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

2023 INTERIM REPORT


PORSCHE

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS TO HONG KONG LAW

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao
Ms. SO Ka Man

AUDIT AND COMPLIANCE COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

HONG KONG SHARE REGISTRAR

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

STOCK CODE

03669

AUDITOR

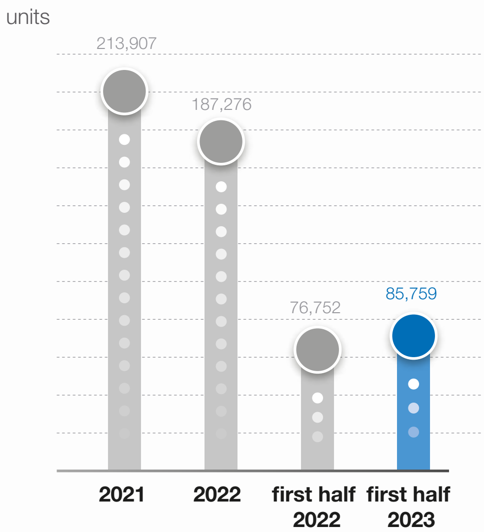
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE

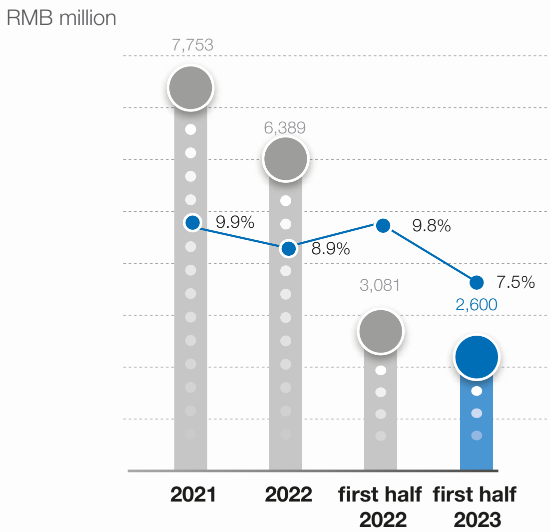
www.ydauto.com.cn

Financial Highlights

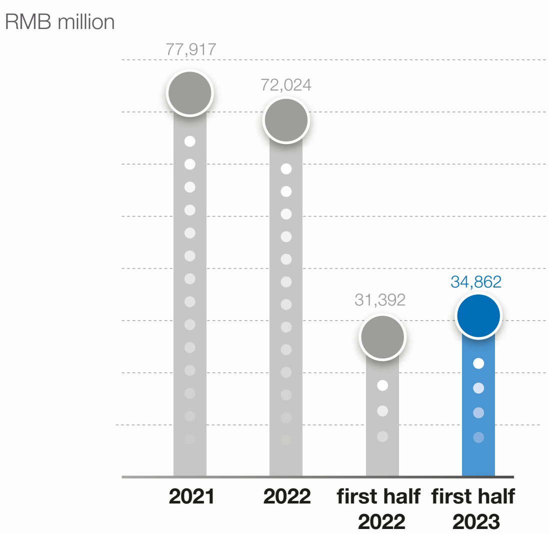
New vehicles sales volume



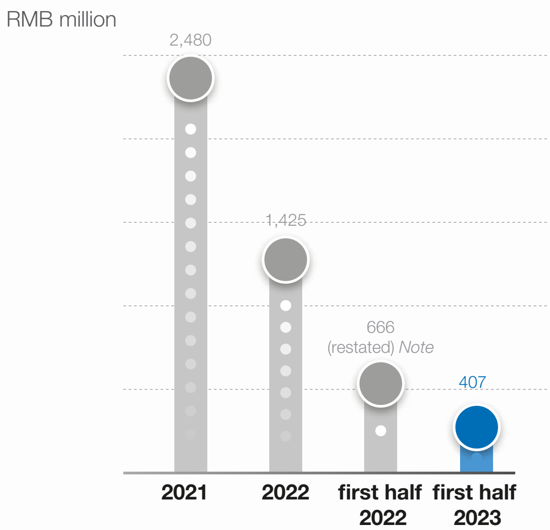
Gross profit and gross profit margin



Revenue



Profit attributable to owners of the Company



Note: Please refer to note 2 to the Condensed Consolidated Financial Statements in this interim report for details of the restatement.

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 2023 of the Company and its subsidiaries (collectively referred to as the "**Group**", "**we**" or "**us**").

According to the data from the China Passenger Cars Association (the "**CPCA**"), in the first half of 2023, the retail sales of passenger vehicles reached 9.524 million units, representing a year-on-year increase of 2.7%. Among them, the sales volume of luxury vehicles reached 1.414 million units, representing a year-on-year increase of 11.8%; the retail sales of new energy vehicles reached 3.086 million units, representing a year-on-year increase of 37.3%. According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 8.769 million units in the first half of 2023, representing a year-on-year increase of 15.6%.

In the first half of 2023, our comprehensive revenue taking into account the revenue from agency services and comprehensive gross profit amounted to RMB35,684 million and RMB3,423 million, respectively, representing an increase of 11.6% and a decrease of 6.9% compared with the same period of 2022, respectively; our net profit and net profit attributable to owners of the Company amounted to RMB425 million and RMB407 million respectively, representing a decrease of 38.9% and 38.9% respectively compared with the same period of 2022.

In the first half of 2023, the domestic passenger vehicle market has been under significant growth pressure due to complex factors such as the domestic and international macro situation, economic and demand recovery. Although the overall sales volume has maintained a positive growth trend, the downward trend of new vehicle prices was obvious. Affected by the aforegoing factors, the performance of new vehicle business of the Company did not meet expectations, however, the after-sales business, pre-owned vehicle business and new energy business were maintained relatively rapid growth, and the Company's operation efficiency was continuously improved.

KEY OPERATING RESULTS AND MANAGEMENT PERFORMANCE DURING THE REPORTING PERIOD

In the first half of 2023, the sales volume of new vehicles reached 85,759 units, revenue from new vehicles distribution was RMB27,043 million, representing a year-on-year increase of 6.5% compared with the same period of 2022; and our gross profit margin of new vehicle distribution was 0.49%, representing a year-on-year decrease of 3.09 percentage points compared with the same period of 2022.

In the first half of 2023, our after-sales service business, including repair and maintenance services and extended automotive products and services, recorded a revenue of RMB5,204 million, representing an increase of 17.8% over the same period in 2022; and the gross profit margin of our after-sales service was 43.07%.

In the first half of 2023, our pre-owned vehicles transaction volume was 41,084 units, representing a year-on-year increase of 30.6%, of which the distribution volume was 19,916 units, representing a year-on-year increase of 207.8%, and the revenue from distribution amounted to RMB2,452 million, representing a year-on-year increase of 74.3%; the gross profit from distribution of pre-owned vehicles amounted to RMB160 million, representing a year-on-year increase of 23.4%.

In the first half of 2023, the sales volume of our new energy vehicles of all brands reached 16,240 units, representing a year-on-year increase of 116.5% and accounting for 18.0% of the total sales volume; and the sales volume of vehicles of independent new energy brands reached 7,687 units, representing a year-on-year increase of 169.8%, of which 3,024 units were sold under the dealership model and 4,663 units under the direct sales model.

In the first half of 2023, our inventory balance amounted to RMB4,055 million, representing a decrease of 11.0% as of the end of 2022. We maintained a relatively healthy inventory turnover of 24.4 days. In the first half of 2023, our net cash from operating activities was RMB1,099 million, and our net gearing ratio for the first half of 2023 was 11.3%.

Chairman's Statement

In the first half of 2023, we have promptly adjusted short-term and medium-term business strategies in response to the current operating environment: on the one hand, we accelerated the reviewing of all agent brands (including independent new energy brands), further focused on developing core brands, and sped up the shutdown and transfer of some brand stores with poor profitability; on the other hand, we focused on improving internal quality and efficiency, strictly controlled costs and expenses, accelerated the promotion of business and management collaboration and integration by means of digitalisation, and continued to improve the operational efficiency of the enterprise.

FUTURE DEVELOPMENT STRATEGIES

2023 will be an exceptionally challenging year for the domestic automotive market. We believe that due to impact of the overall economic environment, the passenger vehicle market in China is expected to enter the existing market stage with low growth in the future. It will still take some time for the improvement of supply and demand, and we can foresee that brand OEMs and circulation channel enterprises will accelerate the differentiation and survival-of-the-fittest. Moreover, we also notice that the pre-owned vehicles market has maintained rapid growth driven by favorable policies, and the business environment is improving; the new energy vehicle industry will continue to maintain a high growth rate, driving the sustainable growth of new energy vehicle related industry chain business. Therefore, as a leading domestic automotive sales and service provider, we need to correctly face the current challenges and opportunities, and continuously optimize and adjust our development strategy, so as to seek development opportunities in the new era.

I. Continuously Optimize Brand Structure and Improve the Efficiency of Main Business

We will continue to promote the overall development strategy of three growth curves, namely luxury vehicles, pre-owned vehicles and new energy vehicles, continuously improve operational efficiency, and focus on improving the quality of enterprise operations and profitability under the premise of prudent operation. In particular, we will focus on the following areas:

1. In terms of traditional gasoline vehicle brands, we will continue to consolidate and enhance the leading position and competitive barriers of top luxury vehicle brands, accelerate the implementation of continuous optimization measures such as shutdown and transfer of small outlets with poor profitability. In the medium to long term, we need to concentrate resources and collaborate with core luxury brands in the domestic development;

2. In terms of independent new energy brands, we will focus on brands with certain brand foundation, core technology and supply chain capabilities, continue to optimize the agent brands, and gradually form a leading position in the independent new energy brands in China. In terms of model, we will further transition to centralized operation to continuously improve the operational efficiency of outlets;

3. In terms of new vehicle business, we will fully utilize our leading position in the traditional gasoline vehicle brands and independent new energy brands that we act as their agent, and maximize the additional rebate support from the OEMs to ensure the stability of the gross profit margin on the new vehicle side while maintaining continuous increase in the scale of new vehicles;

4. In terms of after-sales business, we will adhere to the user-centric operation strategy, and continuously improve user retention rate and broaden our user base. In view of the rapid development trend of new energy, we will continuously update and iterate our aftermarket service products to ensure the long-term stable growth of after-sales business;

5. In terms of pre-owned vehicle business, we will continue to promote the construction of the retail capacity of officially certified pre-owned vehicles by the manufacturers and Yongda certified pre-owned vehicles, and form a new business layout of distribution, retail and digitalization. On the one hand, we will become a benchmark in the pre-owned vehicle business among core agent brands, and on the other hand, we will build a leading self-owned brand of pre-owned vehicles in the industry.

II. Continuously Promoting the Optimization of the Cost Structure and the Innovation of the Operating Mode

In the face of possible future changes in the uncertain market environment, the existing operation and management mode of traditional automobile dealers needs to be continuously optimized and innovated, so to continuously enhance future market competitiveness, with a focus on making breakthroughs in the optimization of the cost structure and the operation mode, which is specifically manifested in the following:

1. In view of the high labor input and low profitability of traditional outlets, we intend to focus our efforts on maintaining the scale and quality of our business while continuing to optimize labor costs. Through the optimization of the organizational structure and the position collaboration, and in conjunction with the innovation of the business model, so to achieve a sustainable reduction in labor costs;

2. Accelerate the establishment of the shared operation platform system, which includes user operation, derivative business, shared sheet metal spray repair center, in terms of business, and includes personnel, administration and finance in terms of management. We intend to fully realize the middle and back-end operation and management mode, and to maximize intensive management in order to reduce costs;

3. Accelerate the establishment of a new marketing mode. We intend to make full use of new channels, tools and modes to build our own private operation system. We will also focus on improving efficiency at both ends, the one is the efficiency of resource investment at the marketing side, and the other is the efficiency of business transformation at the employee side.

III. Continuously Promoting the Digital Transformation Based on Big Data and Artificial Intelligence

We intend to accelerate our efforts to fully digitize our retail processes. Through the establishment of a digitalized user service platform that focuses on customer needs, we can apply big data and artificial intelligent customer service, focus on user experience and efficiency enhancement at the customer end, and explore the value of the whole life cycle of customers; on this basis, we will accelerate the establishment of a new business ecosystem for our user service platform, try out a non-vehicle business ecosystem mode, and fully utilize the value of our private domain user operation platform.

