media, establishing an online marketing matrix. We have newly upgraded the brand of "Yongda Officially Certified Pre-owned Vehicles", and took the lead in the industry to implement "quality assurance, 30 days return without reason" and eight service commitments, so as to create new product and service system, and enhance customer service experience. 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 the first half of 2022, our average sales revenue per unit was RMB217,400 and gross profit margin was 9.2%, representing a further increase year-on-year, and the turnover days were stably controlled within 30 days.

We continued to strengthen the vehicles replacement and acquisition in 4S store channels, and achieved sustained and rapid quality growth. We continuously strengthened the core competence construction of pre-owned vehicles, improved the evaluation, inspection, pricing and disposal capabilities, established complete management requirements for the acquisition and disposal of pre-owned vehicles, and implemented standardized business management and control, ensuring the compliance of business 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 new channels. Meanwhile, we actively promoted the export of new energy pre-owned vehicles and the repurchase of vehicle from manufacturers, and accelerated the layout to enter the track.

Management Discussion & Analysis

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 vehicle 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.

On June 22, 2022, the Standing Committee of the State Council proposed to further unleash the potential of automobile consumption where to activate the pre-owned vehicle market and promote automobile renewal consumption is the most important. Subsequently, a series of favorable policies for pre-owned vehicles such as breaking of migration restrictions, commercialization of pre-owned vehicles and filing of pre-owned vehicle dealerships were successively introduced. Numerous sore points and choke points affecting the circulation of pre-owned vehicles have been broken through gradually, which is conducive to accelerating the branding and chain development of the Group's pre-owned vehicle business.

Accelerating the Layout of New Energy Vehicle Business

In the first half of 2022, in terms of new authorization, we further expanded store authorization of popular new energy brands, and obtained a total of 47 independent new energy network authorizations. The total number of authorized outlets of independent new energy brands has reached nearly 70, covering various store types such as supermarket showroom, independent after-sales and delivery service center and comprehensive 4S store. The newly obtained authorization covers popular independent new energy brands such as AITO, Xiaopeng, BYD, smart, Lotus, ORA, Zhiji and Voyah. Among them, we have obtained the largest number of authorizations in the industry and the largest market volume of the covered area in China for smart and Lotus brands.

In terms of sales volume, in the first half of 2022, our sales volume of new energy vehicles reached 7,500 units, representing a year-on-year increase of 12.7%, accounting for 9.75% of the total sales volume. In the first half of 2022, we made great improvement in the operation and management of independent new energy brand business even though affected by the pandemic, with the sales volume reaching 2,849 units, representing a year-on-year increase of 143.7%, of which the sales volume under the distribution model was 1,633 units, and the sales volume under the direct sales model was 1,216 units. Additionally, we took the lead in the number of orders obtained in the pre-sale of many new brands in China, with the number of pre-sale orders in the first half of the year exceeding 3,300 units.

We have established point system and community operation in the new energy user system, which has added more touch points and increased user stickiness. We have also initially established a fission system from fan groups to user groups.

In the first half of 2022, we still actively cooperated with the transformation and exploration of traditional luxury brands in the new retail model of new energy vehicles. We have further expanded BMW I-Space, Volvo New Energy City Center Store, SAIC Audi City Showroom and other outlets, 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.

Continuously Optimizing the Network Structure

In recent years, we have continued to optimize the brand network structure. Through the strategy of self-built outlets and acquisitions and mergers, on the one hand, we consolidated the market share of existing major luxury brands and continued to expand the network layout of other major luxury brands. On the other hand, we proactively planned to cooperate with outlets of mainstream 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. While expanding the network, we continuously improved the return on assets through shutdown and transfer of poorly managed stores.

In the first half of 2022, we newly obtained 55 brand authorizations, 47 of which are independent new energy brands with the rest being mainly traditional luxury brands. In the first half of 2022, we built and opened 4 brand authorized outlets, including 1 Xiaopeng showroom, 1 Xiaopeng maintenance center, 1 HiPhi sheet spray maintenance center and 1 Leapmotor showroom. In addition, we have newly opened two Yongda Pre-owned Vehicle Malls, 1 in Nantong and 1 in Shijiazhuang.

As of the first half of 2022, we operated a total of 241 outlets, and we have 58 outlets authorized to open. Based on the analysis of brand structure, luxury brands account for 65.2%, mid-to-high-end brands account for 19.1%, independent new energy brands account for 9.5%, and Yongda Pre-owned Vehicle Malls account for 6.2%.

Set out below are the details of our outlets as of June 30, 2022:

	Outlets opened	Authorized outlets to be opened
4S dealerships of luxury and ultra-luxury brands	**132**	6
City showrooms of luxury brands	**22**	3
Authorized maintenance centers of luxury brands	**3**	0
Sub-total of luxury and ultra-luxury brands outlets	**157**	9
4S dealerships of mid-to-high-end brands	**42**	2
City showrooms of mid-to-high-end brands	**4**	1
Sub-total of mid-to-high-end brands outlets	**46**	3
4S dealerships of independent new energy brands	**3**	18
City showrooms of independent new energy brands	**14**	28
Authorized maintenance centers of independent new energy brands	**6**	0
Sub-total of independent new energy brands outlets	**23**	46
Outlets of Yongda Pre-owned Vehicle Malls	**15**	0
Total outlets	**241**	58

Set out below are our major luxury brands and independent new energy brands outlets as of June 30, 2022:

	Outlets opened	Authorized outlets to be opened
BMW (including MINI)	**71**	4
Porsche	**19**	0
Audi	**9**	3
Mercedes-Benz	**3**	0
Lexus	**5**	0
Jaguar/Land Rover	**12**	1
Volvo	**15**	0
Cadillac	**8**	0
Lincoln	**8**	1
Xiaopeng	**9**	0
AITO	**1**	2
ORA	**2**	4
Ford Mustang Mach-E	**1**	2
Tesla	**3**	0
smart	**0**	23
Lotus	**0**	6
SAIC Zhiji	**1**	4
BYD	**2**	0

Heilongjiang (3)
☆ BMW (1) ☆ Ford (1) ☆ Jaguar/Land Rover (1)

Tianjin (2)
☆ BMW (1) ☆ Mini (1)

Shanxi (8)
☆ BMW (5) ☆ Mini (1) ☆ Comprehensive Showroom of Pre-owned Vehicle (2)

Henan (1)
☆ Jaguar/Land Rover (1)

Anhui (9)
☆ Porsche (2) ☆ Jaguar/Land Rover (1) ☆ Volvo (1) ☆ Tesla (1)
☆ Comprehensive Showroom of Pre-owned Vehicle (1) ☆ HiPhi (1) ▲ Voyah (2)

Hubei (1)
☆ Porsche (1)

Zhejiang (24)
☆ BMW (6) ☆ Audi (2) ☆ Buick (1) ☆ Jaguar/Land Rover (1)
☆ Cadillac (1) ☆ Volvo (1) ☆ Lincoln (2) ☆ Xiaopeng (4)
☆ Shanghai-Volkswagen (1) ☆ Lexus (1) ☆ Comprehensive Showroom of Pre-owned Vehicle (2)
▲ Audi (1) ▲ AITO (1)

Guangdong (23)
☆ BMW (4) ☆ Cadillac (1) ☆ Volvo (4) ☆ Lynkco (2)
☆ BYD (2) ▲ smart (8) ▲ Lotus (2)

Fujian (11)
☆ Audi (1) ☆ Porsche (3) ☆ Jaguar/Land Rover (1) ☆ Buick (2)
☆ Shanghai-Volkswagen (1) ☆ Chevrolet (1) ▲ SAIC Zhiji (2)

Hunan (4)
☆ BMW (2) ☆ Volvo (1) ▲ BMW (1)

Sichuan (7)
☆ Porsche (2) ☆ Jaguar/Land Rover (1) ☆ BMW (2) ☆ Tesla (1)
☆ Comprehensive Showroom of Pre-owned Vehicle (1)

Yunnan (7)
☆ BMW (4) ▲ smart (3)

Beijing (1)
☆ BMW (1)

Hebei (4)
☆ BMW (3)
☆ Comprehensive Showroom of Pre-owned Vehicle (1)

Shaanxi (1)
☆ Porsche (1)

Shandong (11)
☆ BMW (6) ☆ Mini (2) ☆ Porsche (1) ☆ Comprehensive Showroom of Pre-owned Vehicle (1)
▲ BMW (1)

Jiangsu (83)
☆ BMW (19) ☆ Mini (3) ☆ Audi (3) ☆ Infiniti (1)
☆ Porsche (5) ☆ Jaguar/Land Rover (4) ☆ Cadillac (2) ☆ Volvo (2)
☆ Lincoln (2) ☆ Aston Martin (2) ☆ Buick (6) ☆ Shanghai-Volkswagen (1)
☆ Chevrolet (1) ☆ GAC-Honda (2) ☆ GAC-Toyota (1) ☆ FAW-Toyota (2)
☆ Dongfeng-Hongda (1) ☆ Comprehensive Showroom of Pre-owned Vehicle (3) ☆ ORA (1)
☆ Lexus (2) ☆ Leapmotor (1) ▲ AITO (1) ▲ smart (6)
▲ WEY (1) ▲ Audi (1) ▲ Haval (1) ▲ Jaguar/Land Rover (1)
▲ Voyah (2) ▲ Lotus (4) ▲ SAIC Zhiji (2) ▲ Tank (1)

Shanghai (88)
☆ BMW (7) ☆ Mini (2) ☆ Audi (4) ☆ Infiniti (1)
☆ Bentley (1) ☆ Jaguar/Land Rover (2) ☆ Cadillac (3) ☆ Volvo (6)
☆ Lincoln (4) ☆ Buick (5) ☆ FAW Volkswagen (6) ☆ Shanghai-Volkswagen (2)
☆ Chevrolet (3) ☆ GAC-Honda (2) ☆ GAC-Toyota (1) ☆ FAW-Toyota (1)
☆ Ford (1) ☆ Roewe (1) ☆ Skoda (1) ☆ Aston Martin (1)
☆ Ford Mustang Mach-E (1) ☆ Customized Vehicle (1) ☆ Mercedes-Benz (1) ☆ Comprehensive Spray Center (1)
☆ Xiaopeng (5) ☆ Porsche (1) ☆ Lexus (1) ☆ ORA (1)
☆ SAIC Zhiji (1) ☆ AITO (1) ☆ Leapmotor (1)
☆ Comprehensive Showroom of Pre-owned Vehicle (4) ▲ Audi (1) ▲ Ford Mustang Mach-E (2)
▲ BAIC Arcfox (1) ▲ Lincoln (1) ▲ smart (6) ▲ ORA (4)

Guangxi (2)
☆ BMW (1) ▲ BMW (1)

Jiangxi (5)
☆ Cadillac (1) ☆ Porsche (1) ☆ Mercedes-Benz (1) ☆ Tesla Spray Center (1)
▲ BMW (1)

Hainan (2)
☆ Porsche (2)

Guizhou (1)
☆ Lexus (1)

Chongqing (3)
☆ Mercedes-Benz (1)

☆ **Outlets opened**
▲ **Authorized outlets to be opened**

Management Discussion & Analysis

Continuous Improvement in Management

In the first half of 2022, the impact of the pandemic on the industry featured rapid changes, complex management and control policies as well as long duration as compared with 2020. In view of the characteristics of operation and management during the pandemic and post-pandemic period, and to comprehensively improve the ability to resist risks, the Company has insisted on key management improvements in the following aspects since 2020.

