Yixin Group Limited
易鑫集团有限公司

(Incorporated in the Cayman Islands with limited liability and
carrying on business in Hong Kong as "Yixin Automotive Technology Group Limited")

Stock Code: 2858

2019
INTERIM REPORT


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易鑫集团
YIXIN GROUP

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Andy Xuan Zhang *(Chairman and Chief Executive Officer)*
Mr. Dong Jiang *(President)*

Non-executive Directors

Mr. James Gordon Mitchell
Mr. Jimmy Chi Ming Lai
Mr. Chenkai Ling
Mr. Huan Zhou *(appointed on May 17, 2019)*

Independent non-executive Directors

Mr. Tin Fan Yuen
Mr. Chester Tun Ho Kwok
Ms. Lily Li Dong

AUDIT COMMITTEE

Mr. Chester Tun Ho Kwok *(Chairman)*
Mr. Tin Fan Yuen
Ms. Lily Li Dong

REMUNERATION COMMITTEE

Mr. Tin Fan Yuen *(Chairman)*
Mr. Andy Xuan Zhang
Ms. Lily Li Dong

NOMINATION COMMITTEE

Mr. Andy Xuan Zhang *(Chairman)*
Mr. Chester Tun Ho Kwok
Ms. Lily Li Dong

COMPANY SECRETARY

Mr. Man Wah Cheng

AUTHORISED REPRESENTATIVES

Mr. Andy Xuan Zhang
Mr. Man Wah Cheng

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

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Cayman Islands

HONG KONG SHARE REGISTRAR

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Bank of Communications
Industrial and Commercial Bank of China
The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.yixincars.com

STOCK CODE

2858

CHAIRMAN’S STATEMENT

Dear Shareholders,

I am pleased to present our interim report for the six months ended June 30, 2019 to the Shareholders. As at June 30, 2019, our accumulated total financed automobile transactions reached approximately 1.4 million and our accumulated aggregate auto financing amount exceeded RMB100 billion. As a leading player in the industry, we have enjoyed leadership advantages during our business development.

Despite the sustained weakness in passenger vehicle sales in China during the first half of 2019, Yixin still achieved significant growth, further strengthening our industry leadership and enhancing our competitive advantages. For the six months ended June 30, 2019, our total financed automobile transactions reached approximately 285 thousand, representing a 31% year-on-year increase, while China’s total sales for new and used passenger vehicle decreased by 8% year-on-year, according to the data from China Association of Automobile Manufacturers (“**CAAM**”) and China Automobile Dealers Association (“**CADA**”). During the period, the aggregate auto financing amount we facilitated was approximately RMB22.3 billion, representing a 29% year-on-year increase.

Our financed automobile transactions, both new and used, continued to achieve faster growth than the industry. For the six months ended June 30, 2019, our financed new automobile transactions reached approximately 174 thousand, representing a 40% year-on-year increase, while China’s new passenger vehicles sales decreased by 14% year-on-year, according to CAAM. Our financed used automobile transactions reached approximately 111 thousand, representing a 18% year-on-year increase, while China’s used passenger vehicles sales increased by only 4% year-on-year, according to CADA. Our financed new and used automobile transactions contributed 61% and 39% of total financed automobile transactions respectively, compared to 57% and 43% respectively, for the same period last year.

We have also further strengthened our loan facilitation services. For the six months ended June 30, 2019, we facilitated approximately 164 thousand transactions through our loan facilitation services, representing a 486% year-on-year increase. Our transactions through loan facilitation services contributed 58% of total financed automobile transactions, increased from 13% for the same period last year.

Our revenues for the six months ended June 30, 2019 increased by 23% year-on-year to RMB3,162 million, mainly due to the increases in loan facilitation services. Our revenues from loan facilitation services increased by 655% year-on-year to RMB839 million.

Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the period, increased 95% year-on-year to RMB1,100 million.

Our gross profit increased by 23% year-on-year to RMB1,532 million for the six months ended June 30, 2019, mainly due to the increase of revenues. Our gross profit margin was 48%, a slight decrease from 49% for the same period last year.

Coming into 2019, we began to see profitability improvement benefiting from our strategy shift, as well as the business scalability and improved operation efficiency. For the six months ended June 30, 2019, our adjusted operating profit increased by 221% year-on-year to RMB384 million; and our adjusted net profit increased by 178% year-on-year to RMB343 million. Accordingly, our adjusted operating margin and our adjusted net margin increased to 12% and 11% respectively, from 5% and 5%, respectively for the same period last year.

Our operating profit was RMB164 million for the six months ended June 30, 2019, compared to an operating loss of RMB163 million for the same period last year. Our net profit was RMB123 million, compared to a net loss of RMB159 million for the same period last year.

By leveraging our leading industry position as well as prudent and sound risk management track record, we are highly recognized among China's financial institutions and have established diversified and extensive funding channels to support our loan facilitation services and self-operated financing lease services.

For our loan facilitation services, we currently work with 10 banks and financial institutions as our partners. In addition to our equity funding and cash flow from operations, we also issued asset backed securities and notes as well as obtained loans and borrowings from over 20 banks and over 50 other financial institutions. As at June 30, 2019, our total borrowings were RMB27.0 billion, among which 39% were from asset backed securities and notes.

Yixin is a seasoned and highly recognized issuer in China's asset backed securities market. As of today, Yixin has offered accumulatively 22 asset backed securities and notes publicly with total issuance amount of over RMB31.3 billion on Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange.