IV. Continuously Paying Attention to New Trends and Opportunities in Industry Development

In terms of new business development, based on our main business, we will continue to pay attention to new trends and changes in the mode of domestic and international automobile channel service business, continue to learn and optimize and adjust our new business development plan, and steadily promote the development of existing new industries or business segments. Recently, we have been focusing on the study of opportunities in the battery recycling industry, and will initially launch pilot business cooperation with professional partners in the industry in four areas, namely, battery leasing, battery recycling, battery maintenance, and battery monitoring and protection.

In this era of great change in the automotive industry, Yongda is determined to rise to the challenge, embrace the trend, overcome the difficulties, seek new opportunities and growth points in the midst of continuous change, and reward our shareholders and investors with more stable performance growth. We appreciate the continuous support and attention of the shareholders and our investors, and we will continue to optimize the way we reward our shareholders in order to enhance their returns. 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.

CHEUNG Tak On
Chairman

August 25, 2023

Management Discussion & Analysis

MARKET REVIEW

According to the data from CPCA, in the first half of 2023, the overall retail sales of passenger vehicles reached 9.524 million units, representing a year-on-year increase of 2.7%. Among them, the sales volume of luxury vehicles reached 1.414 million units, representing a year-on-year increase of 11.8%. According to the data of the Compulsory Motor Insurance in the first half of 2023, the retail sales of BMW (including MINI) was 393,000 units, representing a year-on-year increase of 4.0%, and the retail sales of Porsche was 44,000 units, representing a year-on-year increase of 3.8%. In the first half of 2023, after the comprehensive adjustment of pandemic control policies in China, the overall passenger vehicle market has been under significant growth pressure due to complex factors such as the domestic and international macro situation, economic and demand recovery. Although the overall sales volume has maintained a positive growth trend, the downward trend of new vehicle prices was obvious.

According to the data from CPCA, in the first half of 2023, the retail sales of new energy vehicles reached 3.086 million units, representing a year-on-year increase of 37.3%. Sales volume of new energy vehicles accounted for 32.4% of the total sales volume of new vehicles. Traditional self-owned brands of new energy vehicles, such as BYD, Geely, Great Wall, Chang'an and GAC, maintained rapid growth. Among them, BYD ranked first in new energy vehicle sales with a sales volume of 1.256 million units in half a year, while other self-owned brands of new energy vehicles such as Voyah, AITO and Zhiji achieved steady growth. Among the emerging vehicle brands, Tesla maintained the leading position, while NIO, Xiaopeng and Li Auto performed differently. Li Auto achieved sales of over 140,000 units in the first half of the year. In terms of traditional joint venture brands, the sales of BMW pure electric vehicles reached 45,000 units in the first half of the year, representing an increase of 283%.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 8.769 million units in the first half of 2023, representing a year-on-year increase of 15.6%. Since 2022, pre-owned vehicles have ushered in a series of policy adjustments. The abolition of the "migration restrictions" policy has played a positive role in promoting the circulation of pre-owned vehicles. The tax reduction policy for pre-owned vehicles distribution helped enterprises achieve large-scale development of pre-owned vehicles sales, while the implementation of the temporary property registration system for pre-owned vehicles has returned pre-owned vehicles to their original commodity attributes. In the first half of 2023, although also affected by the increase in sales of new energy vehicles and the slow recovery of overall market demand, the overall pre-owned vehicles trading market maintained good growth.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of June 2023, the passenger vehicle ownership in China reached 328 million units, of which 16.20 million units are new energy vehicles, accounting for 4.9% of the total number of vehicles. With the rapid growth of the ownership of luxury vehicles and new energy vehicles, it is expected that luxury vehicles and new energy vehicles will become the most potential consumer groups in the post market in the future.

BUSINESS REVIEW

In the first half of 2023, our comprehensive revenue taking into account the revenue from agency services amounted to RMB35,684 million, representing an increase of 11.6% compared with the same period of 2022. In the first half of 2023, our comprehensive gross profit amounted to RMB3,423 million, representing a decrease of RMB253 million or 6.9% compared with the same period of 2022. Among them, the gross profit of new vehicles distribution decreased by RMB777 million or 85.5%, while other comprehensive gross profit excluding gross profit of new vehicles distribution increased by RMB524 million or 18.9%. Affected by the decrease in gross profit of new vehicles distribution, our net profit and net profit attributable to owners of the Company amounted to RMB425 million and RMB407 million respectively in the first half of 2023, representing a decrease of RMB271 million and RMB259 million or 38.9% and 38.9% respectively compared with the same period of 2022.

In the first half of 2023, we continued to implement strict control over the rhythm of our inventory purchases and sales and the amount of capital expended. As of June 30, 2023, our inventory balance amounted to RMB4,055 million, representing a decrease of 11.0% as of the end of 2022. We maintained a relatively healthy inventory turnover of 24.4 days. In the first half of 2023, our net cash from operating activities was RMB1,099 million, and our net gearing ratio as of June 30, 2023 was 11.3%.

Set forth below is a summary of our business development in the first half of 2023:

Gradual Stabilization of New Vehicle Sales Business

In the first half of 2023, the sales volume of new vehicles reached 85,759 units, representing a year-on-year increase of 11.7%. In the first half of 2023, the withdrawal of fuel vehicle purchase tax incentives, uncertainty in local policy expectations and slow recovery in consumer demand led to a slight sluggishness in terminal sales of vehicles. However, we leveraged on good brand gradient and existing customers to further increase the proportion of new vehicles purchase and replacement. In addition, we further improved the information allocation and circulation mechanism of the same brand and across brands in the same region through digital management tools, promoted continuous improvement of utilization and conversion rate of sales information, and achieved steady growth in the sales volume of new vehicles. Among them, the sales volume of new vehicles of Porsche was 5,220 units, representing a year-on-year increase of 6.4%, while the sales volume of new vehicles of BMW was 36,732 units, representing a year-on-year increase of 1.7%.

In the first half of 2023, our gross profit margin of new vehicle distribution was 0.49%, representing a year-on-year decrease of 3.09 percentage points. Although the decline in new vehicle prices led to the decrease in the gross margin of new vehicles in the first half of the year, we ensured the stability of comprehensive income from new vehicle sales by implementing the management measures of sales price approval of single vehicle + extended businesses (finance, decoration, service income) and improving the revenue from new vehicle sales extended business, etc. Starting from the second quarter of 2023, Porsche, BMW and other luxury brand OEMs reduced the wholesale and retail task indicators of each dealer, which has stabilized new vehicle prices to a certain extent.

We actively utilized resource integration and business synergies between enterprises of the same brand to optimize the inventory structure of new vehicles and maximize the acquisition of brand commercial and political rebates, thereby ensuring the comprehensive profitability of new vehicles.

In the first half of 2023, the revenue of our finance agency business reached RMB610 million, representing a year-on-year increase of 39.4%; the penetration rate of financial services was 67.1%, representing a year-on-year increase of 2.1 percentage points. We further strengthened the management of financial business operation quality while ensuring the number of businesses, and continued to increase revenue of our finance agency business based on the financial policies of various brand manufacturers, differentiated product portfolios of financial institutions and the marketing strategy of increasing the number of financial product periods.

In the first half of 2023, the turnover days of our new vehicle were 24.4 days. Through internal digital management tools, we continuously improved the matching of inventories (including inventories in transit) and orders, and effectively enhanced the accuracy and balance between new vehicle working capital and sales volume and inventory turnover efficiency. Moreover, we strengthened the refined management of the procurement and sales ends by conducting limit management and assessment of inventory occupancy of funds, effectively shortened the delivery cycle, and continuously maintained an efficient inventory turnover level.

Maintained Stable Growth in After-sales Business

In the first half of 2023, our after-sales service business, including repair and maintenance services and extended automotive products and services, recorded a revenue of RMB5,204 million, representing an increase of 17.8% over the same period in 2022. Among them, the revenue from repair and maintenance services was RMB4,424 million, representing an increase of 26.1% over the same period of 2022. In the first half of 2023, the gross profit margin of our after-sales service was 43.07%.

In terms of user operation capabilities and efficiency improvement, we have completed the construction of a new user rights center and focused on establishing a more efficient online user maintenance channel to bring users a more convenient experience. In 2023, our online user base continued to expand, with over 1.50 million of registered users on the Yongda Auto APP by the end of June 2023, representing an increase of 93.0% compared with the end of 2022. In addition, with continuous increase in user penetration rate of sticky products, our user full-life-cycle management capabilities and effectiveness have been further strengthened. As of the end of June 2023, the number of our managed users reached 1.181 million, representing a year-on-year increase of 7.2%.

In terms of business enhancement in accident vehicle business insurance, we continuously improved the quality and scale of insurance business, and have developed and introduced new car-related insurance products: accident repair compensation insurance and mobility scooter insurance. Our premium scale in the first half of 2023 increased by 3.1% compared with the same period of 2022, which have increased our right to communicate with insurance companies so as to win policy support from insurance commissions, accident vehicle claims and other aspects. Moreover, we have effectively improved the efficiency, quality of accident information acquisition and the effectiveness of in-store conversion by leveraging on digital management tools and based on the full staff marketing of accident information and car-related insurance products. In the first half of 2023, the scale of our accident vehicle business increased by 31.4% compared with the same period of 2022.

In terms of inventory efficiency control, we regularly analyzed changes in the ex-warehouse frequency of various spare parts and supplies, adjusted procurement strategies in a timely manner, strictly controlled the procurement of spare parts and supplies not commonly used, allocated spare parts of deficiency from same brand enterprise in priority, enabling our turnover efficiency to continue to improve while ensuring timely supply.

In terms of after-sales skill improvement, on one hand, we have set up online repair skill training courses and exams so that technicians could study by utilizing spare time frequently; on the other hand, we have improved the efficiency of metal spray technicians by conducting skills training such as offline seamless repair and partial paint make-up. In addition, we also actively cooperated with colleges and universities to cultivate after-sales business talents on a targeted basis, ensuring the healthy structure of after-sales talent echelon.

Continuous Rapid and High-Quality Development of Pre-owned Vehicle Business

In the first half of 2023, we adopted the business strategy of "deepening inventory and expanding increment", achieved continuous rapid growth in our pre-owned vehicle business and efficient and stable inventory turnover, and further consolidated our business pattern of distribution, retailing and digitalization. In the first half of 2023, our pre-owned vehicles transaction volume was 41,084 units, representing a year-on-year increase of 30.6%, of which the distribution volume was 19,916 units, representing a year-on-year increase of 207.8%, and the revenue from distribution amounted to RMB2,452 million, representing a year-on-year increase of 74.3%; the gross profit from pre-owned vehicles amounted to RMB187 million, representing a year-on-year increase of 7.5%, of which the gross profit from distribution amounted to RMB160 million, representing a year-on-year increase of 23.4%. The Group's overall new-to-pre-owned ratio was 45.4%, representing an increase of 5.1 percentage points from 40.3% in the first half of 2022.

We continued to deepen the "2+1" new retail business model of pre-owned vehicles, and achieved the digital and omnichannel business layout with online and offline integration. We continued to strengthen the brand building of "Yongda Officially Certified Pre-owned Vehicles (永達官方認證二手車)", consolidated the policy of "quality assurance, 30 days return without reason" and eight service commitments, so as to create new product and service system. 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. Meanwhile, many of our 4S stores of Porsche, BMW, Audi, Volvo, Jaguar Land Rover and other brands were in a national leading position in the manufacturers' official annual certification evaluation.

We actively explored and captured incremental opportunities in the inventory market. On one hand, we cooperated with many new energy vehicle brands on bulk vehicle sources to help manufacturers realize vehicle disposal and stabilize residual values, as well as to bring stable and high-quality retail vehicle sources to our own pipeline; secondly, we accelerated the deployment of new energy pipeline for pre-owned vehicles, and started cooperation with a number of new energy manufacturers on new pipeline for pre-owned vehicle replacement and retailing. In response to the new pre-owned vehicles replacement scenario in the new energy pipeline, we newly launched an independent sub-brand for vehicle collection, implemented a centralized pricing and disposal model, and explored open, market-oriented and platform-based operations; and we actively promoted the export of pre-owned vehicles to realize a diversified sales strategy.