We always attach great importance to the improvement of overall operational efficiency of the Company. In the first half of 2022, in terms of new vehicle sales, we further optimized digital management model of the purchase, sales and stock, continuously improved the depth and matching rate of new vehicle orders, and focused on controlling the overdue inventory vehicles of more than 60 days. In terms of after-sales service, we have fully launched the digital solicitation system for electromechanical and sheet spray businesses, which effectively improved the conversion ratio of units of electromechanical and sheet spray businesses, and achieving a better year-on-year increase in the output value and revenue of workshops. In terms of pre-owned vehicles, we realized internal and external bidding and circulation of vehicles of the same and different brands through automatic connection in the internal ERP system, which effectively improved turnover efficiency of retail and wholesale vehicles. Meanwhile, the Company continued to promote the shutdown and transfer of certain outlets that were inefficient, unprofitable and inconsistent with the Company's long-term business strategy, in order to facilitate the sustainable increase of our return on investment of overall assets in the future.

We always attach great importance to the construction of customer-centered digital capabilities. We have completed the construction of middle and back ends of customer data. In the first half of 2022, we sped up the promotion of the connection with customers via Enterprise WeChat. Stores of the Company under the lockdown during the pandemic applied our corporate online digital marketing system to regularly carry out the maintenance, solicitation and order transactions of new and existing customers; we have also preliminarily completed the development of the user service platform APP which was expected to launch in the third quarter of the year. During the year, we will realize the digitization of all products and services, as well as the full online coverage of customers, employees and products. Furthermore, we have further strengthened the improvement of the digital system of internal operation and management, and formed a synergy with the digital construction of the user end, laying a solid foundation for our digital transformation in an all-round way.

We always attach great importance to the management of operating cash flows and gearing ratio. During the first half of 2022, although the pandemic had a great impact on our businesses, we maintained good cash flows to cope with possible risks during the pandemic benefiting from the Company's constant concentration on the dynamic management of the Company's operating cash flows and gearing ratio in recent years. The Company also invested the cash flows into operating activities in a timely manner after work and production resumption. Through the follow-up and control of inventory turnover, the operating cash flows remained at a relatively good level in the first half of 2022, and the gearing ratio remained stable compared to the end of 2021.

We always attach great importance to the support and empowerment of team building for the new industry segments. At the beginning of the year, the Company proposed three business growth directions, namely traditional luxury brand vehicles, new energy vehicles and pre-owned vehicles, and we defined that digital transformation would be one of our core strategies. In terms of internal talent training, we should also closely focus on the above industries and strategic directions. On the one hand, we focused on the training of young management talents, and provide talents to industry segments which require rapid development such as new energy and pre-owned vehicles through diversified internal training mechanisms and the principal businesses; on the other hand, we selected talents through professional talent check, internal promotion and external recruitment for highly professional positions such as maintenance technology and digitalization. We have formed an internal talent training system applicable to future industry development. In the near future, the Company will also focus on new energy and other fast-growing business segments for centralized empowerment.

FINANCIAL REVIEW

Continuing operations

Revenue

Revenue was RMB31,391.6 million for the six months ended June 30, 2022, a 22.5% decrease from RMB40,494.0 million (restated) for the six months ended June 30, 2021, which was primarily due to the impact of COVID-19 pandemic. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the First Half of 2022			For the First Half of 2021 (Restated)		
	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	**22,476,921**	**57,835**	**389**	28,766,618	77,018	374
Mid-to-high-end brands	**2,682,748**	**17,284**	**155**	5,155,347	38,432	134
Independent new energy brands (distribution model)	**239,192**	**1,633**	**146**	43,970	384	115
Subtotal	**25,398,861**	**76,752**	**331**	33,965,935	115,834	293
Pre-owned vehicles distribution	**1,406,530**	**6,471**	**217**	896,621	4,399	204
After-sales services	**4,419,082**	**–**	**–**	5,517,533	–	–
Automobile rental services	**226,534**	**–**	**–**	249,026	–	–
Less: inter-segment eliminations	**(59,385)**	**–**	**–**	(135,131)	–	–
Total	**31,391,622**	**–**	**–**	40,493,984	–	–

The sales volume of new vehicles of the passenger vehicle sales and services segment was 76,752 units for the six months ended June 30, 2022, a 33.7% decrease from 115,834 units for the six months ended June 30, 2021.

Among that, the sales volume of luxury and ultra-luxury brand new vehicles was 57,835 units for the six months ended June 30, 2022, a 24.9% decrease from 77,018 units for the six months ended June 30, 2021.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB25,398.9 million for the six months ended June 30, 2022, a 25.2% decrease from RMB33,965.9 million for the six months ended June 30, 2021.

Among that, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB22,476.9 million for the six months ended June 30, 2022, a 21.9% decrease from RMB28,766.6 million for the six months ended June 30, 2021.

The distribution volume of pre-owned vehicles was 6,471 units for the six months ended June 30, 2022, a 47.1% increase from 4,399 units for the six months ended June 30, 2021.

Revenue from distribution of pre-owned vehicles was RMB1,406.5 million for the six months ended June 30, 2022, a 56.9% increase from RMB896.6 million for the six months ended June 30, 2021.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB4,419.1 million for the six months ended June 30, 2022, a 19.9% decrease from RMB5,517.5 million for the six months ended June 30, 2021.

Revenue from the automobile rental services segment was RMB226.5 million for the six months ended June 30, 2022, a 9.0% decrease from RMB249.0 million for the six months ended June 30, 2021.

Cost of Sales and Services

Cost of sales and services was RMB28,310.9 million for the six months ended June 30, 2022, a 23.1% decrease from RMB36,794.7 million for the six months ended June 30, 2021.

Cost of sales for sales of new vehicles of the passenger vehicle sales and services segment was RMB24,490.8 million for the six months ended June 30, 2022, a 25.6% decrease from RMB32,906.3 million for the six months ended June 30, 2021.

The distribution costs of pre-owned vehicles were RMB1,277.1 million for the six months ended June 30, 2022, a 56.8% increase from RMB814.8 million for the six months ended June 30, 2021.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,422.8 million for the six months ended June 30, 2022, a 19.5% decrease from RMB3,009.3 million for the six months ended June 30, 2021.

Cost of services for the automobile rental services segment was RMB170.6 million for the six months ended June 30, 2022, a 12.2% decrease from RMB194.2 million for the six months ended June 30, 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB3,080.7 million for the six months ended June 30, 2022, a 16.7% decrease from RMB3,699.2 million for the six months ended June 30, 2021.

Gross profit margin was 9.81% for the six months ended June 30, 2022, an increase of 0.67 percentage point from the gross profit margin of 9.14% for the six months ended June 30, 2021.

Gross profit from the sales of new vehicles of the passenger vehicle sales and services segment was RMB908.1 million for the six months ended June 30, 2022, a 14.3% decrease from RMB1,059.6 million for the six months ended June 30, 2021.

Gross profit margin for the sales of new vehicles increased to 3.58% for the six months ended June 30, 2022 from 3.12% for the six months ended June 30, 2021.

The gross profit from distribution of pre-owned vehicles was RMB129.4 million for the six months ended June 30, 2022, a 58.1% increase from RMB81.9 million for the six months ended June 30, 2021.

The gross profit margin from distribution of pre-owned vehicles was 9.20% for the six months ended June 30, 2022, an increase of 0.07 percentage point from the gross profit margin of 9.13% for the six months ended June 30, 2021.

Gross profit for after-sales services from the passenger vehicle sales and services segment was RMB1,996.2 million for the six months ended June 30, 2022, a 20.4% decrease from RMB2,508.2 million for the six months ended June 30, 2021.

Gross profit margin for after-sales services was 45.17% for the six months ended June 30, 2022, a slight decrease from 45.46% for the six months ended June 30, 2021.

Gross profit from the automobile rental services segment was RMB56.0 million for the six months ended June 30, 2022, a slightly increase from RMB54.8 million for the six months ended June 30, 2021.

Gross profit margin for the automobile rental services segment was 24.70% for the six months ended June 30, 2022, an increase of 2.70 percentage points from 22.00% for the six months ended June 30, 2021.

Other Income and Other Gains and Losses

Other income and other gains and losses were net gains of RMB616.7 million for the six months ended June 30, 2022, a 9.3% decrease from net gains of RMB679.9 million (restated) for the six months ended June 30, 2021.

Among those, revenue from the finance and insurance related post-market agency services business of the passenger vehicle sales and services segment was RMB574.9 million for the six months ended June 30, 2022, a 7.3% decrease from RMB620.0 million for the six months ended June 30, 2021.