We continued to strengthen our core competence in pre-owned vehicles, improved our capabilities in assessment, testing, pricing and disposal, and implemented standardized business controls to ensure business compliance and maximize the benefits. We strictly controlled the turnover of our inventory, and formulated refined inventory management and strong close-out mechanism for retail and wholesale vehicles to ensure healthy inventory and smooth operation. We continued to strengthen our digital operation capabilities, actively built a marketing matrix that combines our official website, new media and vertical media, and strengthened the construction of our private domains to push forward our online transactions. We successfully hosted the "Yongda Pre-owned Vehicles Purchase Festival (永達二手車購車節)" activities.

Rapid Growth of New Energy Vehicle Business

In the first half of 2023, we carried out a pragmatic layout of our independent new energy brands. Among the existing brands, we adjusted and expanded our network of high-end independent new energy brands with core competitiveness and high brand awareness, and the total number of authorized outlets reached 38. In terms of outlet types, we began to gradually reduce the number of independent superstore showrooms and integrate the sales stores of independent new energy brands into the automobile shopping district, returning to the comprehensive service center model with full business closed loop to improve operational efficiency.

In terms of sales volume, in the first half of 2023, the sales volume of our new energy vehicles of all brands reached 16,240 units, representing a year-on-year increase of 116.5% and accounting for 18.0% of the total sales volume.

Among the sales of new energy vehicles of traditional luxury brands, in particular the BMW brand, in the first half of 2023, we completed the sales of 4,622 units, representing a year-on-year increase of 103.3%. It is worth mentioning that more than 30% of all BMW brand new energy sales were achieved through additional purchases and replacement by existing customers.

Our independent new energy brands also achieved further sales growth, with sales volume of 7,687 units in the first half of 2023, representing a year-on-year increase of 169.8%, of which 3,024 units were sold under the dealership model and 4,663 units under the direct sales model.

In the first half of 2023, the after-sales business of our independent new energy vehicle brand demonstrated rapid growth momentum. Maintenance revenue for the first half of 2023 amounted to RMB70.83 million, representing an increase of 81.2% compared to the last period, with an average vehicle yield of RMB2,478. The number of after-sales customers of independent new energy brands reached 19,688 at the end of June 2023, representing an increase of 94.1% as compared to the end of 2022.

In the first half of 2023, the total number of registered users of our new energy vehicle mini programs reached 61,600, of which 10,500 were owner-members. In the first half of 2023, through registered users fission, the number of users with information recorded was 25,200, initially formed the profit-making ability of private traffic.

In the first half of 2023, we have actively laid a foundation for the new energy-related power battery sector, and initially formed and planned out four business development directions: battery leasing, battery maintenance, battery recycling, and battery monitoring and protection, and deployed the entire battery ecosystem and lifecycle management by taking advantage of our strengths in automobile sales service channel.

High-quality Development of Outlets

In terms of outlet planning, we will continue to consolidate the market share of our existing key luxury brands while expanding the outlets of other key luxury brands. On the other hand, through our own pipelines and management advantages, we will actively plan for outlet cooperations with new energy brands. While expanding our outlets, we have also made efforts to improve the quality and efficiency of our outlets, and have accelerated the closure and transfer of outlets with poor operating quality. In the first half of 2023, we closed 6 outlets.

In the first half of 2023, we built and opened 6 outlets, including 3 luxury brands and 3 new energy brands. In addition, we acquired 2 new licenses for new energy brands.

As at the end of the first half of 2023, we operated a total of 260 outlets, and we have 9 outlets authorized to open. Based on the analysis of brand structure, luxury brands account for 63.1%, mid-to-high-end brands account for 17.7%, independent new energy brands account for 14.6%, and Yongda Pre-owned Vehicle Malls account for 4.6%.

Set out below are the details and changes of our opened outlets as of June 30, 2023:

	Outlets opened as of December 31, 2022	Outlets opened as of June 30, 2023	Changes of outlet
4S dealerships of luxury and ultra-luxury brands	136	**136**	0
City showrooms of luxury brands	24	**25**	+1
Authorized maintenance centers of luxury brands	3	**3**	0
Sub-total of luxury and ultra-luxury brands outlets	163	**164**	+1
4S dealerships of mid-to-high-end brands	43	**40**	-3
City showrooms of mid-to-high-end brands	6	**6**	0
Sub-total of mid-to-high-end brands outlets	49	**46**	-3
4S dealerships of independent new energy brands	30	**32**	+2
Authorized maintenance centers of independent new energy brands	6	**6**	0
Sub-total of independent new energy brands outlets	36	**38**	+2
Outlets of Yongda Pre-owned Vehicle Malls	12	**12**	0
Total outlets	260	**260**	0

Continuous Improvement in Management

In the first half of 2023, the recovery of the domestic economy and consumer demand was much lower than expected, and the oversupply in the overall market has brought about more serious competitions. We expect that it will take some more time for the industry and the sector to adjust and recover. In order to better cope with the market and business situation during this special period of time in the near future, in the short term, we will make rapid adjustments to cope with the situation, while at the same time taking into account the need for transformation and upgrading in the medium to long term, we will focus on the following management enhancements in our operations in 2023.

Continuously optimize the traditional vehicle brands and outlets to enhance the efficiency of core assets

Affected by the overall economic environment, passenger vehicles market in China is expected to enter an inventory market period with low growth rate in the coming future, and it is expected that the differentiation and elimination in both branded OEMs and distribution enterprises will accelerate. In terms of brands, we will continue to focus on the development of core luxury brands with better potential, such as BMW and Porsche, based on the brand power, products and technology, domestic management system and the progress of new energy development, while accelerating the closure and transformation of smaller and less profitable outlets; in terms of regions, we will continue to focus on the optimization of the first-tier and second-tier cities as well as provincial capitals as the core regions for future development.

Continuously monitor the development trend of new energy brands and build up core operational capabilities

It is expected that new energy vehicle brands will still face significant changes and challenges in the next two to three years. We will pay close attention to the development trend of the leading new energy vehicle brands and prioritize the development of brands with a certain brand foundation, core technologies and supply chain integration capabilities, including Xiaopeng, Geely's smart, Lotus, and Huawei's AITO. We will continue to pay attention to the development opportunities of the three leading unlicensed brands, namely, Tesla, NIO and Li Auto. We will also focus on the closure and transition of some brands with uncertain development prospects and make timely adjustments to them. Our outlets will gradually return to centralized operation from the early stage of supermarket, delivery and service segregation, in order to improve operation efficiency.

Further deepen the cost reduction and efficiency enhancement work through sharing to continuously improve the operational efficiency

We further optimized and adjusted the position division and responsibilities within the enterprise, further coordinated and integrated part of positions among the enterprise, and gradually implemented the shared operation and management in users, business, human resources and finance so as to further improve the overall operation efficiency and cost reduction through the optimization of organizational structure. In terms of operation, we continued to conducted management in new vehicle procurement, inventory, sales and working capital, strengthened the integration and coordination of resources within the brands, making sure that the inventory turnover efficiency was maintained at a high level. Besides, we ensured that the Group was under safe operation, that current assets could cover liabilities and that net assets could cover long-term assets; and enabled the gearing ratio to run at a lower level.

We are user-centric and have actively promoted data-driven digital transformation

We continued to promote user-centric digitalization with the goal of realizing the transformation from traditional dealers to new digital retail service providers in the future. We continuously optimized and improved the completed digital business and financial system as the back office, and further improved the management efficiency by combining financial sharing strategies. We sped up the construction of the business middle office system on basis of business sharing strategies, together with the promoting brand new digital marketing system, and we proposed to further improve the highly efficient operation management of our full-domain users through the business middle office. Meanwhile, we continuously improved the relevant functions based on the online Yongda Automobile Service Platform (APP), and expected to realize the integrated digital operation system of front, middle and back offices by the end of 2023.

Continue to strengthen talent training and reserve, and constantly optimize the performance appraisal system

In recent years, we have closely focused on three major business growth directions of luxury vehicles, new energy and pre-owned vehicles, adhered to the promotion of digital transformation, and constantly paid attention to the new business opportunities in the industry. Therefore, in terms of internal talent training, we also closely focused on the overall industry and strategic development direction. In addition, in response to recent changes in the market and the overall industry, we also further strengthened the appraisal and evaluation of the core operation and management team, and strengthened the survival of the fittest so as to further improve the efficiency of enterprise operation.

FINANCIAL REVIEW

Revenue was RMB34,861.9 million for the six months ended June 30, 2023, representing a 11.1% increase from RMB31,391.6 million for the six months ended June 30, 2022. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	First half of 2023			First half of 2022		
	Amount *(RMB'000)*	**Sales Volume *(Units)***	**Average Selling Price *(RMB'000)***	Amount *(RMB'000)*	Sales Volume *(Units)*	Average Selling Price *(RMB'000)*
New vehicle distribution						
Luxury and ultra-luxury brands	**23,671,537**	**62,233**	**380**	22,476,921	57,835	389
Mid-to-high-end brands	**2,842,320**	**20,502**	**139**	2,682,748	17,284	155
Independent new energy brands	**529,349**	**3,024**	**175**	239,192	1,633	146
Subtotal	**27,043,206**	**85,759**	**315**	25,398,861	76,752	331
Pre-owned vehicles distribution	**2,451,947**	**19,916**	**123**	1,406,530	6,471	217
After-sales services	**5,204,375**			4,419,082		
Automobile rental services	**247,122**			226,534		
Less: inter-segment eliminations	**(84,732)**			(59,385)		
Total	**34,861,918**			31,391,622		

The distribution sales volume of new vehicles of the passenger vehicle sales and services segment was 85,759 units for the six months ended June 30, 2023, a 11.7% increase from 76,752 units for the six months ended June 30, 2022.

Among them, the distribution sales volume of luxury and ultra-luxury brand new vehicles was 62,233 units for the six months ended June 30, 2023, a 7.6% increase from 57,835 units for the six months ended June 30, 2022.

Revenue from the distribution sales of new vehicles of the passenger vehicle sales and services segment was RMB27,043.2 million for the six months ended June 30, 2023, a 6.5% increase from RMB25,398.9 million for the six months ended June 30, 2022.

Among them, revenue from the distribution sales of luxury and ultra-luxury brand new vehicles was RMB23,671.5 million for the six months ended June 30, 2023, a 5.3% increase from RMB22,476.9 million for the six months ended June 30, 2022.

The distribution volume of pre-owned vehicles was 19,916 units for the six months ended June 30, 2023, a 207.8% increase from 6,471 units for the six months ended June 30, 2022.

Revenue from distribution of pre-owned vehicles was RMB2,451.9 million for the six months ended June 30, 2023, a 74.3% increase from RMB1,406.5 million for the six months ended June 30, 2022.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB5,204.4 million for the six months ended June 30, 2023, a 17.8% increase from RMB4,419.1 million for the six months ended June 30, 2022.

Revenue from the automobile rental services segment was RMB247.1 million for the six months ended June 30, 2023, a 9.1% increase from RMB226.5 million for the six months ended June 30, 2022.

Cost of Sales and Services

Cost of sales and services was RMB32,261.7 million for the six months ended June 30, 2023, a 14.0% increase from RMB28,310.9 million for the six months ended June 30, 2022.

Cost of sales for distribution of new vehicles of the passenger vehicle sales and services segment was RMB26,911.9 million for the six months ended June 30, 2023, a 9.9% increase from RMB24,490.8 million for the six months ended June 30, 2022.

The distribution costs of pre-owned vehicles were RMB2,292.3 million for the six months ended June 30, 2023, a 79.5% increase from RMB1,277.1 million for the six months ended June 30, 2022.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,962.7 million for the six months ended June 30, 2023, a 22.3% increase from RMB2,422.8 million for the six months ended June 30, 2022.

Cost of services for the automobile rental services segment was RMB174.1 million for the six months ended June 30, 2023, a 2.1% increase from RMB170.6 million for the six months ended June 30, 2022.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB2,600.2 million for the six months ended June 30, 2023, a 15.6% decrease from RMB3,080.7 million for the six months ended June 30, 2022.

Gross profit margin was 7.46% for the six months ended June 30, 2023, a decrease of 2.35 percentage points from the gross profit margin of 9.81% for the six months ended June 30, 2022. The decrease in gross margin was mainly due to the decline in gross profit margin on new vehicles as a result of the decline in new vehicle prices.

Gross profit from the distribution of new vehicles of the passenger vehicle sales and services segment was RMB131.3 million for the six months ended June 30, 2023, a 85.5% decrease from RMB908.1 million for the six months ended June 30, 2022.

Gross profit margin for the distribution of new vehicles decreased to 0.49% for the six months ended June 30, 2023 from 3.58% for the six months ended June 30, 2022.

The gross profit from distribution of pre-owned vehicles was RMB159.7 million for the six months ended June 30, 2023, a 23.4% increase from RMB129.4 million for the six months ended June 30, 2022.

The gross profit margin from distribution of pre-owned vehicles was 6.51% for the six months ended June 30, 2023, a decrease of 2.69 percentage points from the gross profit margin of 9.20% for the six months ended June 30, 2022.

Gross profit for after-sales services from the passenger vehicle sales and services segment was RMB2,241.7 million for the six months ended June 30, 2023, a 12.3% increase from RMB1,996.2 million for the six months ended June 30, 2022.

Gross profit margin for after-sales services was 43.07% for the six months ended June 30, 2023, a decrease of 2.1 percentage points from 45.17% for the six months ended June 30, 2022.

Gross profit from the automobile rental services segment was RMB73.0 million for the six months ended June 30, 2023, a 30.5% increase from RMB56.0 million for the six months ended June 30, 2022.

Gross profit margin for the automobile rental services segment was 29.56% for the six months ended June 30, 2023, an increase of 4.86 percentage points from 24.70% for the six months ended June 30, 2022.

Other Income and Other Gains and Losses

Other income and other gains and losses were net gains of RMB941.3 million for the six months ended June 30, 2023, a 52.6% increase from net gains of RMB616.7 million for the six months ended June 30, 2022.

Among those, revenue from the finance and insurance related post-market agency services business of the passenger vehicle sales and services segment was RMB758.2 million for the six months ended June 30, 2023, a 31.9% increase from RMB574.7 million for the six months ended June 30, 2022.

The sales volume of direct agency sales of independent new energy brand vehicles was 4,663 units for the six months ended June 30, 2023, a 283.5% increase from 1,216 units for the six months ended June 30, 2022.

Revenue from direct agency sales service of independent new energy brand vehicles was RMB64.3 million for the six months ended June 30, 2023, a 224.7% increase from RMB19.8 million for the six months ended June 30, 2022.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB2,873.7 million for the six months ended June 30, 2023, a 9.3% increase from RMB2,628.1 million for the six months ended June 30, 2022. The percentage of the distribution and selling expenses and administrative expenses to revenue for the six months ended June 30, 2023 was 8.24%, a decrease of 0.13 percentage point from 8.37% for the six months ended June 30, 2022.

Operating Profit

As a result of the foregoing, operating profit was RMB667.8 million for the six months ended June 30, 2023, a 37.6% decrease from RMB1,069.3 million for the six months ended June 30, 2022.

Finance Costs

Finance costs were RMB168.5 million for the six months ended June 30, 2023, which was the same as RMB168.5 million for the six months ended June 30, 2022.

The percentage of the finance costs to revenue for the six months ended June 30, 2023 decreased to 0.48% from 0.54% for the six months ended June 30, 2022.

Profit before Tax

As a result of the foregoing, profit before tax was RMB552.0 million for the six months ended June 30, 2023, a 41.6% decrease from RMB944.5 million for the six months ended June 30, 2022.

Income Tax Expense

Income tax expense was RMB127.2 million for the six months ended June 30, 2023, a 48.9% decrease from RMB249.1 million (restated) for the six months ended June 30, 2022. Our effective income tax rate was 23.0% for the six months ended June 30, 2023, a decrease of 3.4 percentage points from 26.4% for the six months ended June 30, 2022.

Profit

As a result of the foregoing, the profit was RMB424.8 million for the six months ended June 30, 2023, a 38.9% decrease from RMB695.4 million (restated) for the six months ended June 30, 2022.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the profit attributable to the owners of the Company was RMB406.5 million for the six months ended June 30, 2023, a 38.9% decrease from RMB665.8 million (restated) for the six months ended June 30, 2022.

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, 2023, our net cash from operating activities was RMB1,099.4 million. 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, 2023, our net cash used in investing activities was RMB130.6 million, mainly including RMB857.2 million used for the purchase of fixed assets, right-of-use assets and intangible assets which was partially offset by the proceeds of RMB316.3 million from the disposal of property, plant and equipment, the proceeds of RMB222.5 million from the disposal of financial assets at fair value through profit or loss and the proceeds of RMB112.4 million from the disposal of subsidiaries. For the six months ended June 30, 2022, our net cash used in investing activities was RMB599.8 million.

For the six months ended June 30, 2023, our net cash used in financing activities was RMB1,343.0 million, which mainly included the net repayment of interest-bearing liabilities of RMB273.3 million, the payment of dividend of RMB576.0 million, the payment of interest of RMB190.9 million, repayment of leasing liabilities of RMB193.9 million and repurchase of shares of the Company ("**Shares**") of RMB72.8 million. For the six months ended June 30, 2022, our net cash used in financing activities was RMB1,218.1 million.

Inventories

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

Our balance of inventories was RMB4,054.5 million as of June 30, 2023, a 11.0% decrease from RMB4,555.4 million as of December 31, 2022. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30,	
	2023	2022
Average inventory turnover days	**24.4**	23.7

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets, which was partially offset by the proceeds from the disposal of property, plant and equipment. For the six months ended June 30, 2023, our total capital expenditures were RMB540.9 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the six months ended June 30, 2023 ***(in RMB millions)***
Expenditures on purchase of property, plant and equipment – mainly test-drive automobiles and vehicles for operating lease purposes	**537.6**
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	**253.5**
Expenditures on purchase of intangible assets (vehicle license plates and software)	**66.1**
Proceeds from the disposal of property, plant and equipment (mainly test-drive automobiles and vehicles for operating lease purposes)	**(316.3)**
Total	**540.9**

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, 2023, the outstanding amount of our borrowings and bonds amounted to RMB3,460.3 million, a decrease of 7.4% from RMB3,737.2 million as of December 31, 2022. The following table sets forth the maturity profile of our borrowings and bonds as of June 30, 2023:

	As of June 30, 2023 ***(in RMB millions)***
Within one year	**2,072.5**
One to two years	**568.8**
Two to five years	**819.0**
Total	**3,460.3**

As of June 30, 2023, our net gearing ratio (being net liabilities divided by total equity) was 11.3% (as of December 31, 2022: 10.5%). 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, 2023, 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, 2023 consisted of (i) inventories of RMB855.3 million; (ii) property, plant and equipment of RMB34.2 million; (iii) land use rights of RMB60.6 million; and (iv) equity interests of the subsidiaries of RMB622.1 million.

Contingent Liabilities

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

Upon the Disposal of Yongda Finance Leasing, the Group guaranteed the additional credits (the "**Additional Credits**") and corresponding debts of Yongda Finance Leasing in proportion to the Group's 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As of June 30, 2023, the balance of the borrowings drawn under the Additional Credits of Yongda Finance Leasing upon the Disposal was RMB1,376 million, of which the guarantee amount provided by the Group was RMB275 million.

As of June 30, 2023, 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. 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.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of June 30, 2023, we had no financial liabilities denominated in foreign currencies.

DEVELOPMENT OUTLOOK AND STRATEGIES

In the first half of 2023, the competition became more fierce and the survival of the fittest became more obvious affected by the price war and downturn demand in the domestic automobile market. Meanwhile, the country has frequently introduced a number of favorable policies to support the steady development of the automobile market. The domestic automobile industry showed strong resilience again in the face of pressure and challenges. China's new energy vehicle industry entered into a new development phase driven by both policy and market. New technology revolution promoted the rapid development of big data, intelligent networking and cloud computing. China has become an important force leading the transformation of global automobile industry and "wind wane", and the market is undergoing unprecedented changes.

In the face of the new normal of huge challenges and opportunities in the automobile market, we will closely follow the market trends, embrace the change, constantly make timely adjustments to the development strategies of the Group, and explore new opportunities and growth points in the continuous reform. **We will further implement the overall strategies for promoting the corporate development by three growth curves, i.e. the luxury vehicles, pre-owned vehicles and new energy vehicles, focus on three strategic fulcrums of "electrification, digitalization and sharing", strengthen the asset turnover efficiency, carry out the strict control of labor cost and other cost reduction and efficiency enhancement measures, and dedicate to improving the Company's operation quality and profitability.**

Continuously stabilize the "cash cow" business of luxury vehicles

In addition to continuously consolidating and improving our leading position and competitive barriers in the two luxury vehicle brands namely BMW and Porsche, we will continue to work intensively in the "cash cow" business of traditional gasoline vehicles. In terms of new vehicles, on the premise of maintaining the scale, we will maximize the cash subsidy and additional rebates provided by the manufacturers, and strive to stabilize the gross margin of luxury vehicle sales. In terms of after-sales maintenance business, we will, by virtue of digital tools, continuously improve the service quality, reduce the customer turnover rate, and ensure the long-term and stable growth of after-sales business. For small-sized outlets with poor profitability, we will adopt continuous optimization measures such as closure, merger and transfer, and focus on the continuous improvement of operation quality and output of the core traditional luxury brand outlets.

Accelerate the expansion of "Yongda Pre-owned Vehicles"

As the leading dealer group of Porsche and BMW brands in the world in terms of scale, we have rich resources of brand certified pre-owned vehicles, and we will continue to promote the retail capacity building of officially certified pre-owned vehicles and Yongda certified pre-owned vehicles, and form a new business pattern of distribution, retail and digitalization. We will newly upgrade the brand of "Yongda Officially Certified Pre-owned Vehicles" while constantly maintaining the position of outlets officially certified by Porsche, BWM, Audi, Volvo, Jaguar Land Rover and other luxury brand manufacturers as the pre-owned vehicle benchmarks, and take 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. 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. And through proactive implementation of batch vehicle source synergies with manufacturers, 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. **Yongda pre-owned vehicles business is also becoming the locomotive of our growth in the automotive service business.**

Deepen the development of "Yongda New Energy"

We will maintain the first mover advantages, continuously focus 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, and carry out all-round strategic cooperation with domestic leading new energy brand vehicle enterprises. We will fully exert our leading advantages in service network, refined operation management, digital customer operation and new media operation, break through the original industrial layout, and respond to the consumption trend of the new generation of consumers. We will realize the practical development of the new energy vehicle service industry, and commit to becoming the "automobile service expert with most electrification capacity" in the industry.

Also, we will actively cooperate with the traditional luxury brands for new energy transformation, reserve product, marketing and service ability, fully support the iteration and updating of new energy products of traditional luxury brands, assist them in establishment and consolidation of luxury new energy vehicle market, and play the role of dealer group as loyal partners of manufacturers.

We will also continue to perspectively set foot in the new business of "Yongda battery butler", and explore battery cycle related industries. We will, according to the development trend of battery, focus on four business models, i.e. battery recycling, battery leasing, battery maintenance, and battery monitoring and security, exert our existing channels, customers, technology, industrial chain synergy and other resources advantage, develop the social resources cooperation channel, and gradually build the battery business as the key factors for promoting the industrial and layout upgrading and achieving the growth of new business of the Group.

Big data and artificial intelligence empower digital transformation, new media releases new drivers of private domain operation, and sharing supports cost reduction and efficiency enhancement

We will implement a comprehensive digital retail process, establish a digital user service platform with customer demand as the core, apply big data and artificial intelligence customer service, focus on the customer end use experience and efficiency improvement, and explore the full life cycle value of customers; and we will further perfect the new media communication matrix, and strive to improve the end-to-end seamless integrated cross-channel whole process customer experience. Through private domain operation and service, we will explore the value of existing users, realize word-of-mouth marketing, promote customer referral, and retain new customers, which would help us quickly realize the efficient closed-loop operation of customer acquisition and customer retention. We are also building a "sharing platform" which integrates the middle and back office resources, refined cost control, and with collaboration and sharing as the core, to achieves the improvement of overall operating efficiency and the simultaneous enhancement of user stickiness and profitability.