The sales volume of direct agency sales of independent new energy brand vehicles was 1,216 units for the six months ended June 30, 2022, a 54.9% increase from 785 units for the six months ended June 30, 2021.

Revenue from direct agency sales service of independent new energy brand vehicles was RMB19.6 million for the six months ended June 30, 2022, a 69.1% increase from RMB11.6 million for the six months ended June 30, 2021.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB2,628.1 million for the six months ended June 30, 2022, a 3.2% increase from RMB2,545.5 million for the six months ended June 30, 2021.

Due to the relatively significant impact of the COVID-19 pandemic resulting in revenue decrease, the percentage of the distribution and selling expenses and administrative expenses to revenue for the six months ended June 30, 2022 was 8.37%, an increase of 2.08 percentage points from 6.29% for the six months ended June 30, 2021.

Operating Profit

As a result of the foregoing, operating profit was RMB1,069.3 million for the six months ended June 30, 2022, a 41.7% decrease from RMB1,833.7 million for the six months ended June 30, 2021.

Finance Costs

Finance costs were RMB168.5 million for the six months ended June 30, 2022, a 39.6% decrease from RMB279.2 million for the six months ended June 30, 2021.

The percentage of the finance costs to revenue for the six months ended June 30, 2022 decreased to 0.54% from 0.69% for the six months ended June 30, 2021.

Profit before Tax

As a result of the foregoing, profit before tax was RMB944.5 million for the six months ended June 30, 2022, a 40.7% decrease from RMB1,593.8 million for the six months ended June 30, 2021.

Income Tax Expense

Income tax expense was RMB241.2 million for the six months ended June 30, 2022, a 38.7% decrease from RMB393.3 million for the six months ended June 30, 2021. Our effective income tax rate was 25.5% for the six months ended June 30, 2022, a slightly increase from 24.7% for the six months ended June 30, 2021.

Profit from Continuing Operations

As a result of the foregoing, the profit from continuing operations was RMB703.3 million for the six months ended June 30, 2022, a 41.4% decrease from RMB1,200.5 million for the six months ended June 30, 2021.

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, since 2022, the net profit of Yongda Finance Leasing has been included in the Group's share of profits of associates at a ratio of 20%. The revenue, costs, expenses and profits of Yongda Finance Leasing for the six months ended June 30, 2021 have been included in the profit from discontinued operations. The profit from discontinued operations for the period was RMB46.4 million.

Profit

As a result of the foregoing, the profit was RMB703.3 million for the six months ended June 30, 2022, a 43.6% decrease from RMB1,246.8 million for the six months ended June 30, 2021.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the profit attributable to the owners of the Company was RMB673.3 million for the six months ended June 30, 2022, a 42.5% decrease from RMB1,171.5 million for the six months ended June 30, 2021.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

For the six months ended June 30, 2022, our net cash from operating activities was RMB3,152.4 million. For the six months ended June 30, 2021, our net cash from operating activities was RMB3,827.3 million, of which the net cash generated from operating activities of automobile sales and services business was RMB3,299.0 million, and the net cash generated from operating activities of proprietary finance business was RMB528.3 million.

Compared to that for the six months ended June 30, 2021, although profit declined due to the impact of the pandemic, as we maintained a good inventory turnover ratio, the net cash generated from operating activities of our automobile sales and services business recorded a slight decrease of RMB146.6 million for the six months ended June 30, 2022.

For the six months ended June 30, 2022, our net cash used in investment activities was RMB599.8 million, mainly including RMB913.1 million used for the purchase of fixed assets, right-of-use assets and intangible assets which was partially offset by the proceeds of RMB279.0 million from the disposal of property, plant and equipment. For the six months ended June 30, 2021, our net cash generated from investing activities was RMB103.6 million.

For the six months ended June 30, 2022, our net cash used in financing activities was RMB1,218.1 million, which mainly included the payment of dividend of RMB1,002.5 million and the payment of interest of RMB179.5 million. For the six months ended June 30, 2021, our net cash used in financing activities was RMB3,096.2 million.

Inventories

Our inventories mainly include new vehicles, pre-owned vehicles, spare parts and accessories.

Our balance of inventories were RMB3,505.0 million as of June 30, 2022, a 13.2% decrease from RMB4,037.7 million as of December 31, 2021. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30,	
	2022	2021
Average inventory turnover days	**23.7**	23.4

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets as well as acquisition of subsidiaries, which was partially offset by the proceeds from the disposal of property, plant and equipment. For the six months ended June 30, 2022, our total capital expenditures were RMB670.0 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the six months ended June 30, 2022 *(in RMB millions)*
Expenditures on purchase of property, plant and equipment – mainly test-drive automobiles and vehicles for operating lease purposes	**311.4**
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	**571.7**
Expenditures on purchase of intangible assets (vehicle license plates and softwares)	**30.0**
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for operating lease purposes)	**(279.0)**
Expenditures on acquisition of subsidiaries	**35.9**
Total	**670.0**

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 June 30, 2022, the outstanding amount of our borrowings and bonds amounted to RMB5,009.3 million, an increase of 2.7% from RMB4,875.6 million as of December 31, 2021. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2022:

	As of June 30, 2022 *(in RMB millions)*
Within one year	**3,645.9**
One to two years	**116.5**
Two to five years	**1,186.9**
More than five years	**60.0**
Total	**5,009.3**

As of June 30, 2022, our net gearing ratio (being net liabilities divided by total equity) was 10.1% (as of December 31, 2021: 18.3%). Net liabilities represent borrowings and medium-term notes minus cash and cash equivalents and time deposits.

Mortgage and Charge on Assets

As of June 30, 2022, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2022 consisted of (i) inventories of RMB501.2 million; (ii) property, plant and equipment of RMB59.0 million; (iii) land use rights of RMB141.1 million; and (iv) equity interests of the subsidiaries of RMB910.8 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 favor 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 June 30, 2022, the total outstanding maximum guarantee related to the Previous Guarantees was RMB0.350 billion, and the balance of borrowings drawn by Yongda Finance Leasing was RMB0.350 billion.

The Group expects that the above borrowings drawn by Yongda Finance Leasing 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 June 30, 2022, the balance of the borrowings drawn under the Additional Credits of Yongda Finance Leasing upon the Disposal was RMB1.363 billion, of which the guarantee amount provided by the Group was RMB0.273 billion.

As of June 30, 2022, 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 the Secured Overnight Financing Rate (SOFR). 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 June 30, 2022, 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.

Impact of COVID-19 Pandemic

From late March 2022 to May 2022, the business and operations of the Group were significantly affected by the COVID-19 pandemic. To curb the spread of the pandemic, the Chinese government has taken measures to close workplaces and impose travel restrictions in areas where the COVID-19 pandemic has occurred. We have taken measures to reduce the impact of the COVID-19 pandemic, including strict implementation of isolation and disinfection measures in some of our operating entities and service outlets in accordance with regulations issued by relevant governments. From June 2022, various businesses of the Group have gradually returned to normal.

Given the current uncertainty and unpredictability of the COVID-19 pandemic, the impact of the COVID-19 pandemic on our operation performance, financial condition and cash flow will depend on the future development of the COVID-19 pandemic, which created operational challenges for our business. In addition, our operation performance may be adversely affected if the COVID-19 pandemic damaged the overall economy in China.

FUTURE OUTLOOK AND STRATEGIES

In the first half of 2022, under the once-in-a-century changes of the global economic downturn and the crack of the global supply chain caused by the pandemic, although China's automobile market encountered unexpected downward trend caused by the pandemic lockdown in many districts, it also ushered in a series of most favorable policies in the PRC and a historical development opportunity of outperformance of companies in the new energy vehicle industry. The automobile market has accelerated into the era of digital economy. The new technological revolution has driven the rapid development of big data, intelligent networking and cloud computing, and the market is undergoing unprecedented changes. New energy vehicles have sprung up and increased rapidly. Even in the first half of 2022 which experienced tightened lockdown, domestic retail sales of new energy passenger vehicles reached 2,248,000 units, representing an increase of 122.5% year-on-year. New energy vehicles have entered a new stage of large-scale and market-oriented rapid development.

At the critical moment of the development of automobile dealer industry in the PRC, the most important topic to be considered in the strategic planning and layout of automobile dealer groups in the PRC is how to successfully grasp the important opportunities of speeding up the corporate upgrading and development during the channel mode reform under the market condition that new energy vehicles are entering into a new stage of large-scale and market-oriented rapid development, so as to be well-positioned in the accelerated reshuffle of the market.

At the beginning of 2022, the Company proposed **the general strategic plan of driving the Company's future development with three growth curves of luxury vehicles, pre-owned vehicles and new energy vehicles**. In the first half of 2022, our business was challenged by extreme market conditions of "ice and fire", which also indicated the accuracy and effectiveness of the strategy.

The Company will keep pace with times to achieve breakthroughs in the era of new energy revolution through the following **four strategies**:

Firstly, to further consolidate and maintain the Company's leading position in the BMW and Porsche luxury brand vehicles, and consolidate and strengthen the powerful moat created by these two luxury brands. The Company will always adhere to the attitude as BMW and Porsche's long-term strategic partners in the PRC, offer millions of existing quality customers best purchase experience and one-stop full life cycle operation service as well as create our solid business fundamentals with most comprehensive service content, high efficient service process, rapid inventory turnover and intimate sales and after-sales service. 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, the replacement rate of luxury brands is higher than that of general brands. Relying on the natural advantages of luxury vehicle dealer group in developing pre-owned vehicle business, the Company will promote the Yongda pre-owned vehicle business at full speed as a new engine for the growth of the main automotive service industry. The liberalization of the pre-owned vehicle policy has promoted the industry to enter a period of rapid development. Luxury vehicle dealers have obvious advantages in vehicle sources, after-sales repair and maintenance, customer flow, capital and others, and are more expected to enjoy the returns from rapid growth of the pre-owned vehicle market. The Company will accelerate the upgrading from pre-owned vehicle brokerage mode to distribution mode, and from traditional operation mode to digital and omni-channel operation mode, so as to achieve the overall improvement in terms of scale, retail and profitability. 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.

Thirdly, the Company will accurately grasp the opportunity, timely seize the opportunity period of high-speed growth of new energy vehicles, accelerate the integration into the layout of the new energy vehicle industry chain, make change with the trend, create a new model of new energy vehicle sales service, speed up the layout of the new energy vehicle service industry, and commit to create the Company's third growth curve. The Company has established a specialized institution and formed a professional group, providing independent training system and incentive mechanism, realizing the independent operation and rapid development of new energy business sector under an independent framework. Currently, the Company has formed a certain scale of new energy service outlets, and such outlets are still rapidly expanding. The Company will proactively expand the brand coverage and further strengthen the business cooperation with the electric vehicle segment of traditional luxury vehicle enterprises. Focusing on new energy vehicle market expansion, regional brand new retail mode, new energy vehicle industry chain service, Internet user operation and other automobile related businesses, the Company will carry out all-round strategic cooperation with domestic leading new energy brand vehicle enterprises, fully exert our leading advantages in service network, refined operation management, digital customer operation and new media operation, and break through the original industrial layout, respond to the "China-Chic" consumption trend of the new generation of consumers and create a new consumption growth pole. The Company aims to become a leading full ecosystem service provider for new energy vehicle users in the PRC.

Fourthly, the market has accelerated into the new era of automobile retail and digital economy. The Company is committed to comprehensively promoting digital transformation, and will promote refined digital-driven operation and activate user value in the future. The new era of automobile retail does not only require automobile dealers to improve and optimize existing channels centering on consumer experience and with digitalization as the core driving force, but also is the innovation of future sales formats and the reconstruction of business models. The Company has completed the construction of internal intelligent operation platform in recent years, and the mobile application software of the client-side Yongda automobile customer service integration platform has also been launched, by virtue of which, we will achieve the following: **firstly, taking consumer needs and experience as the core, improving customer experience through online connection**, extending services to all stages of the life cycle of customer needs, changing the one-way logic centered on vehicle sales, and redesigning the retail and service scenarios and processes in combination with offline resources. **Secondly, realizing the comprehensive digital retail process step by step**, including the integration of customer remote service front end smart retail system, 4S store intelligent management middle and back ends system, customer community operation system and complete agent marketing system, so as to realize the interconnection among the whole network and continue to optimize the online and offline integrated retail experience. **Thirdly, with open whole-chain ecosystem**, the Company will actively utilize the access ability of Internet channels, software and hardware infrastructure services, and tap the purchasing power beyond the marketing network of traditional 4S stores. The Company will build and realize the digital strategies with one core and two complements of “broad front end + strong back end”. Through digital construction, the Company will establish an automobile sales service and management system with customer needs as the core, explore the value of customers’ full life cycle, and promote the transformation, upgrading and development of the Company from “automobile dealer” to “provider of full life cycle service to automobile users”, so as to improve the overall operating efficiency and reduce costs, as well as improve user stickiness and profitability simultaneously.

Looking forward, the Company will also strengthen the team building and talent reserve in the fields 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. The management of the Company will also be dedicated to continuously improving the efficiency of asset operation, and maintaining the Company’s cash flow and asset-liability ratio healthy and stable. In addition, the Company will also actively and constantly respond to the “low carbon” strategy in China and commit to implementing ESG-related corporate social responsibilities, and build long-term sustainable growth capacities so as to make the Company invincible in the future competition and return the shareholders (“Shareholders”) and investors of the Company with more stable performance growth.

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

As at June 30, 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(A) Long positions in the Company's Shares ("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	404,409,500	20.548
	Interest of controlled corporation	167,080,000	8.489
	Beneficial owner	9,303,000	0.473
Mr. CAI Yingjie(2)	Interest of controlled corporation	60,788,000	3.089
	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(4)	Beneficial owner	3,008,000	0.153
	Interest of spouse	2,200,000	0.112
Ms. CHEN Yi	Beneficial owner	537,000	0.027
Mr. TANG Liang	Beneficial owner	905,000	0.046

Notes:

(1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited acts as its trustee and the beneficiaries of which are Mr. CHEUNG Tak On and certain of his family members (the "Family Trust"). Palace Wonder Company Limited (柏麗萬得有限公司) ("Palace Wonder") is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) ("Regency Valley"), which is in turn wholly–owned by HSBC International Trustee Limited, as the trustee of the Family Trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 404,409,500 Shares held by Palace Wonder.

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

(iii) Mr. CHEUNG Tak On also holds 9,303,000 Shares as beneficial owner.

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

(3) Mr. WANG Zhigao holds 100% of the issued share capital of Golden Rock Global Investment Company Limited ("Golden Rock") and he is deemed to be interested in the 8,660,000 Shares held by Golden Rock. He also holds 910,500 Shares as beneficial owner.

(4) Mr. XU Yue holds 3,008,000 Shares as beneficial owner. In addition, he is deemed to be interested in the 2,200,000 Shares held by his spouse, Ms. ZHANG Yanyu.

(B) Long positions in underlying Shares of the Company

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	Percentage 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	2,500,000	0.127

Save as disclosed above, as at June 30, 2022, 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 as contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at June 30, 2022, to the best of knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Palace Wonder[(1)]	Beneficial owner	404,409,500	20.548
Regency Valley[(1)]	Interest of controlled corporation	404,409,500	20.548
HSBC International Trustee Limited[(1)]	Trustee	404,409,500	20.548
Asset Link[(2)]	Beneficial owner	167,080,000	8.489

Notes:

(1) Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiaries of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 404,409,500 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 June 30, 2022, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at June 30, 2022, the Group had 16,048 employees (including employees in all regions of the Group). The remuneration of the Group's employees includes salaries and allowances. Details of the staff costs during the six months ended June 30, 2022 are set out in note 6 to the Condensed Consolidated Financial Statements in this interim report. The Group also provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group offers competitive remuneration packages to the Directors, and the Board is delegated by the Shareholders at general meeting to fix the Directors' remuneration. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

SHARE OPTION SCHEME

The Company 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 June 30, 2022, the remaining life of the Share Option Scheme was approximately one year and four months.

Under the Share Option Scheme, the remuneration committee of the Company (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 interim report, the number of Shares available for issue under the Share Option Scheme amounts to 92,139,150 Shares, representing approximately 4.68% of the total number of issued Shares.

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.

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.

On March 17, 2022, the Company cancelled the outstanding share options (the "Outstanding Share Options") previously granted to certain individuals (the "Existing Grantees") to subscribe for a total of 12,000,000 Shares at the exercise price of HK$13.920 per Share with validity period of five years commencing on December 4, 2020. On the same day, the Company granted a total of 12,000,000 share options under the Share Option Scheme to the Existing Grantees to subscribe for a total of 12,000,000 Shares at the exercise price of HK$8.220 per Share with validity period of five years commencing on March 17, 2022, subject to their acceptance of cancellation of the Outstanding Share Options.

Details of movements in the options granted under the Share Option Scheme during the six months ended June 30, 2022 are as follows:

Category and name of grantees	Number of Share Options As at January 1, 2022	Granted during the period [1]	Cancelled during the period	Exercised during the period	Lapsed during the period	As at June 30, 2022	Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price of share options *HK$ per share*	Closing price of the Company's Shares Immediately before the grant date of options *HK$ per share*	Weighted average closing price of the Company's Shares Immediately before the exercise day *HK$ per share*	At exercise date of options *HK$ per share*
Executive Director													
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	–	–
	–	3,000,000	–	–	–	3,000,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
CHEN Yi	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	–	–
	–	800,000	–	–	–	800,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
TANG Liang	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	8.100	8.130
	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	–	–
	–	2,500,000	–	–	–	2,500,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
Other Employees in aggregate	2,281,900	–	–	385,500	1,896,400	–	June 19, 2017	Three years from the date of grant of share options	June 19, 2017 to June 19, 2022	8.140	8.020	8.570	8.748
	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	–	–
	–	5,700,000	–	–	–	5,700,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–

Note:

(1) For the fair value of options granted, please refer to note 17 to the Condensed Consolidated Financial Statements in this interim report.

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, 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 June 30, 2022, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 70 years. On termination of the Employee Pre-IPO Incentive Scheme, BOCI HK Trustee will transfer the Scheme Shares to Shanghai Yongda Holding (Group) Limited ("Yongda Holding"), unless the board of directors of Yongda Holding requests the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of directors of Yongda Holding satisfies the reasonable requirements for the time being of BOCI HK Trustee, the articles of association of the Company and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

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

On June 18, 2020, the Board resolved to amend the Amended Scheme (the "2020 Amended Scheme") to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited.

During the six months ended June 30, 2022, 30,000 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 are set out in note 17 to the Condensed Consolidated Financial Statements in this interim report.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on June 1, 2022 (the "Share Award Scheme"). The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules. The specific objectives of the Share Award Scheme are (i) to recognize the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The selected participants (the "Selected Participants") of the Share Award Scheme include any director or employee of any member of the Group (including persons who are granted Shares under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group) (the "Employee") at any time during the Trust Period (as defined below) selected by the Board for participation in the Share Award Scheme.

Unless terminated earlier by the Board pursuant to the provisions of the Share Award Scheme, the Share Award Scheme shall be valid and effective for ten years commencing from June 1, 2022 (the "Trust Period"), being the date on which the Share Award Scheme was adopted and a mandate to allot and issue Shares under the Share Award Scheme was granted upon the approval by the Shareholders, after which period no further awards (the "Award(s)") will be granted under the Share Award Scheme. Therefore, as at June 30, 2022, the remaining life of the Share Award Scheme was approximately nine years and eleven months.

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any participant (other than those being excluded pursuant to the provisions of the Share Award Scheme) for participation in the Share Award Scheme as a Selected Participant. Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Group, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Subject to the provisions of the Share Award Scheme, the Board may grant such number of Awards to any Selected Participant at such consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. The grant price which shall be not less than the highest of: (a) 50% of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a business day; (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant notice; and (c) the nominal value of the Shares.