Forward-looking reserve and training of the talent team to continuously enhance the competitiveness and value of the Company

The reform era of the "new four modernizations" of the automobiles has put forward new requirements for the talents in the automobile industry. In this regard, we continue to promote the talent forward-looking reserve and training. In the future, we will also strengthen the talent reserve in the field of new energy, pre-owned vehicles, new media and Internet, optimize our appraisal management and incentive mechanism, and build a comprehensive cross-border management talent echelon and professional technology talent echelon with digital capability in line with the future trend.

In the great reform era in the automobile industry, we are determined to face the difficulties bravely, embrace the trend, overcome the difficulties, and seek new opportunities and growth points in the everchanging reform. We will take advantages of our solid group industry chain of more than three decades in the automobile industry, consolidate the base of luxury vehicles, deepen the new energy business development, improve the increment of pre-owned vehicle business, promote the digital transformation, and perspectively layout battery cycle industry and sheet spray maintenance sharing center. In the future, we will rely on a more complete product and service matrix of Yongda Automobile, a more complete online and offline national marketing network, a more competitive new retail business model, a more efficient digital integrated marketing platform and a complete talent echelon with more comprehensive cross-border integration capabilities, and we will actively participate in and continuously respond to the national "low carbon" strategy and commit ourselves to fulfilling ESG-related corporate social responsibilities, and build the ability for long-term sustainable growth, so that we will always grasp the market initiative in the future competitions, and return the 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, 2023, 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

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	405,509,500	20.849
	Interest of controlled corporation	167,080,000	8.590
	Beneficial owner	9,303,000	0.478
Mr. CAI Yingjie[(2)]	Interest of controlled corporation	35,788,000	1.840
	Beneficial owner	674,500	0.035
Mr. WANG Zhigao[(3)]	Interest of controlled corporation	8,660,000	0.445
	Beneficial owner	910,500	0.047
Mr. XU Yue[(4)]	Beneficial owner	3,158,000	0.162
	Interest of spouse	2,350,000	0.121
Ms. CHEN Yi	Beneficial owner	537,000	0.028
Mr. TANG Liang	Beneficial owner	1,005,000	0.052

Notes:

(1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited acts as its trustee and the beneficiaries of which are Mr. CHEUNG Tak On and certain of his family members (the "**Family Trust**"). Palace Wonder Company Limited (柏麗萬得有限公司) ("**Palace Wonder**") is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) ("**Regency Valley**"), which is in turn wholly-owned by HSBC International Trustee Limited, as the trustee of the Family Trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.

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

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

(2) Mr. CAI Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited ("**Ample Glory**") and he is deemed to be interested in the 35,788,000 Shares held by Ample Glory. He also holds 674,500 Shares as beneficial owner.

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

(4) Mr. XU Yue holds 3,158,000 Shares as beneficial owner. In addition, he is deemed to be interested in the 2,350,000 Shares held by his spouse, Ms. ZHANG Yanyu.

(B) Long positions in underlying Shares

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	Percentage of underlying Shares over the Company's issued share capital (%)
Mr. XU Yue	Beneficial owner	3,000,000	0.154
Ms. CHEN Yi	Beneficial owner	800,000	0.041
Mr. TANG Liang	Beneficial owner	2,500,000	0.129

Save as disclosed above, as at June 30, 2023, 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, 2023, to the best of knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the Shares and underlying Shares

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Palace Wonder[(1)]	Beneficial owner	405,509,500	20.849
Regency Valley[(1)]	Interest of controlled corporation	405,509,500	20.849
HSBC International Trustee Limited[(1)]	Trustee	405,509,500	20.849
Asset Link[(2)]	Beneficial owner	167,080,000	8.590
FIL Limited[(3)]	Interest of controlled corporation	194,674,188	10.009
Pandanus Partners L.P.[(3)]	Interest of controlled corporation	194,674,188	10.009
Pandanus Associates Inc.[(3)]	Interest of controlled corporation	194,674,188	10.009
Brown Brothers Harriman & Co.[(4)]	Approved lending agent	178,318,098	9.168
FIDELITY FUNDS	Beneficial owner	165,729,470	8.521

Notes:

(1) Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiaries of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.

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

(3) Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 38.71% shareholding interest in FIL Limited. FIL Limited was deemed to be interested in these 194,674,188 Shares through a series of its subsidiaries.

(4) Brown Brothers Harriman & Co. held 178,318,098 Shares in the capacity of approved lending agent, all of which were lending pool.

Save as disclosed above, as at June 30, 2023, 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, 2023, the Group had 15,729 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, 2023 are set out in note 6 to the Condensed Consolidated Financial Statements in this interim report. The Group also provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group offers competitive remuneration packages to the Directors, and the Board is delegated by the Shareholders at general meeting to fix the Directors' remuneration. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

SHARE OPTION SCHEME

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

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

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

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

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. An share option must be held by the grantee for at least 12 months before the share option can be exercised, unless a shorter vesting period is granted at the discretion of the Board and/or the remuneration committee of the Company (the "**Remuneration Committee**") as deemed appropriate under circumstances prescribed by the Share Option Scheme. The Board shall specify in an offer letter a date by which a grantee must accept an offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, if any. No payment shall be made upon acceptance of the offer.

The maximum number of options available for grant under the mandate of the 2013 Share Option Scheme as at January 1, 2023 was 50,686,200, and the maximum number of options and awards available for grant under the Share Incentive Schemes, including the Share Option Scheme, as at June 30, 2023 was 194,502,551. No option shall be granted to any service provider under the Share Option Scheme, and thus there is no service provider sublimit under the Share Option Scheme.

Details of movements in the options granted under the 2013 Share Option Scheme during the six months ended June 30, 2023 are as follows:

Category and name of grantees	As at January 1, 2023	Granted during the period	Number of Share Options Cancelled during the period	Exercised during the period	Lapsed during the period	As at June 30, 2023	Date of grant of share options	Vesting period of share options [1]	Exercise period of share options	Exercisese 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 dates *HK$ per share*	Weighted average closing price of the Company's Shares At dates of share options exercise *HK$ per share*
Executive Director													
XU Yue	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	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	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	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) The vesting of share options granted under the 2013 Share Option Scheme would be subject to the performance criteria to be satisfied by the grantees as determined by the Board and/or the Remuneration Committee and specified in the respective offer letters, which may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).

No options have been granted, cancelled, exercised or lapsed under the Share Option Scheme from June 1, 2023, being the date of adoption of the Share Option Scheme, to June 30, 2023.

AMENDED EMPLOYEE PRE-IPO INCENTIVE SCHEME

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

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

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

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, 2023, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 69 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, 2023, no awards have been granted, vested, cancelled or lapsed under the 2020 Amended Scheme. There were no unvested awards as at January 1, 2023 or June 30, 2023 under the 2020 Amended Scheme.

SHARE AWARD SCHEME

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

Unless terminated earlier by the Board pursuant to the provisions of the Share Award Scheme, the Share Award Scheme shall be valid and effective for ten years commencing from June 1, 2022 (the "**Trust Period**"), being the date on which the Share Award Scheme was adopted, after which period no further Awards will be granted under the Share Award Scheme. Therefore, as at June 30, 2023, the remaining life of the Share Award Scheme was approximately eight years and eleven months.

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

Subject to the provisions of the Share Award Scheme, the Board may grant such number of Awards to any Selected Participant at such consideration and on and subject to such terms and conditions as it may in its absolute discretion determine. The consideration shall be determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Company's Share price in recent years and the actual situation of the Company. Except for such consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the grant notice by the Selected Participant who accepts the Award (the "**Awardee**") to the Company where applicable, no other purchase price shall be paid for the Awards.

The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice, unless a shorter vesting period is granted at the discretion of the Board and/or the Remuneration Committee as deemed appropriated under circumstances prescribed by the Share Award Scheme. Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Awardee and all requirements applicable to such Awardee as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Awardee pursuant to the provision of the Share Award Scheme shall vest in such Awardee in accordance with the vesting schedule as set out in the grant notice. In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 business days prior to the vesting date, the Awards which would have otherwise vested in such Selected Participant shall automatically lapse.

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

The maximum number of Shares underlying the Awards available for grant under the Share Award Scheme as at January 1, 2023 was 196,635,551, and the maximum number of options and awards available for grant under the Share Incentive Schemes, including the Share Award Scheme, as at June 30, 2023 was 194,502,551. No award shall be granted to any service provider under the Share Award Scheme, and thus there is no service provider sublimit under the Share Award Scheme.

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

Details of movements in the Shares awarded under the Share Award Scheme during the six months ended June 30, 2023 are as follows:

	Number of Awards									Closing price of the Company's Shares immediately before the grant date of the Awards	Weighted average closing price of the Company's Shares	
Category and name of grantees	As at January 1, 2023	Granted during the period [(1)]	Vested during the period	Cancelled during the period	Lapsed during the period	As at June 30, 2023	Date of grant of the Awards	Vesting period of the Awards [(2)]	Purchase price of the Awards		Immediately before the vesting dates	At dates of Awards vested
									HK$ per share	*HK$ per share*	*HK$ per share*	*HK$ per share*
Employees in aggregate	–	5,660,000	–	–	–	5,660,000	March 28, 2023	To be vested on March 29, 2024	2.765	5.00	–	–

Notes:

(1) The fair value of the Awards granted on March 28, 2023 was RMB2.422 per Share at the date of grant. For the fair value of the Awards granted at the date of grant and the accounting standard and policy adopted, please refer to note 17 to the Consolidated Financial Statements in this interim report.

(2) The vesting of the Awards shall be subject to the performance criteria to be satisfied by the Selected Participant as determined by the Board and/or the Remuneration Committee from time to time. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Selected Participants.

Save as disclosed above, during the six months ended June 30, 2023, there was (i) no Director, chief executive or substantial shareholder of the Company or their respective associates, or other employees with options and awards granted or to be granted, (ii) no participant with options and awards granted and to be granted in any 12-month period exceeding 1% of the Shares of the Company in issue, and (iii) no related entity participant and service provider with options and awards granted, and no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares of the Company in issue, under the share schemes of the Company and shall be disclosed in this interim report.

The number of Shares that may be issued in respect of options and awards granted under the 2013 Share Option Scheme, the Share Option Scheme and the Share Award Scheme during six months ended June 30, 2023 divided by the weighted average number of Shares in issue for the six months ended June 30, 2023 was 0.29%.

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, 2023.

SIGNIFICANT INVESTMENTS

During the six months ended June 30, 2023, the Company did not hold any significant investments. During the six months ended June 30, 2023 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

For the six months ended June 30, 2023, the Company repurchased a total of 15,965,500 ordinary shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration of approximately HK$82,368,562.40. Particulars of the Shares Repurchased are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share Highest *(HK$)*	Lowest *(HK$)*	Aggregate Consideration *(HK$)*
January 2023	3,500,000	6.97	5.51	22,534,150.00
March 2023	1,204,500	5.60	5.21	6,443,766.55
April 2023	5,265,500	5.43	4.83	27,131,217.65
May 2023	3,374,500	5.16	4.06	15,662,601.25
June 2023	2,621,000	4.31	3.87	10,596,826.95
Total	15,965,500			82,368,562.40

A total of 10,679,000 shares repurchased from January 3, 2023 to May 5, 2023 and a total of 5,286,500 shares repurchased from May 11, 2023 to June 30, 2023 were cancelled on May 17, 2023 and August 11, 2023, respectively. The repurchase of the Company's Shares during six months ended June 30, 2023 was effected by the Directors pursuant to the general mandates granted to the Directors at the annual general meetings dated June 1, 2022 and June 1, 2023, with a view to benefiting the Company and the shareholders of the Company by enhancing the net asset value per share and/or earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

CHANGES IN DIRECTORATE AND INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

SUN Tianya (孫天涯), aged 35, was appointed as the intern assistant to our President on February 27, 2023, responsible for the operation and management of the new energy vehicle sales and service business of our Group, and participates in digital transformation and user operation works of the Group. Mr. Sun joined us in June 2015 and has over 10 years of working experience in the automotive industry. Since April 2021, he has been serving as the general manager of Shanghai Yongda New Energy Automobile Group Co., Ltd. (上海永達新能源汽車集團有限公司), where he is responsible for daily operation and management. From June 2016 to April 2021, he successively served as the general manager of Wuxi Yongda Zhipeng Automobile Sales Service Co., Ltd. (無錫永達之鵬汽車銷售服務有限公司) and Nanjing Yongda Zhipeng Automobile Sales Service Co., Ltd. (南京永達之鵬汽車銷售服務有限公司). From June 2015 to June 2016, he served as the assistant to general manager of Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. (無錫永達東方汽車銷售服務有限公司). From February 2012 to June 2015, he worked in Porsche (China) Motors Ltd. (保時捷(中國)汽車銷售有限公司) as a sales planning specialist. Mr. Sun graduated from Purdue University in December 2011 with a bachelor's degree in marketing management.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, and that there were no changes to the senior management during the six months ended June 30, 2023.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules and has complied with the code provisions in the CG Code during the six months ended June 30, 2023.