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting of the Awards on the Selected Participant. The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice. In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 business days prior to the vesting date, the Awards which would have otherwise vested in such Selected Participant shall automatically lapse.

The maximum number of Shares (the "Awarded Shares") underlying the Awards awarded by the Board under the Share Award Scheme (i) shall not exceed 10% of the total issued share capital of the Company from time to time throughout the Trust Period unless otherwise approved by the Shareholders and (ii) shall be subject to an annual limit of 3% of the total issued share capital of the Company at the relevant time unless otherwise approved by the Shareholders. As at the date of this interim report, the number of Awarded Shares underlying the Awards that can be granted under the Share Award Scheme amounts to 196,815,551 Shares, representing approximately 10% of the total number of issued Shares.

The maximum number of Awarded Shares underlying the Awards which may be awarded to any Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period unless otherwise approved by the Shareholders or otherwise provided under the Share Award Scheme. Awards lapsed in accordance with the terms of the Share Award Scheme shall not be counted for the purpose of calculating the limit. The maximum number of Awarded Shares underlying the Awards which may be awarded to any Director, chief executive of the Company, substantial Shareholder of the Company or connected person of the Company under the Share Award Scheme shall not exceed 0.1% of the issued share capital of the Company in any 12-month period unless approved by the independent Shareholders.

During the six months ended June 30, 2022, no Share was awarded to the Selected Participants, in accordance with the terms of the Share Award Scheme.

MATERIAL ACQUISITIONS AND DISPOSALS

The Company did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the six months ended June 30, 2022.

SIGNIFICANT INVESTMENTS

During the six months ended June 30, 2022, the Company did not hold any significant investments. During the six months ended June 30, 2022 and up to the date of this interim report, the Company had no plans to make significant investments or purchase capital assets in the future.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2022, the Company repurchased a total of 1,300,000 ordinary shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration of approximately HK$11,776,670. Particulars of the repurchases are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share Highest *(HK$)*	Lowest *(HK$)*	Aggregate Consideration *(HK$)*
January 2022	1,300,000	9.5	8.78	11,776,670
Total	1,300,000			11,776,670

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 six months ended June 30, 2022.

CHANGES IN DIRECTORATE AND INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. No changes to the senior management during the six months ended June 30, 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules and has complied with the code provisions in the CG Code during the six months ended June 30, 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2022.

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

AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2022. The Audit and Compliance Committee considers that the interim financial results for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

In addition, the Company's independent auditor, Deloitte Touche Tohmatsu, has performed an independent review of the Group's interim financial information for the six months ended June 30, 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil) to the Shareholders.

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

PRC, August 29, 2022

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 84, which comprise the condensed consolidated statement of financial position as of June 30, 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 29, 2022

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2022

	NOTES	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited and restated (Note 22))
Continuing operations			
Revenue			
Goods and services	3A	**31,172,940**	40,250,187
Rental		**218,682**	243,797
Total revenue	3B	**31,391,622**	40,493,984
Cost of sales and services		**(28,310,909)**	(36,794,743)
Gross profit		**3,080,713**	3,699,241
Other income and other gains and losses	4	**616,669**	679,892
Distribution and selling expenses		**(1,659,700)**	(1,636,665)
Administrative expenses		**(968,363)**	(908,800)
Profit from operations		**1,069,319**	1,833,668
Share of (losses) profits of joint ventures		**(943)**	1,946
Share of profits of associates		**44,634**	37,348
Finance costs	5	**(168,517)**	(279,165)
Profit before tax	6	**944,493**	1,593,797
Income tax expense	7	**(241,191)**	(393,339)
Profit for the period from continuing operations		**703,302**	1,200,458
Discontinued operations			
Profit for the period from discontinued operations – net		**–**	46,390
Profit for the period		**703,302**	1,246,848

(continued)

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2022

	NOTE	Six months ended June 30,	
		2022	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited and restated (*Note 22*))
Profit for the period attributable to the owners of the Company			
- from continuing operations		**673,257**	1,125,119
- from discontinued operations		**–**	46,390
		673,257	1,171,509
Profit for the period attributable to the non-controlling interests			
- from continuing operations		**30,045**	75,339
		703,302	1,246,848
EARNINGS PER SHARE			
From continuing and discontinued operations			
- basic	*9*	**RMB0.34**	RMB0.59
- diluted	*9*	**RMB0.34**	RMB0.59
From continuing operations			
- basic	*9*	**RMB0.34**	RMB0.57
- diluted	*9*	**RMB0.34**	RMB0.57

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**703,302**	1,246,848
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**")	**(130)**	2,593
Total comprehensive income for the period	**703,172**	1,249,441
Total comprehensive income for the period attributable to:		
Owners of the Company	**673,127**	1,174,102
Non-controlling interests	**30,045**	75,339
	703,172	1,249,441
Total comprehensive income for the period attributable to the owners of the Company		
- from continuing operations	**673,127**	1,127,712
- from discontinued operations	**–**	46,390
	673,127	1,174,102
Total comprehensive income for the period attributable to the non-controlling interests		
- from continuing operations	**30,045**	75,339
	703,172	1,249,441

Condensed Consolidated Statement of Financial Position

At June 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	5,768,399	5,838,423
Right-of-use assets	10	3,166,213	3,129,191
Goodwill		1,672,160	1,672,160
Other intangible assets		2,839,014	2,860,100
Deposits paid for acquisition of property, plant and equipment		53,786	82,871
Deposits paid for acquisition of right-of-use assets		144,639	34,653
Equity instruments at FVTOCI	20	9,159	9,415
Financial assets at fair value through profit or loss ("**FVTPL**")	20	373,383	350,180
Interests in joint ventures		46,690	47,632
Interests in associates		695,076	666,636
Deferred tax assets		228,375	186,868
Other assets	12	71,195	71,195
		15,068,089	14,949,324
Current assets			
Inventories	11	3,505,023	4,037,703
Trade and other receivables	12	7,072,548	9,126,717
Financial assets at FVTPL	20	2,453	2,453
Amounts due from related parties	21	48,309	147,626
Cash in transit		99,036	81,845
Time deposits		8,100	8,100
Restricted bank balances		1,348,462	962,523
Bank balances and cash		3,584,820	2,250,347
		15,668,751	16,617,314
Current liabilities			
Trade and other payables	13	5,521,370	5,569,010
Amounts due to related parties	21	88,305	58,690
Tax liabilities		1,149,247	1,277,046
Borrowings	14	3,276,646	3,595,518
Contract liabilities		2,216,533	2,479,537
Lease liabilities		250,082	235,685
Derivative financial liabilities		14,261	112,014
Medium-term note	15	369,208	–
		12,885,652	13,327,500
Net current assets		2,783,099	3,289,814
Total assets less current liabilities		17,851,188	18,239,138

(continued)

Condensed Consolidated Statement of Financial Position

At June 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current liabilities			
Borrowings	14	1,363,400	911,478
Lease liabilities		1,704,047	1,894,076
Deferred tax liabilities		770,482	776,066
Medium-term note	15	–	368,653
		3,837,929	3,950,273
Net assets		14,013,259	14,288,865
Capital and reserves			
Share capital	16	16,251	16,262
Treasury shares		–	(8,953)
Reserves		13,434,800	13,701,157
Equity attributable to owners of the Company		13,451,051	13,708,466
Non-controlling interests		562,208	580,399
Total equity		14,013,259	14,288,865

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	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, 2022 (Audited)	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
Profit for the period	-	-	-	-	-	-	-	673,257	673,257	30,045	703,302
Other comprehensive expense for the period	-	-	-	-	-	-	(130)	-	(130)	-	(130)
Total comprehensive income for the period	-	-	-	-	-	-	(130)	673,257	673,127	30,045	703,172
Capital reduction by non-controlling interests	-	-	-	-	-	-	-	-	-	(450)	(450)
Acquisition of non-controlling interests	-	-	-	-	(179)	-	-	-	(179)	(4,771)	(4,950)
Repurchase and cancellation of shares *(Note 16)*	(19)	(18,570)	-	8,953	-	-	-	-	(9,636)	-	(9,636)
Recognition of equity-settled share-based payments *(Note 17)*	-	-	-	-	-	21,934	-	-	21,934	-	21,934
Exercise of share options	8	6,157	-	-	-	-	-	-	6,165	-	6,165
Dividends recognized as distributions *(Note 8)*	-	(948,826)	-	-	-	-	-	-	(948,826)	-	(948,826)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(43,015)	(43,015)
At June 30, 2022 (Unaudited)	16,251	705,602	2,173,468	-	40,937	222,172	(9,414)	10,302,035	13,451,051	562,208	14,013,259

(continued)

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 *(note a)*	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, 2021 (audited)	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 period	–	–	–	–	–	–	1,171,509	1,171,509	75,339	1,246,848
Other comprehensive income for the period	–	–	–	–	–	2,593	–	2,593	–	2,593
Total comprehensive income for the period	–	–	–	–	–	2,593	1,171,509	1,174,102	75,339	1,249,441
Disposal of partial equity interests in subsidiaries without losing control	–	–	–	(848)	–	–	–	(848)	3,638	2,790
Disposal of subsidiaries	–	–	–	–	–	–	–	–	1,618	1,618
Acquisition of non-controlling interests of subsidiaries	–	–	–	(18)	–	–	–	(18)	(160)	(178)
Recognition of equity-settled share-based payments	–	–	–	–	17,887	–	–	17,887	–	17,887
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	6,986	6,986
Exercise of share options	9	7,395	–	–	–	–	–	7,404	–	7,404
Dividends recognized as distribution *(Note 8)*	–	(569,065)	–	–	–	–	–	(569,065)	–	(569,065)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(95,421)	(95,421)
At June 30, 2021 (unaudited)	16,315	1,729,524	1,683,958	44,606	180,255	(3,159)	8,809,699	12,461,198	515,923	12,977,121

Notes:

a. As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve. An appropriation to such reserve is made out of net profit after tax as reflected in the statutory financial statements of the PRC subsidiaries with the amount and allocation basis to be decided by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches into 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to make up for prior year losses, if any, and/or (ii) in capital conversion.