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, 2023.

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

AUDIT AND COMPLIANCE COMMITTEE

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

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2023. The Audit and Compliance Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The independent auditors of the Company, Deloitte Touche Tohmatsu, have carried out a review of the condensed consolidated financial statements of the Group for the six months ended June 30, 2023 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

INTERIM DIVIDEND

The Board resolved to distribute an interim dividend of RMB0.105 per share for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil) after considering the Group's business, financial and cash flow condition. The interim dividend will be paid in Hong Kong dollars on or around October 30, 2023 (Monday) to the shareholders whose names are listed on the register of members of the Company on September 13, 2023 (Wednesday) based on the medium exchange rate between Renminbi and Hong Kong dollars as announced by the People's Bank of China on August 25, 2023 (HK$1.00 to RMB0.91653). The dividend payable per share is HK$0.11456. On the basis of the total number of the Company's issued share capital of 1,935,573,013 shares as at September 13, 2023, being the record date for determining the entitlement of shareholders to the interim dividend, it is estimated that the aggregate amount of interim dividend would be approximately HK$222 million. There is no arrangement that a shareholder has waived or agreed to waive any dividend. The dividend warrants will be posted by ordinary mail to shareholders who are entitled to receive the dividend at their own risk on or around October 30, 2023 (Monday). The Board believes that, after the payment of interim dividend, the Company will still have adequate cash to continue as a going concern.

CLOSURE OF REGISTER OF MEMBERS FOR THE INTERIM DIVIDEND

The register of members of the Company shall be closed from September 11, 2023 (Monday) to September 13, 2023 (Wednesday), both days inclusive, in order to determine the entitlement of the shareholders to the interim dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on September 8, 2023 (Friday).

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

PRC, August 25, 2023

Report on Review of Condensed Consolidated Financial Statements

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 88, which comprise the condensed consolidated statement of financial position as of June 30, 2023 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 25, 2023

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023

	NOTES	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited and restated)
Revenue			
Goods and services	3A	**34,620,315**	31,172,940
Rental		**241,603**	218,682
Total revenue	3B	**34,861,918**	31,391,622
Cost of sales and services		**(32,261,746)**	(28,310,909)
Gross profit		**2,600,172**	3,080,713
Other income and other gains and losses	4	**941,326**	616,669
Distribution and selling expenses		**(1,852,775)**	(1,659,700)
Administrative expenses		**(1,020,952)**	(968,363)
Profit from operations		**667,771**	1,069,319
Share of profits (losses) of joint ventures		**524**	(943)
Share of profits of associates		**52,235**	44,634
Finance costs	5	**(168,526)**	(168,517)
Profit before tax	6	**552,004**	944,493
Income tax expense	7	**(127,180)**	(249,104)
Profit for the period		**424,824**	695,389
Profit for the period attributable to:			
Owners of the Company		**406,544**	665,752
Non-controlling interests		**18,280**	29,637
		424,824	695,389
Earning per share - basic	9	**RMB0.21**	RMB0.34
Earning per share - diluted	9	**RMB0.21**	RMB0.34

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Profit for the period	**424,824**	695,389
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**184**	(130)
Total comprehensive income for the period	**425,008**	695,259
Total comprehensive income for the period attributable to:		
Owners of the Company	**406,728**	665,622
Non-controlling interests	**18,280**	29,637
	425,008	695,259

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited and restated)
Non-current assets			
Property, plant and equipment	10	6,082,166	6,059,015
Right-of-use assets	10	2,987,046	2,995,670
Goodwill		1,672,160	1,672,160
Other intangible assets		2,825,086	2,817,249
Deposits paid for acquisition of property, plant and equipment		65,384	94,196
Deposits paid for acquisition of right-of-use assets		18,058	144,728
Equity instruments at FVTOCI	21	8,219	8,035
Financial assets at fair value through profit or loss ("**FVTPL**")	21	288,596	312,142
Interests in joint ventures		49,948	51,951
Interests in associates		857,103	750,178
Deferred tax assets		379,484	319,346
Other assets	12	66,195	68,195
Time deposits		–	2,500
		15,299,445	15,295,365
Current assets			
Inventories	11	4,054,546	4,555,391
Trade and other receivables	12	6,879,763	8,017,640
Financial assets at FVTPL	21	5,137	255,011
Amounts due from related parties	22	145,642	69,809
Cash in transit		54,600	68,816
Time deposits		7,500	5,000
Restricted bank balances		1,725,970	2,008,024
Bank balances and cash		1,811,575	2,185,797
Derivative financial assets		–	3,878
		14,684,733	17,169,366
Current liabilities			
Trade and other payables	13	6,825,087	8,390,619
Amounts due to related parties	22	102,231	87,396
Tax liabilities		1,075,211	1,205,786
Borrowings	14	2,072,475	2,287,511
Contract liabilities		1,612,894	1,723,948
Lease liabilities		335,343	274,157
Medium-term note	15	–	369,763
		12,023,241	14,339,180
Net current assets		2,661,492	2,830,186
Total assets less current liabilities		17,960,937	18,125,551

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited and restated)
Non-current liabilities			
Borrowings	*14*	**1,387,801**	1,079,905
Lease liabilities		**1,311,541**	1,508,717
Deferred tax liabilities		**799,070**	814,333
		3,498,412	3,402,955
Net assets		**14,462,525**	14,722,596
Capital and reserves			
Share capital	*16*	**16,047**	16,233
Treasury shares		**(20,150)**	(46,659)
Reserves		**14,003,540**	14,246,492
Equity attributable to owners of the Company		**13,999,437**	14,216,066
Non-controlling interests		**463,088**	506,530
Total equity		**14,462,525**	14,722,596

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	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
Adjustments *(Note 2)*	–	–	–	–	–	–	–	68,915	68,915	3,087	72,002
At 1 January 2022 (restated)	16,262	1,666,841	2,173,468	(8,953)	41,116	200,238	(9,284)	9,697,693	13,777,381	583,486	14,360,867
Profit for the period (restated)	–	–	–	–	–	–	–	665,752	665,752	29,637	695,389
Other comprehensive expense for the period	–	–	–	–	–	–	(130)	–	(130)	–	(130)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(130)	665,752	665,622	29,637	695,259
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 and restated)	16,251	705,602	2,173,468	–	40,937	222,172	(9,414)	10,363,445	13,512,461	564,887	14,077,348

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, 2023 mainly consisted of:

   (i) an amount of RMB333,647,000 representing deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganization which was effected in 2011; and

   (ii) a reduction of reserve of approximately RMB299,150,000 (2022: RMB297,591,000) 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, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**552,004**	944,493
Adjustments for:		
Finance costs	**168,526**	168,517
Interest income on bank deposits	**(18,066)**	(22,890)
Gain on disposal of a subsidiary	**(95,877)**	–
Depreciation of property, plant and equipment	**407,505**	373,420
Depreciation of right-of-use assets	**186,154**	179,918
Amortization of other intangible assets	**51,675**	50,166
Share-based payment expenses	**26,991**	21,934
Loss on disposal of property, plant and equipment	**10,729**	5,716
Loss on fair value change of financial assets at FVTPL	**192**	1,276
Loss (gain) on changes in fair value of derivative financial instruments, net	**3,878**	(53,500)
Foreign exchange (gain) loss	**(3,878)**	53,500
Share of profits of associates	**(52,235)**	(44,634)
Share of (profits) losses of joint ventures	**(524)**	943
Operating cash flows before movements in working capital	**1,237,074**	1,678,859
Decrease in inventories	**468,173**	532,680
Decrease in trade and other receivables	**1,008,962**	1,993,799
Decrease (increase) in cash in transit	**14,216**	(17,191)
Decrease in contract liabilities	**(75,238)**	(263,004)
(Decrease) increase in trade and other payables	**(1,471,415)**	22,914
(Increase) decrease in amounts due from related parties	**(1,739)**	6,054
Increase in amounts due to related parties	**5,936**	311
Withdrawal of restricted bank balances	**1,959,827**	962,523
Placement of restricted bank balances	**(1,725,970)**	(1,348,462)
Cash generated from operations	**1,419,826**	3,568,483
Income taxes paid	**(320,404)**	(416,081)
NET CASH FROM OPERATING ACTIVITIES	**1,099,422**	3,152,402

(continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(791,097)**	(560,122)
Purchase of other intangible assets	**(66,132)**	(29,991)
Payments for right-of-use assets	**–**	(323,000)
Purchase of financial assets at FVTPL	**–**	(24,479)
Refund of financial assets at FVTPL	**222,510**	–
Proceeds on disposal of property, plant, equipment, intangible assets and right-of-use assets	**316,273**	279,014
Advance to related parties	**(34,165)**	(2,109)
Advance to independent third parties	**(5,430)**	(30,500)
Collection of advance to related parties	**73,161**	95,372
Refund of financial assets at FVTOCI	**–**	126
Advance to non-controlling interests	**(1,000)**	–
Collection of advance to non-controlling interests	**510**	6,900
Payment for prior year acquisition of subsidiaries	**(4,353)**	(35,910)
Proceeds on disposal of a subsidiary	**112,416**	–
Dividends received from joint ventures	**2,527**	–
Dividends received from associates	**38,643**	16,194
Interest received	**18,066**	22,890
Payments for rental deposits	**(12,556)**	(14,168)
NET CASH USED IN INVESTING ACTIVITIES	**(130,627)**	(599,783)

(continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	**11,035,847**	11,949,398
Repayment of borrowings	**(10,939,109)**	(11,914,101)
Repayment of medium-term note	**(370,000)**	–
Payment for transaction costs of issue of medium-term notes	**–**	(1,110)
Repayments of leases liabilities	**(193,904)**	(142,145)
Advance from related parties	**53,643**	29,892
Repayments of advance from related parties	**(44,744)**	(588)
Capital injection (reduction) by non-controlling interests	**799**	(450)
Acquisition of non-controlling interests	**(1,913)**	(4,950)
Advance from non-controlling interests	**–**	13
Repayment of advance from non-controlling interests	**(4,900)**	(9,368)
Interest paid	**(190,855)**	(179,511)
Placement of deposits to entities controlled by suppliers for borrowings	**(16,893)**	(36,643)
Withdrawal of deposits to entities controlled by suppliers for borrowings	**40,416**	97,370
Dividends paid as distribution	**(575,981)**	(948,826)
Dividends paid to non-controlling interests	**(62,615)**	(53,656)
Proceeds from exercise of share options	**–**	6,165
Repurchase and cancellation of shares	**(72,808)**	(9,636)
NET CASH USED IN FINANCING ACTIVITIES	**(1,343,017)**	(1,218,146)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(374,222)**	1,334,473
CASH AND CASH EQUIVALENTS AT JANUARY 1, REPRESENTED BY BANK BALANCES AND CASH	**2,185,797**	2,250,347
CASH AND CASH EQUIVALENTS AT JUNE 30, REPRESENTED BY BANK BALANCES AND CASH	**1,811,575**	3,584,820

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

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, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 And December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two model Rules*

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to IFRSs (continued)

Except as described below, 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.

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

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

The Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

For reporting entities which previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

2.1.2 Transition and summary of effects (continued)

The details of the impacts on each financial statement line item and earning per share arising from the application of the amendments are set out under "Impacts of application of amendments to IFRSs on the condensed consolidated financial statements" in this Note. Comparative figures have been restated.