b. The special reserve at June 30, 2022 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 RMB292,710,000 representing the accumulated difference between the consideration paid/received and the carrying amount of the non-controlling interests upon acquisition or disposal of partial interests in subsidiaries.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax from continuing and discontinued operations	**944,493**	1,666,346
Adjustments for:		
Finance costs	**168,517**	276,129
Interest income on bank deposits	**(22,890)**	(29,776)
Loss on disposal of subsidiaries	**–**	10,803
Depreciation of property, plant and equipment	**373,420**	383,291
Depreciation of right-of-use assets	**179,918**	162,515
Amortization of intangible assets	**50,166**	36,091
Share-based payment expenses	**21,934**	17,887
Loss (gain) on disposal of property, plant and equipment	**5,716**	(11,009)
Loss (gain) on fair value change of financial assets at FVTPL	**1,276**	(555)
Reversal of impairment of loan receivables	**–**	(1,124)
Gain on changes in fair value of derivative financial instruments, net	**(53,500)**	(6,928)
Foreign exchange loss	**53,500**	6,928
Share of profits of associates	**(44,634)**	(37,348)
Share of losses (profits) of joint ventures	**943**	(1,946)
Operating cash flows before movements in working capital	**1,678,859**	2,471,304
Decrease in inventories	**532,680**	256,563
Decrease in trade and other receivables	**1,993,799**	1,157,525
Decrease in finance lease receivables	**–**	459,891
Decrease in loan receivables	**–**	62,691
Increase in cash in transit	**(17,191)**	(11,350)
Increase in other liabilities	**–**	5,693
Decrease in contract liabilities	**(263,004)**	(21,696)
Increase (decrease) in trade and other payables	**22,914**	(1,045,422)
Decrease (increase) in amounts due from related parties	**6,054**	(24,283)
Increase in amounts due to related parties	**311**	163
Withdrawal of restricted bank balances	**962,523**	1,720,094
Placement of restricted bank balances	**(1,348,462)**	(838,817)
Cash generated from operations	**3,568,483**	4,192,356
Income taxes paid	**(416,081)**	(365,083)
NET CASH FROM OPERATING ACTIVITIES	**3,152,402**	3,827,273

(continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(560,122)**	(538,821)
Purchase of other intangible assets	**(29,991)**	(25,754)
Payments for right-of-use assets	**(323,000)**	(482)
Purchase of financial assets at FVTPL	**(24,479)**	(271,000)
Refund of financial assets at FVTPL	**–**	351,381
Withdrawal of financial assets at FVTPL	**–**	5,951
Proceeds on disposal of property, plant and equipment and other intangible assets	**279,014**	252,170
Advance to related parties	**(2,109)**	–
Advance to independent third parties	**(30,500)**	–
Collection of advance to related parties	**95,372**	14,012
Refund of financial assets at FVTOCI	**126**	–
Advance to non-controlling interests	**–**	(510)
Collection of advance to non-controlling interests	**6,900**	23,600
Payment for prior year acquisition of subsidiaries	**(35,910)**	(73,150)
Withdrawal of rental deposits	**–**	1,376
Disposal of subsidiaries	**–**	(23,365)
Dividends received from joint ventures	**–**	2,579
Dividends received from associates	**16,194**	12,145
Interest received	**22,890**	30,077
Proceeds on deemed acquisition of a joint venture	**–**	12,578
Acquisition of investment in a joint venture	**–**	(4,300)
Placement of time deposits	**–**	(22,500)
Withdrawal of time deposits	**–**	357,575
Payments for rental deposits	**(14,168)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(599,783)**	103,562

(continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	**11,949,398**	13,881,970
Repayment of borrowings	**(11,914,101)**	(15,667,296)
Repayment of super short-term commercial papers	**–**	(100,000)
Payment for transaction costs of issue of medium-term notes	**(1,110)**	(1,110)
Repayments of leases liabilities	**(142,145)**	(132,400)
Advance from related parties	**29,892**	2,050
Repayments of advance from related parties	**(588)**	(26,252)
Proceeds of disposal of partial equity interests in subsidiaries without losing control	**–**	2,790
Capital reduction by non-controlling interests	**(450)**	–
Capital injection by non-controlling interests	**–**	6,986
Acquisition of non-controlling interests	**(4,950)**	(26,364)
Advance from non-controlling interests	**13**	123
Repayment of advance from non-controlling interests	**(9,368)**	(90,200)
Interest paid	**(179,511)**	(286,162)
Placement of deposits to entities controlled by suppliers for borrowings	**(36,643)**	(51,043)
Withdrawal of deposits to entities controlled by suppliers for borrowings	**97,370**	48,222
Dividends paid as distribution	**(948,826)**	(569,065)
Dividends paid to non-controlling interests	**(53,656)**	(95,864)
Proceeds from exercise of share options	**6,165**	7,404
Repurchase and cancellation of shares	**(9,636)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(1,218,146)**	(3,096,211)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,334,473**	834,624
CASH AND CASH EQUIVALENTS AT JANUARY 1, REPRESENTED BY BANK BALANCES AND CASH	**2,250,347**	3,079,867
CASH AND CASH EQUIVALENTS AT JUNE 30, REPRESENTED BY BANK BALANCES AND CASH	**3,584,820**	3,914,491

1. GENERAL INFORMATION

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to IFRSs	*Annual Improvements to IFRSs 2018-2020*

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to IFRSs (continued)

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

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

Application of accounting policies which became relevant to the Group

Share-based payments

Equity-settled share-based payments transactions

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers for continuing operations

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Types of goods or services		
Sale of new vehicles:		
– Luxury and ultra-luxury brands *(note a)*	22,459,089	28,736,794
– Mid-to high-end brands *(note b)*	2,650,120	5,057,477
– Independent new energy brands *(note c)*	239,192	43,970
Sale of pre-owned vehicles distribution *(note d)*	1,406,530	896,621
	26,754,931	34,734,862
Services		
– After-sales services	4,418,009	5,515,325
	31,172,940	40,250,187
Geographical markets		
Mainland China	31,172,940	40,250,187
Timing of revenue recognition		
A point in time	26,754,931	34,734,862
Over time	4,418,009	5,515,325
	31,172,940	40,250,187

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 and Lynk.

c. Independent new energy brands include Weltmeister, BYD, AITO, Great Wall ORA and Leapmotor.

d. The revenue on sale of pre-owned automobile business under the distribution model was recognized on a gross basis.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

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 six months ended June 30, 2022		For the six months ended June 30, 2021	
	Sale of passenger vehicles	After-sales services	Sale of passenger vehicles	After-sales services
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited and restated)	(Unaudited)
Revenue disclosed in segment information				
External customers	26,754,931	4,418,009	34,734,862	5,515,325
Inter-segment	50,460	1,073	127,694	2,208
Total	26,805,391	4,419,082	34,862,556	5,517,533
Eliminations	(50,460)	(1,073)	(127,694)	(2,208)
Revenue from contracts with customers	26,754,931	4,418,009	34,734,862	5,515,325

3B. OPERATING SEGMENTS

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

For the six months ended June 30, 2022

Continuing operations	Passenger vehicle sales and services RMB'000 (Unaudited)	Automobile operating lease services RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
External revenue	31,172,940	218,682	–	31,391,622
Inter-segment revenue	51,533	7,852	(59,385)	–
Segment revenue *(note a)*	31,224,473	226,534	(59,385)	31,391,622
Segment cost *(note b)*	(28,190,790)	(170,579)	50,460	(28,310,909)
Segment gross profit	3,033,683	55,955	(8,925)	3,080,713
Service income	594,545	–	–	594,545
Segment results	3,628,228	55,955	(8,925)	3,675,258
Other income and other gains and losses *(note c)*				22,124
Distribution and selling expenses				(1,659,700)
Administrative expenses				(968,363)
Finance costs				(168,517)
Share of losses of joint ventures				(943)
Share of profits of associates				44,634
Profit before tax from continuing operations				944,493

3B. OPERATING SEGMENTS (continued)

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

For the six months ended June 30, 2021

Continuing operations	Passenger vehicle sales and services *RMB'000* (Unaudited and restated)	Automobile operating lease services *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
External revenue	40,250,187	243,797	–	40,493,984
Inter-segment revenue	129,902	5,229	(135,131)	–
Segment revenue *(note a)*	40,380,089	249,026	(135,131)	40,493,984
Segment cost *(note b)*	36,730,401	194,244	(129,902)	36,794,743
Segment gross profit	3,649,688	54,782	(5,229)	3,699,241
Service income	631,603	–	–	631,603
Segment result	4,281,291	54,782	(5,229)	4,330,844
Other income and other gains and losses *(note c)*				48,289
Distribution and selling expenses				(1,636,665)
Administrative expenses				(908,800)
Finance costs				(279,165)
Share of profits of joint ventures				1,946
Share of profits of associates				37,348
Profit before tax from continuing operations				1,593,797

Notes:

a. The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2022 was approximately RMB31,224,473,000(for the six months ended June 30, 2021: RMB40,380,089,000) which included the sales revenue of passenger vehicles amounting to approximately RMB26,805,391,000(for the six months ended June 30, 2021: RMB34,862,556,000) and the after-sales services revenue amounting to approximately RMB4,419,082,000(for the six months ended June 30, 2021: RMB5,517,533,000).

b. The segment cost of passenger vehicles sales and services for the six months ended June 30, 2022 was approximately RMB28,190,790,000(for the six months ended June 30, 2021: RMB36,730,401,000) which included the cost of sales of passenger vehicles amounting to approximately RMB25,767,941,000(for the six months ended June 30, 2021: RMB33,721,100,000) and the cost of after-sales services amounting to approximately RMB2,422,849,000(for the six months ended June 30, 2021: RMB3,009,301,000).

c. The amount excludes the service income generated from the passenger vehicle sales and services segment, which is included in the segment result above.