2.1.3 Impacts of application of amendments to IFRSs on the condensed consolidated financial statements

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impact on profit for the period		
Increase in income tax expense	**15,193**	7,913
Net decrease in profit for the period	**15,193**	7,913
Impact on total comprehensive income for the period		
Net decrease in total comprehensive income for the period	**15,193**	7,913
Decrease in profit for the period attributable to:		
– Owners of the Company	**14,542**	7,505
– Non-controlling interests	**651**	408
	15,193	7,913
Decrease in total comprehensive income for the period attributable to:		
– Owners of the Company	**14,542**	7,505
– Non-controlling interests	**651**	408
	15,193	7,913

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 *Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (continued)

2.1.3 *Impacts of application of amendments to IFRSs on the condensed consolidated financial statements* (continued)

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Impact on basic earnings per share		
Basic earnings per share before adjustments	**RMB0.21**	RMB0.34
Net adjustments arising from change in accounting policy in relation to:		
– Deferred tax impact on leasing transactions	**–**	–
Reported basic earnings per share	**RMB0.21**	RMB0.34
Impact on diluted earnings per share		
Diluted earnings per share before adjustments	**RMB0.21**	RMB0.34
Net adjustments arising from change in accounting policy in relation to:		
– Deferred tax impact on leasing transactions	**–**	–
Reported diluted earnings per share	**RMB0.21**	RMB0.34

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of financial position as at the end of the immediately preceding financial year, December 31, 2022, is as follows:

	December 31, 2022 (Originally stated) *RMB'000*	Adjustment *RMB'000*	December 31, 2022 (Restated) *RMB'000*
Deferred tax assets	255,875	63,471	319,346
Deferred tax liabilities	808,583	5,750	814,333
Total effects on net assets	(552,708)	57,721	(494,987)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 *Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (continued)

2.1.3 *Impacts of application of amendments to IFRSs on the condensed consolidated financial statements* (continued)

	December 31, 2022 (Originally stated) *RMB'000*	Adjustment *RMB'000*	December 31, 2022 (Restated) *RMB'000*
Non-controlling interests	504,109	2,421	506,530
Reserves	14,191,192	55,300	14,246,492
Total effects on net assets	14,695,301	57,721	14,753,022

The effect of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of financial position as at the beginning of the comparative period, January 1, 2022, is as follows:

	January 1, 2022 (Originally stated) *RMB'000*	Adjustment *RMB'000*	January 1, 2022 (Restated) *RMB'000*
Deferred tax assets	186,868	77,297	264,165
Deferred tax liabilities	776,066	5,295	781,361
Total effects on net assets	(589,198)	72,002	(517,196)

	January 1, 2022 (Originally stated) *RMB'000*	Adjustment *RMB'000*	January 1, 2022 (Restated) *RMB'000*
Non-controlling interests	580,399	3,087	583,486
Reserves	13,701,157	68,915	13,770,072
Total effects on net assets	14,281,556	72,002	14,353,558

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 *Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules*

In July 2023, the IASB issued the amendments to IAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. The Group will disclose separately current tax expense/income related to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending December 31, 2023.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of new vehicles:		
– Luxury and ultra-luxury brands *(note a)*	**23,637,843**	22,459,089
– Mid-to high-end brands *(note b)*	**2,798,557**	2,650,120
– Independent new energy brands *(note c)*	**529,349**	239,192
Sale of pre-owned vehicles distribution *(note d)*	**2,451,947**	1,406,530
	29,417,696	26,754,931
Services		
– After-sales services	**5,202,619**	4,418,009
	34,620,315	31,172,940

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenue from contracts with customers (continued)

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	**34,620,315**	31,172,940
Timing of revenue recognition		
A point in time	**29,417,696**	26,754,931
Over time	**5,202,619**	4,418,009
	34,620,315	31,172,940

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, Lynk and others.

c. Independent new energy brands include BYD, AITO, Great Wall Auto, IM, NETA and Others.

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 (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, 2023		For the six months ended June 30, 2022	
	Sale of passenger vehicles RMB'000 (Unaudited)	After-sales services RMB'000 (Unaudited)	Sale of passenger vehicles RMB'000 (Unaudited)	After-sales services RMB'000 (Unaudited)
Revenue disclosed in segment information				
External customers	29,417,696	5,202,619	26,754,931	4,418,009
Inter-segment	77,457	1,756	50,460	1,073
Total	29,495,153	5,204,375	26,805,391	4,419,082
Eliminations	(77,457)	(1,756)	(50,460)	(1,073)
Revenue from contracts with customers	29,417,696	5,202,619	26,754,931	4,418,009

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, 2023

	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	34,620,315	241,603	–	34,861,918
Inter-segment revenue	79,213	5,519	(84,732)	–
Segment revenue *(note a)*	34,699,528	247,122	(84,732)	34,861,918
Segment cost *(note b)*	(32,166,875)	(174,084)	79,213	(32,261,746)
Segment gross profit	2,532,653	73,038	(5,519)	2,600,172
Service income	822,464	–	–	822,464
Segment results	3,355,117	73,038	(5,519)	3,422,636
Other income and other gains and losses *(note c)*				118,862
Distribution and selling expenses				(1,852,775)
Administrative expenses				(1,020,952)
Finance costs				(168,526)
Share of profits of joint ventures				524
Share of profits of associates				52,235
Profit before tax				552,004

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, 2022

	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				944,493

Notes:

a. The segment revenue of passenger vehicles sales and services for the six months ended June 30, 2023 was approximately RMB34,699,528,000 (for the six months ended June 30, 2022: RMB31,224,473,000) which included the sales revenue of passenger vehicles amounting to approximately RMB29,495,153,000 (for the six months ended June 30, 2022: RMB26,805,391,000) and the after-sales services revenue amounting to approximately RMB5,204,375,000 (for the six months ended June 30, 2022: RMB4,419,082,000).

b. The segment cost of passenger vehicles sales and services for the six months ended June 30, 2023 was approximately RMB32,166,875,000 (for the six months ended June 30, 2022: RMB28,190,790,000) which included the cost of sales of passenger vehicles amounting to approximately RMB29,204,181,000 (for the six months ended June 30, 2022: RMB25,767,941,000) and the cost of after-sales services amounting to approximately RMB2,962,694,000 (for the six months ended June 30, 2022: RMB2,422,849,000).

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income comprises:		
Service income *(note a)*	**822,464**	594,545
Government grants *(note b)*	**13,068**	11,836
Interest income on bank deposits	**18,066**	22,890
	853,598	629,271
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	**(10,729)**	(5,716)
Loss on fair value change of financial assets at FVTPL	**(192)**	(1,276)
Net foreign exchange gain (loss)	**7,536**	(53,303)
Net (loss) gain on changes in fair value of derivative financial instruments	**(3,878)**	53,500
Gain on disposal of a subsidiary	**95,877**	–
Others	**(886)**	(5,807)
	87,728	(12,602)
Total	**941,326**	616,669

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,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interests on:		
– bank loans	**77,227**	81,156
– other borrowings from entities controlled by suppliers	**5,097**	6,305
– reimbursement to suppliers *(note a)*	**32,693**	12,296
– medium-term note	**3,698**	8,807
– lease liabilities	**50,047**	59,523
Release of capitalized transaction cost in relation to issue of medium-term note *(Note 15)*	**237**	555
Less: interest capitalized *(note b)*	**(473)**	(125)
	168,526	168,517

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 4.73% (2022: 4.90%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	**1,022,752**	834,811
Retirement benefits scheme contributions	**97,729**	78,487
Share-based payment expenses	**26,991**	21,934
Total staff costs	**1,147,472**	935,232

6. PROFIT BEFORE TAX (continued)

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**407,505**	373,420
Depreciation of right-of-use assets	**186,154**	179,918
Amortization of other intangible assets	**51,675**	50,166

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**196,614**	297,156
Under (over) provision of PRC EIT in prior years	**5,967**	(8,874)
	202,581	288,282
Deferred tax		
Current period credit	**(75,401)**	(39,178)
	127,180	249,104

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, 2023 and 2022.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Company's PRC subsidiaries, except for some small profit-making PRC subsidiaries which are entitled to a preferential tax rate of 5% with the expiry date on December 31, 2024.

7. INCOME TAX EXPENSE (continued)

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 RMB8,886,579,000 (2022: RMB9,375,396,000) 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 RMB0.292 per share in respect of the year ended December 31, 2022 (2021: RMB0.479 per share) was declared and paid to the owners of the Company in Hong Kong dollars (the "**HK$**"). The aggregate amount of the 2022 final dividend declared and paid in the interim period amounted to approximately RMB575,981,000 (for the six months ended June 30, 2022: RMB948,826,000).

The board of directors of the Company has determined that a dividend of RMB0.105 per share will be paid in respect of the interim period for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

9. EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**406,544**	665,752

	For the six months ended June 30,	
	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,948,591**	1,967,888
Effect of dilutive potential ordinary shares:		
Restricted shares	**475**	–
Share options	**–**	1,071
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,949,066**	1,968,959

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 RMB883,162,000 (for the six months ended June 30, 2022: RMB587,215,000).

During the current interim period, the Group disposed of property, plant and equipment with a carrying amount of approximately RMB319,367,000 (for the six months ended June 30, 2022: RMB283,819,000) for cash proceeds of approximately RMB308,638,000 (for the six months ended June 30, 2022: RMB278,103,000), resulting in a loss on disposal of approximately RMB10,729,000 (for the six months ended June 30, 2022: loss RMB5,716,000).

Right-of-use assets

	June 30, 2023 *RMB'000* (Unaudited)	December 31, 2022 *RMB'000* (Audited)
Leased properties	1,781,676	1,746,323
Leasehold land	1,205,370	1,249,347
	2,987,046	2,995,670

During the current interim period, the Group entered into some new lease agreements for the use of operation ranging from 2 years to 20 years (for six months ended June 30, 2022: 2 years to 19 years). On lease commencement, the Group recognized right-of-use assets of approximately RMB160,085,000 (for six months ended June 30, 2022: RMB255,237,000).

11. INVENTORIES

	June 30, 2023 *RMB'000* (Unaudited)	December 31, 2022 *RMB'000* (Audited)
Motor vehicles	3,519,656	4,007,158
Spare parts and accessories	534,890	548,233
	4,054,546	4,555,391

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, 2023 *RMB'000* (Unaudited)	December 31, 2022 *RMB'000* (Audited)
Current		
Trade receivables	**948,173**	976,182
Bills receivables	**2,416**	–
	950,589	976,182
Prepayments and other receivables comprise:		
Prepayments to suppliers	**2,173,677**	3,101,871
Deposits to suppliers	**280,462**	476,606
Deposits to entities controlled by suppliers for borrowings	**104,654**	128,177
Prepayments and rental deposits on properties	**199,139**	171,571
Rebate receivables from suppliers	**2,363,454**	2,443,162
Finance and insurance commission receivables	**375,233**	258,908
Staff advances	**8,514**	3,531
Value-added tax recoverable	**193,670**	203,964
Advances to non-controlling interests *(note)*	**37,000**	36,510
Advances to independent third parties *(note)*	**7,520**	2,090
Consideration receivables from disposal of a subsidiary	**27,000**	–
Others	**158,851**	215,068
	5,929,174	7,041,458
	6,879,763	8,017,640
Non-current		
Other assets		
Receivables from disposal of land use right	**66,195**	68,195

Note: The non trade-related balances are unsecured, interest-free and repayable on demand for the period ended June 30, 2023.

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

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

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
0 to 90 days	**950,589**	976,182

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

13. TRADE AND OTHER PAYABLES

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Current		
Trade payables	**1,023,225**	926,892
Bills payables	**5,026,138**	6,537,661
	6,049,363	7,464,553
Other payables		
Other tax payables	**151,330**	152,664
Payable for acquisition of property, plant and equipment	**142,960**	79,707
Salary and welfare payables	**98,317**	249,077
Accrued interest	**3,294**	25,860
Accrued audit fee	**2,200**	5,320
Consideration payables for acquisition of subsidiaries	**2,430**	6,783
Advance from non-controlling interests *(note)*	**34,311**	39,211
Dividend payable to non-controlling interests	**–**	448
Other accrued expenses	**111,257**	93,873
Others	**229,625**	273,123
	775,724	926,066
	6,825,087	8,390,619

Note: The non trade-related balances are unsecured, interest-free and repayable on demand for the period ended June 30, 2023.