3B. OPERATING SEGMENTS (continued)

The accounting policies of the operating segments are the same as those of the Group. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses other than service income *(Note 4)*, distribution and selling expenses, administrative expenses, finance costs, share of (losses) profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the executive directors of the Company.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Continuing operations		
Other income comprises:		
Service income *(note a)*	**594,545**	631,603
Government grants *(note b)*	**11,836**	12,325
Interest income on bank deposits	**22,890**	27,650
	629,271	671,578
Other gains and losses comprise:		
(Loss) gain disposal of property, plant and equipment	**(5,716)**	11,009
(Loss) gain on fair value change of financial assets at FVTPL	**(1,276)**	555
Net foreign exchange loss	**(53,303)**	(4,642)
Net gain on changes in fair value of derivative financial instruments	**53,500**	6,928
Loss on disposal of subsidiaries	**–**	(10,803)
Others	**(5,807)**	5,267
	(12,602)	8,314
Total	**616,669**	679,892

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.

5. FINANCE COSTS

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interests on:		
– bank loans	**81,156**	173,995
– other borrowings from entities controlled by suppliers	**6,305**	21,710
– reimbursement to suppliers *(note a)*	**12,296**	15,926
– super short-term commercial papers	**–**	208
– medium-term note	**8,807**	8,785
– lease liabilities	**59,523**	58,969
Release of capitalized transaction cost in relation to issue of super short-term commercial papers	**–**	49
Release of capitalized transaction cost in relation to issue of medium-term note *(Note 15)*	**555**	555
Less: interest capitalized *(note b)*	**(125)**	(1,032)
	168,517	279,165

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 the purchase of new passenger vehicles.

b. Borrowing costs capitalized during the year arose from the general borrowing pool and are calculated by applying a capitalization rate of 4.74% (2021: 5.93%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	**834,811**	782,603
Retirement benefits scheme contributions	**78,487**	60,018
Share-based payment expenses	**21,934**	17,887
Total staff costs	**935,232**	860,508

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**373,420**	380,265
Depreciation of right-of-use assets	**179,918**	162,515
Amortization of other intangible assets	**50,166**	36,091

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**297,156**	449,046
Over provision of PRC EIT in prior years	**(8,874)**	(345)
	288,282	448,701
Deferred tax		
Current period credit	**(47,091)**	(55,362)
	241,191	393,339

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

Grouprich International Investment Holdings Limited and Hongda Automobiles Co., Ltd, both subsidiaries of the Company, are incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax during the six months ended June 30, 2022 and 2021.

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, 2024.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB10,067,101,000(2021: RMB8,796,295,000) 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.

8. DIVIDENDS

During the current interim period, a final dividend of RMB0.479 per share in respect of the year ended December 31, 2021 (2020: RMB0.288 per share) was declared and paid to the owners of the Company in Hong Kong dollars (the "**HK$**"). The aggregate amount of the 2021 final dividend declared and paid in the interim period amounted to approximately RMB948,826,000 (for the six months ended June 30, 2021: RMB569,065,000).

The board of directors of the Company has determined that no dividend will be paid in respect of the interim period for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil).

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	**673,257**	1,171,509

	For the six months ended June 30,	
	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,967,888**	1,975,451
Effect of dilutive potential ordinary shares:		
Share options	**1,071**	2,630
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,968,959**	1,978,081

9. 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:

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**673,257**	1,171,509
Less:		
Profit for the period from discontinued operations attributable to owners of the Company	**–**	46,390
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**673,257**	1,125,119

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations for the six months ended June 30, 2021 was RMB0.02 per share, based on the profit for the period from the discontinued operations of approximately RMB46 million and the denominators detailed above for both basic and diluted earnings per share.

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

Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment of approximately RMB587,215,000 (for the six months ended June 30, 2021: RMB535,229,000).

During the current interim period, the Group disposed of property, plant and equipment with a carrying amount of approximately RMB283,819,000 (for the six months ended June 30, 2021: RMB239,997,000) for cash proceeds of approximately RMB278,103,000 (for the six months ended June 30, 2021: RMB251,006,000), resulting in a loss on disposal of approximately RMB5,716,000 (for the six months ended June 30, 2021: gain RMB11,009,000).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Right-of-use assets

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Leased properties	1,895,411	1,841,754
Leasehold land	1,270,802	1,287,437
	3,166,213	3,129,191

During the current interim period, the Group entered into some new lease agreements for the use of operation ranging from 2 years to 19 years (for six months ended June 30, 2021: 14 months to 12 years). On lease commencement, the Group recognized right-of-use assets of approximately RMB255,237,000 (for six months ended June 30, 2021: RMB174,096,000) and lease liabilities of approximately RMB252,398,000 (for six months ended June 30, 2021: RMB169,696,000).

11. INVENTORIES

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Motor vehicles	2,977,603	3,504,540
Spare parts and accessories	527,420	533,163
	3,505,023	4,037,703

12. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

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

a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted; and

b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Current		
Trade receivables	**944,284**	915,739
Bill receivables	**1,891**	6,354
	946,175	922,093
Prepayments and other receivables comprise:		
Prepayments and deposits to suppliers	**3,315,580**	5,076,197
Deposits to entities controlled by suppliers for borrowings	**183,071**	243,798
Prepayments and rental deposits on properties	**173,903**	196,378
Rebate receivables from suppliers	**1,767,200**	2,077,110
Finance and insurance commission receivables	**212,533**	177,342
Staff advances	**9,606**	5,079
Value-added tax recoverable	**164,647**	196,787
Advances to non-controlling interests *(note)*	**50,261**	57,161
Advances to independent third parties *(note)*	**38,020**	7,520
Others	**211,552**	167,252
	6,126,373	8,204,624
	7,072,548	9,126,717
Non-current		
Other assets		
Receivables from disposal of land use right	**71,195**	71,195

Note: Except for advance to non-controlling interests of RMB6,900,000 in 2021 which carried at a fixed interest rate of 4.9% per annum, the rest balances were unsecured, interest-free and repayable on demand.

12. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
0 to 90 days	946,175	922,093

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

13. TRADE AND OTHER PAYABLES

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Current		
Trade payables	920,317	832,292
Bills payables	3,601,712	3,781,745
	4,522,029	4,614,037
Other payables		
Other tax payables	156,604	165,607
Payable for acquisition of property, plant and equipment	40,969	43,086
Salary and welfare payables	317,217	224,837
Accrued interest	12,757	24,181
Accrued audit fee	2,200	5,600
Consideration payables for acquisition of subsidiaries	12,098	48,008
Advance from non-controlling interests *(note)*	38,274	47,629
Dividend payable to non-controlling interests	1,699	12,340
Other accrued expenses	118,352	117,521
Others	299,171	266,164
	999,341	954,973
	5,521,370	5,569,010

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

13. TRADE AND OTHER PAYABLES (continued)

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

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

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
0 to 90 days	**4,442,334**	4,489,419
91 to 180 days	**79,695**	124,618
	4,522,029	4,614,037

14. BORROWINGS

	June 30, 2022 *RMB'000* **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Bank loans	**4,175,522**	2,687,246
Other borrowings *(note)*	**464,524**	1,819,750
	4,640,046	4,506,996
Secured borrowings, by the Group's assets	**1,692,098**	2,097,754
Unsecured borrowings	**2,947,948**	2,409,242
	4,640,046	4,506,996
Unguaranteed borrowings	**4,640,046**	4,506,996
Fixed-rate borrowings	**4,031,931**	4,014,996
Variable-rate borrowings	**608,115**	492,000
	4,640,046	4,506,996

14. BORROWINGS (continued)

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Carrying amount repayable:		
Within one year	3,276,646	3,595,518
More than one year, but not exceeding two years	116,478	470,478
More than two years, but not exceeding five years	1,186,922	358,500
More than five years	60,000	82,500
	4,640,046	4,506,996
Less: amounts due within one year shown under current liabilities	3,276,646	3,595,518
Amounts shown under non-current liabilities	1,363,400	911,478

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

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at June 30, 2022 ranged from 2.50% to 4.75% (2021: 3.40% to 6.09%) per annum.

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

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Right-of-use assets – leasehold land	141,130	124,833
Property, plant and equipment (buildings and motor vehicles)	58,983	46,481
Inventories	501,230	1,202,793
Total	701,343	1,374,107

As at June 30, 2022, the Group has also pledged the equity interests of certain subsidiaries in favour of banks in respect of the Group's bank borrowings, the principal balance of which is amounted to RMB911 million (December 31, 2021: RMB492 million) in total.

15. 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 of 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.

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

Movement of the medium-term note during the six months ended June 30, 2022 was as follows:

	RMB'000
At January 1, 2022 (audited)	368,653
Add: interest expense – amortization of transaction costs	555
At June 30, 2022 (unaudited)	369,208

16. SHARE CAPITAL

	Number of shares *'000*	Amount *RMB'000*
Ordinary shares of HK$0.01 each		
Authorized:		
As at January 1, 2021(audited), June 30, 2021 (unaudited), January 1, 2022 (audited) and June 30, 2022 (unaudited)	2,500,000	25,000

	Number of shares *'000*	Amount *HK$'000*	Shown in financial statements as *RMB'000*
Issued and fully paid:			
At January 1, 2022 (audited)	1,969,571	19,696	16,262
Repurchase and cancellation of shares	(2,300)	(23)	(19)
Exercise of share options *(Note 17)*	886	9	8
At June 30, 2022 (unaudited)	1,968,157	19,682	16,251

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

The share options will 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 six months ended June 30, 2022 and 2021:

	Grant date	Exercised price *(HK$)*	Outstanding as at January 1, 2022	Granted during the period	Number of options exercised during the period *(Note 16)*	Cancellation during the period	Lapsed during the period	Outstanding as at June 30, 2022
Directors:								
Mr. Xu Yue	December 4, 2020	13.92	3,000,000	-	-	(3,000,000)	-	-
	March 17, 2022	8.22	-	3,000,000	-	-	-	3,000,000
Ms. Chen Yi	December 4, 2020	13.92	800,000	-	-	(800,000)	-	-
	March 17, 2022	8.22	-	800,000	-	-	-	800,000
Mr. Tang Liang	June 19, 2017	8.14	500,000	-	(500,000)	-	-	-
	December 4, 2020	13.92	2,500,000	-	-	(2,500,000)	-	-
	March 17, 2022	8.22	-	2,500,000	-	-	-	2,500,000
Employees	June 19, 2017	8.14	2,281,900	-	(385,500)	-	(1,896,400)	-
	December 4, 2020	13.92	5,700,000	-	-	(5,700,000)	-	-
	March 17, 2022	8.22	-	5,700,000	-	-	-	5,700,000
			14,781,900	12,000,000	(885,500)	(12,000,000)	(1,896,400)	12,000,000
Option exercisable			6,781,900					-
Weighted average exercise price (HK$)			12.83	8.22	8.14	13.92	8.14	8.22

17. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

	Grant date	Exercised price (HK$)	Outstanding as at January 1, 2021	Granted during the period	Number of options exercised during the period (Note 16)	Lapsed during the period	Outstanding as at June 30, 2021
Directors:							
Mr. Xu Yue	December 4, 2020	13.92	3,000,000	–	–	–	3,000,000
Ms. Chen Yi	December 4, 2020	13.92	800,000	–	–	–	800,000
Mr. Tang Liang	June 19, 2017	8.14	500,000	–	–	–	500,000
	December 4, 2020	13.92	2,500,000	–	–	–	2,500,000
Employees	June 19, 2017	8.14	4,620,500	–	(1,077,000)	–	3,543,500
	December 4, 2020	13.92	5,700,000	–	–	–	5,700,000
			17,120,500	–	(1,077,000)	–	16,043,500
Option exercisable			5,120,500				4,044,500
Weighted average exercise price (HK$)			12.19	–	8.14	–	12.46

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise is HK$8.40 (2021: HK$14.45).

Granted on March 17, 2022

On March 17, 2022, the board of directors of the Company resolved to cancel the outstanding options with the exercise price of HK$13.92 previously granted to grantees (the "**Existing Grantees**") to subscribe for a total of 12,000,000 shares at the exercise price of HK$8.22 per share with a service term of 5 years. The incremental fair value of RMB12,261,000 from modification of the terms of the share-based payment arrangements will be expensed over the vesting period of 5 years.

The estimated granted date fair value of these options granted is RMB19,236,000. The fair value is calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

17. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

Granted on March 17, 2022 (continued)

	March 17, 2022
Weighted average share price	HK$7.70
Exercise price	HK$8.22
Expected volatility	50.23%
Option life	5 years
Risk-free interest rate	1.68%
Excepted dividend yield	4.97%

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

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

The Group recognized an expense of approximately RMB5,305,000 for the six months ended June 30, 2022 in relation to the share options granted by the Company under the Share Option Scheme (for the six months ended June 30, 2021: RMB4,590,000).

(b) Employee Pre-IPO Incentive Scheme

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

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

17. SHARE-BASED COMPENSATION (continued)

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

During the current interim period, awards of approximately 30,000 (for the six months ended June 30, 2021: approximately 1,460,000 restricted shares) have been granted pursuant to the Amended Scheme. Details are set out as follows:

	Number of shares *'000*	Vesting period	Total fair value *RMB'000*
Year 2017	9,413	1-28 years	63,888
Year 2018	10,080	10 years	68,718
Year 2019	2,667	10 years	11,131
Year 2020	4,615	5 years	35,869
Year 2021	3,890	5 years	41,905
Year 2022	30	5 years	222

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

The Group recognized an expense of approximately RMB16,629,000 for the six months ended June 30, 2022 in relation to such awards made by the Company under the Amended Scheme (for the six months ended June 30, 2021: RMB13,297,000).

18. CAPITAL COMMITMENTS

	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	**14,650**	30,280

19. CONTINGENT LIABILITIES

Before the disposal of Shanghai Yongda Finance Leasing Co., Ltd. ("**Yongda Finance Leasing**") ("**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 June 30, 2022, the total outstanding maximum guarantee related to the Previous Guarantees was RMB350 million (2021: RMB1,700 million), and the balance of borrowings drawn by Yongda Finance Leasing was RMB350 million (2021: RMB1,417 million). The Group expects that the above borrowings drawn by Yongda Finance Leasing as at June 30, 2022 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 June 30, 2022, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing was RMB1,363 million (2021: RMB643 million), of which the guarantee amount provided by the Group was RMB273 million (2021: RMB129 million).

As at June 30, 2022, save for the above, the Group did not have any other material contingent liabilities.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

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

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value as at June 30, 2022 RMB'000 (Unaudited)	Fair value as at December 31, 2021 RMB'000 (Audited)	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVTPL	**Fund instruments 2,453 *(note)***	Fund instruments 2,453 *(note)*	Level 2	Determined based on the fair value of underlying investments which are quoted in active markets
Financial assets at FVTPL	**Listed securities 2,241**	Listed securities 3,517	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	**Unquoted equity instruments: 371,142**	Unquoted equity instruments: 346,663	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 9,159**	Listed securities 9,415	Level 1	Quoted bid prices in an active market

Note: In the interim period, 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 June 30, 2022, the fair value of the Fund is RMB2,453,000 (2021: RMB2,453,000) per the investment statement of the financial institution. No fair value change (for the six months ended June 30, 2021: RMB479,000) was recognized in profit or loss in the current period.

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

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL *RMB'000*
At January 1, 2021 (audited)	351,493
Purchase	10,000
Disposal	(5,951)
At June 30, 2021 (unaudited)	355,542
At January 1, 2022 (audited)	346,663
Purchase	24,479
At June 30, 2022 (unaudited)	371,142

The Group measured derivative financial liabilities at fair value on a recurring basis

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	June 30, 2022 ***RMB'000*** **(Unaudited)**	December 31, 2021 *RMB'000* (Audited)		
Foreign currency forward contracts	**Fund instruments 14,261**	Fund instruments 112,014	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

Except as detailed in the table above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

21. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Joint ventures held by the Group		
Harbin Yongda International Automobile Plaza Co., Ltd. ("**Harbin Yongda**") *(note b)*	27,432	130,653
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("**Shanghai Yongda Changrong**")	56	–
Associates held by the Group		
Yongda Finance Leasing	20,191	8,003
Guangzhou Xianghe Zhongyue Industrial Development Co., Ltd.	470	470
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("**Shanghai Oriental Yongda**")	160	–
Shanghai Shenbei Lexus Car Sales Co., Ltd. ("**Shenbei Lexus**")	–	8,500
	48,309	147,626
Analyzed as:		
Trade-related *(note a)*	17,644	23,698
Non trade-related *(note a)*	30,665	123,928
	48,309	147,626

Notes:

a. The Group offers at its discretion certain related parties a credit period up to 90 days and the balances of trade-related are with aging less than 90 days.

The remaining balances are interest-free, unsecured and repayable on demand.

b. The maximum amount outstanding related to Harbin Yongda during the six months ended 30 June 2022 is RMB130,653,000 (2021: RMB148,600,000).

21. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Joint ventures held by the Group		
Harbin Yongda	–	91
Associates held by the Group		
Yongda Finance Leasing	82,154	52,849
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("**Shanghai Yongda Fengdu Automobile**")	5,939	5,750
Shanghai Oriental Yongda	212	–
	88,305	58,690
Analyzed as:		
Trade-related *(note a)*	1,152	841
Non trade-related *(note b)*	87,153	57,849
	88,305	58,690

Notes:

a. A credit period of not exceeding 90 days is granted to the Group by the related parties and the balances are with aging less than 90 days.

b. Except the balance of finance lease payables to Yongda Finance Leasing, the remaining balances are interest-free, unsecured and payable on demand.

21. RELATED PARTY DISCLOSURES (continued)

III. Guarantees issued by the Group

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Bank borrowings of a related party under guarantees issued by the Group:		
Yongda Finance Leasing	623,010	1,545,501

IV. Related party transactions

	For the six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
a) Sales of motor vehicles		
Shanghai Oriental Yongda	3,480	26,422
Anhui Jiajia Yongda	3,406	3,722
	6,886	30,144
b) Purchase of motor vehicles		
Shanghai Yongda Changrong	–	1,115
c) Sales of spare parts		
Shanghai Yongda Changrong	76	172
d) Purchase of services		
Shanghai Oriental Yongda	2,717	8,472
e) Service income from		
Yongda Finance Leasing	7,838	–
f) Finance lease interest expense to		
Yongda Finance Leasing	2,435	–

21. RELATED PARTY DISCLOSURES (continued)

IV. Related party transactions (continued)

	For the six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
f) Rental expenses paid or payable to:		
Associate held by the Group		
Shanghai Yongda Fengdu Automobile	**1,617**	1,617
Entities controlled by the shareholders		
Shanghai Yongda Group Company Limited, Shanghai Yongda Transportation Equipment Co., Ltd. and Shanghai Yongda Property Development Co., Ltd.	**16,773**	17,627
	18,390	19,244

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 RMB51,638,000 (2021: RMB68,851,000) and a right-of-use asset with the balance of RMB55,137,000 (2021: RMB70,631,000) as at June 30, 2022. In addition, the Group recorded depreciation of right-of-use asset of RMB17,213,000 (for the six months ended June 30, 2021: RMB15,966,000) and interest expense of RMB1,780,000 (for the six months ended June 30, 2021: RMB2,689,000) in the condensed consolidated statement of profit or loss for six months ended June 30, 2022.

g) Compensation of key management personnel:		
Short-term benefits	**4,426**	5,480
Post-employment benefits	**365**	327
Share-based payments	**7,182**	5,846
	11,973	11,653

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

22. RECLASSIFICATION OF COMPARATIVE FIGURES

The comparative amounts of agency income derived from distribution of suppliers' vehicles in revenue for the six months ended June 30, 2021 have been reclassified to other income and other gains and losses to conform to the current period presentation and the details are set out as below:

	For the six months ended June 30, 2021 *RMB'000* (Unaudited and originally stated)	Reclassifications *RMB'000*	For the six months ended June 30, 2021 *RMB'000* (Unaudited and restated)
Revenue	40,261,782	(11,595)	40,250,187
Other income and other gains and losses	668,297	11,595	679,892