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, 2023 ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
0 to 90 days	**5,963,979**	7,399,105
91 to 180 days	**85,384**	65,448
	6,049,363	7,464,553

14. BORROWINGS

	June 30, 2023 ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
Bank loans	**2,980,278**	2,955,380
Other borrowings *(note)*	**479,998**	412,036
	3,460,276	3,367,416
Secured borrowings, by the Group's assets	**1,645,415**	1,962,168
Unsecured borrowings	**1,814,861**	1,405,248
	3,460,276	3,367,416
Unguaranteed borrowings	**3,460,276**	3,367,416
Fixed-rate borrowings	**2,441,277**	2,948,182
Variable-rate borrowings	**1,018,999**	419,234
	3,460,276	3,367,416

14. BORROWINGS (continued)

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Carrying amount repayable:		
Within one year	**2,072,475**	2,287,511
More than one year, but not exceeding two years	**568,801**	73,105
More than two years, but not exceeding five years	**819,000**	1,006,800
	3,460,276	3,367,416
Less: amounts due within one year shown under current liabilities	**2,072,475**	2,287,511
Amounts shown under non-current liabilities	**1,387,801**	1,079,905

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, 2023 ranged from 3.00% to 6.30% (2022: 3.10% to 6.45%) 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, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Right-of-use assets (leasehold land)	**60,611**	81,191
Property, plant and equipment (buildings and motor vehicles)	**34,227**	33,859
Inventories	**855,293**	1,191,716
Total	**950,131**	1,306,766

As at June 30, 2023, 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 RMB622 million (2022: RMB635 million) in total.

15. MEDIUM-TERM NOTE

On May 24, 2018, Shanghai Yongda Investment Holdings Group Co., Ltd. ("**Shanghai Yongda Investment**"), an indirect wholly-owned subsidiary of the Company, received a notice of acceptance of registration issued from National Association of Financial Market Institutional Investors to issue a medium-term note with an aggregate registered amount of RMB1,200 million. 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, 2023 was as follows:

	Amount *RMB'000*
At January 1, 2023 (audited)	369,763
Add: interest expense – amortization of transaction costs	237
Less: repayment of medium-term note	(370,000)
At June 30, 2023 (unaudited)	–

16. SHARE CAPITAL

	Number of shares *'000*	Amount *RMB'000*
Ordinary shares of HK$0.01 each		
Authorized:		
As at January 1, 2022(audited), June 30, 2022 (unaudited), January 1, 2023 (audited) and June 30, 2023 (unaudited)	2,500,000	25,000

16. SHARE CAPITAL (continued)

	Number of shares	Amount	Shown in financial statements as
	'000	HK$'000	RMB'000
Issued and fully paid:			
At January 1, 2023 (audited)	1,966,357	19,664	16,233
Cancellation of shares	(21,330)	(214)	(186)
At June 30, 2023 (unaudited)	1,945,027	19,450	16,047

17. SHARE-BASED COMPENSATION

(a) *Share Option Scheme*

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

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

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

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

17. SHARE-BASED COMPENSATION (continued)

(a) *Share Option Scheme* (continued)

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

In the event of the termination of the Original Share Option Scheme, no further option will be granted under the Original Share Option Scheme, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Original Share Option Scheme. As of June 30, 2023, a total of 12,000,000 share options, representing 12,000,000 underlying shares, are granted and outstanding under the Original Share Option Scheme.

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme during the six months ended June 30, 2023 and 2022:

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

17. SHARE-BASED COMPENSATION (continued)

(a) ***Share Option Scheme*** (continued)

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

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise is nil (2022: HK$8.40).

The Group recognized an expense of approximately RMB5,816,000 for the six months ended June 30, 2023 in relation to the share options granted by the Company under the Original Share Option Scheme (for the six months ended June 30, 2022: RMB5,305,000).

17. SHARE-BASED COMPENSATION (continued)

(b) *Employee Pre-IPO Incentive Scheme*

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

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

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.

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

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

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 RMB 17,748,000 for the six months ended June 30, 2023 in relation to such awards made by the Company under the Amended Scheme (for the six months ended June 30, 2022: RMB 16,629,000).

17. SHARE-BASED COMPENSATION (continued)

(c) *Share Award Scheme*

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

According to the Share Award Scheme, any awarded shares shall be new shares to be allotted and issued to the trustee by the Company pursuant to a valid mandate granted by shareholders at general meeting(s) of the Company from time to time pursuant to the Listing Rules. The grant price which shall be not less than the highest of: (a) 50% of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a business day; (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant notice; and (c) the nominal value of the Shares. The board is entitled to impose any conditions (including a period of continued service within the Group after the award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting. The awards granted shall be subject to a vesting period as determined by the board, which shall be at least 12 months commencing from the date of the grant notice.

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

During the current interim period, awards of approximately 5,660,000 have been granted pursuant to the Share Award Scheme. Details are set out as follows:

	Number of shares *'000*	Vesting period	Total fair value *RMB'000*
Year 2023	5,660	1 years	13,706

The fair value of the new 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 RMB3,427,000 for the six months ended June 30, 2023 in relation to such awards made by the Company under the Share Award Scheme (for the six months ended June 30, 2022: RMBnil).

18. DISPOSAL OF A SUBSIDIARY

In February of 2023, the Group disposed of 60% equity interests in a 4S dealership outlet to an independent third party for a consideration of approximately RMB140 million.

	Amount *RMB'000*
Property, plant and equipment	133,139
Right-of-use assets	32,512
Other intangible assets	985
Trade and other receivables	125,407
Inventories	32,672
Bank balances and cash	584
Restricted bank balances	48,197
Financial assets at FVTPL	50,718
Contract liabilities	(35,816)
Tax liabilities	(12,752)
Amounts due to related parties	(113,090)
Trade and other payables	(125,100)
Total net assets	137,456
Gain on disposal *(Note 4)*	95,877
Less: 40% equity interests to be held by the Group	(93,333)
Total cash consideration	140,000
Satisfied by:	
Cash received	113,000
Deferred cash consideration	27,000
Net cash inflow arising on disposal:	
Cash received	113,000
Less: bank balances and cash disposed of	(584)
	112,416

19. CAPITAL COMMITMENTS

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	**15,153**	47,208

20. CONTINGENT LIABILITIES

Upon the disposal of Shanghai Yongda Finance Leasing Co., Ltd. ("**Yongda Finance Leasing**"), the Group guaranteed the additional credits (the "**Additional Credits**") and corresponding debts of Yongda Finance Leasing in proportion to the Group's 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As at June 30, 2023, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing was RMB1,376 million (2022: RMB1,181 million), of which the guarantee amount provided by the Group was RMB275 million (2022: RMB236 million).

As at June 30, 2023, save for the above, the Group did not have any other material contingent liabilities.

21. 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).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	June 30, 2023 ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)		
Financial assets at FVTPL	**Fund instruments 5,137 *(note)***	Fund instruments 255,011 *(note)*	Level 2	Fair value is referenced to the investment statement issued at the reporting date by the financial institution in which funds were purchased from.
Financial assets at FVTPL	**Listed securities 1,409**	Listed securities 1,482	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	**Unquoted equity instruments: 287,187**	Unquoted equity instruments: 310,660	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 8,219**	Listed securities 8,035	Level 1	Quoted bid prices in an active market

Note: The Group has 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, 2023, the fair value of the Fund is RMB5,137,000 (2022: RMB255,011,000) per the investment statement of the financial institution. The fair value change in the amount of RMB119,000 (for the six months ended June 30, 2022: nil) was recognized in loss in the current period.

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

21. 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, 2022 (audited)	346,663
Purchase	24,479
At June 30, 2022 (unaudited)	371,142
At January 1, 2023 (audited)	310,660
Disposal	(23,473)
At June 30, 2023 (unaudited)	287,187

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

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	June 30, 2023 ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)		
Foreign currency forward contracts	**Fund instruments -**	Fund instruments 3,878	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

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.

22. RELATED PARTY DISCLOSURES

I. *Amounts due from related parties*

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Joint ventures held by the Group		
Harbin Yongda International Automobile Plaza Co., Ltd. ("**Harbin Yongda**")	**27,432**	27,432
Associates held by the Group		
Honexun Technology (BVI) Limited	**43,510**	30,943
Shanghai Baocheng Shenjiang Automobile Sales and Service Co., Ltd ("**Shanghai Baocheng Shenjiang**")	**38,597**	–
Yongda Finance Leasing	**18,078**	10,955
Shanghai Miaocheng Network Technology Co., Ltd ("**Shanghai Miaocheng**")	**16,177**	–
Guandao Network Technology (Shanghai) Co., Ltd.	**938**	–
Guangzhou Xianghe Zhongyue Industrial Development Co., Ltd.	**470**	470
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("**Shanghai Oriental Yongda**")	**440**	9
	145,642	69,809
Analyzed as:		
Trade-related *(note a)*	**17,594**	13,703
Non trade-related *(note b)*	**128,048**	56,106
	145,642	69,809

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.

b. The maximum amount outstanding related to non trade-related balance during the six months ended June 30, 2023 is RMB200,980,000 (2022: RMB157,533,000).

Except the loan receivable from Shanghai Baocheng Shenjiang, the remaining balances are interest-free, unsecured and repayable on demand.

22. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Joint ventures held by the Group		
Harbin Yongda	47	–
Associates held by the Group		
Yongda Finance Leasing	90,037	79,638
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("**Shanghai Yongda Fengdu Automobile**")	7,808	7,746
Shanghai Linheng Automotive Supplies Service Co., Ltd	3,632	–
Shanghai Baocheng Shenjiang	414	–
Shanghai Miaocheng	124	–
Beijing Miaocheng Network Technology Co., Ltd ("**Beijing Miaocheng**")	84	–
Shanghai Zhilin Automotive Supplies Service Co., Ltd	77	–
Shanghai Oriental Yongda	8	12
	102,231	87,396
Analyzed as:		
Trade-related *(note a)*	7,680	1,744
Non trade-related *(note b)*	94,551	85,652
	102,231	87,396

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.

22. RELATED PARTY DISCLOSURES (continued)

III. Guarantees issued by the Group

	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Bank borrowings of a related party under guarantees issued by the Group:		
Yongda Finance Leasing	275,236	236,221

IV. Related party transactions

	For the six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
a) Sales of motor vehicles		
Shanghai Baocheng Shenjiang	20,817	–
Shanghai Oriental Yongda	3,209	3,480
Shanghai Shenbei Lexus Automobile Sales and Service Co., Ltd	570	–
Beijing Miaocheng	29	–
Anhui Jiajia Yongda Automobile Sales Co., Ltd	–	3,406
	24,625	6,886
b) Sales of spare parts		
Shanghai Baocheng Shenjiang	1,514	–
Shanghai Yongda Changrong Automobile Sales and Service Co., Ltd	669	76
Yongda Finance Leasing	29	–
	2,212	76
c) Purchase of services		
Shanghai Oriental Yongda	2,107	2,717

22. RELATED PARTY DISCLOSURES (continued)

IV. *Related party transactions* (continued)

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
d) Services income from		
Yongda Finance Leasing	**5,153**	7,838
e) Finance lease interest expense to		
Yongda Finance Leasing	**1,674**	2,435
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.	**15,996**	16,773
	17,613	18,390

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 RMB19,146,000 (2022: RMB35,810,000) and a right-of-use asset with the balance of RMB16,011,000 (2022: RMB33,023,000) as at June 30, 2023. In addition, the Group recorded depreciation of right-of-use asset of RMB16,011,000 (for the six months ended June 30, 2022: RMB17,213,000) and interest expense of RMB1,524,000 (for the six months ended June 30, 2022: RMB1,780,000) in the condensed consolidated statement of profit or loss for six months ended June 30, 2023.

g) Compensation of key management personnel:		
Salaries and other benefits	**5,525**	4,426
Contributions to retirement benefits scheme	**395**	365
Share-based payments	**7,847**	7,182
	13,767	11,973

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.