Coming into 2019, we also began to see improved operating cash flows and decreased debt ratios, which reflected better liquidity of our businesses. Our net cash inflow generated from operating activities was RMB3.9 billion for the six months ended June 30, 2019, compared to a net cash outflow of RMB4.9 billion for the same period in 2018. Our debt to equity ratio decreased to 1.77 as at June 30, 2019, compared to 2.03 as at December 31, 2018.

Looking into the second half of 2019, we expect the growth momentum to continue from our loan facilitation services, which feature strong scalability and attractive margin profile. We expect to further expand our loan facilitation partners network, increase our auto dealer coverage in low-tier cities, enrich our product offerings, and attract more financing customers. We are also dedicated to develop our cloud capabilities that feature standardization and artificial intelligence to better connect with and serve consumers, financial institutions, and auto dealers. We will also focus on strengthening our big data capabilities to improve our risk control system for enhanced accuracy, security, and efficiency, and to enrich our product offerings and tap into our existing customers for increased monetization opportunities.

Appreciation

On behalf of the Group, I would like to take this opportunity to express our sincere gratitude to our consumers and business partners. I would also like to thank our dedicated employees and management team for their commitment, diligence, integrity, and professionalism. I am also thankful for the continued support and trust from our Shareholders and stakeholders. We will continue to build on our capabilities and strengthen our ecosystem to provide consumers with better online automobile transaction experience.

Andy Xuan Zhang
Chairman

Hong Kong
August 28, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

The following table sets forth the comparative figures for the six months ended June 30, 2019 and 2018.

	Six months ended June 30,		
	2019	2018	Year-on-year
	RMB'000	RMB'000	%
Revenues	**3,161,739**	2,563,560	23%
Cost of revenues	**(1,629,783)**	(1,313,307)	24%
Gross profit	**1,531,956**	1,250,253	23%
Selling and marketing expenses	**(578,829)**	(594,519)	-3%
Administrative expenses	**(206,550)**	(417,643)	-51%
Research and development expenses	**(103,578)**	(141,367)	-27%
Net impairment losses on financial assets	**(529,997)**	(284,933)	86%
Other gains, net	**50,636**	24,711	105%
Operating profit/(loss)	**163,638**	(163,498)	N/A
Finance income, net	**25,355**	15,514	63%
Share of (loss)/profit of an investment accounted for using the equity method	**(712)**	111	N/A
Profit/(loss) before income tax	**188,281**	(147,873)	N/A
Income tax expense	**(65,140)**	(11,611)	461%
Profit/(loss) for the period	**123,141**	(159,484)	N/A
Non-IFRSs measures (unaudited)			
Adjusted operating profit (unaudited)	**383,743**	119,595	221%
Adjusted net profit (unaudited)	**343,164**	123,327	178%

Revenues

Our total revenues increased by 23% year-on-year to RMB3,162 million for the six months ended June 30, 2019, compared to RMB2,564 million for the same period last year, mainly due to the increase in our loan facilitation services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the period, increased 95% year-on-year to RMB1,100 million. The following table sets forth the comparative figures for the six months ended June 30, 2019 and 2018.

	Six months ended June 30,				
	2019			2018	
	RMB'000	% of total revenues	Year-on-year	RMB'000	% of total revenues
Revenues					
Transaction Platform Business					
Loan Facilitation Services	839,049	27%	655%	111,066	4%
Advertising and Other Services	42,389	1%	-72%	150,457	6%
Subtotal	881,438	28%	237%	261,523	10%
Self-Operated Financing Business					
Financing Lease Services	2,080,712	66%	3%	2,014,952	79%
From new transactions during the period	261,182	8%	-42%	454,120	18%
From existing transactions in prior periods	1,819,530	58%	17%	1,560,832	61%
Other Self-Operated Services[1]	199,589	6%	-30%	287,085	11%
Subtotal	2,280,301	72%	-1%	2,302,037	90%
Total	3,161,739	100%	23%	2,563,560	100%

Transaction platform business

Revenues from our transaction platform business increased by 237% year-on-year to RMB881 million for the six months ended June 30, 2019, compared to RMB262 million for the same period last year, mainly due to the growth of our loan facilitation services, while partially offset by the decrease of advertising and other services due to our strategy to de-emphasize advertising and other services. Our transaction platform business contributed 28% of total revenue for the six months ended June 30, 2019, increased from 10% for the same period last year.

Note:

(1) *Include revenues from operating lease services, automobile sales and other revenues.*

Revenues from our loan facilitation services increased by 655% year-on-year to RMB839 million for the six months ended June 30, 2019, compared to RMB111 million for the same period last year. For the six months ended June 30, 2019, we facilitated approximately 164 thousand financed automobile transactions, through loan facilitation services, representing a 486% year-on-year increase in volume. Revenue contribution from our loan facilitation services increased to 27% during the six months ended June 30, 2019, compared to 4% for the same period last year.

Revenues from our advertising and other services decreased by 72% year-on-year to RMB42 million for the six months ended June 30, 2019, compared to RMB150 million for the same period last year, mainly due to our strategy to de-emphasize advertising and other services.

Self-operated financing business

Revenues from our self-operated financing business decreased by 1% year-on-year to RMB2,280 million for the six months ended June 30, 2019, compared to RMB2,302 million for the same period last year, primarily due to the decrease in revenue from our new financing lease transactions during the six months ended June 30, 2019, and partially offset by the revenue increase from our existing financing lease transactions in prior periods. During the six months ended June 30, 2019, we facilitated approximately 121 thousand financed automobile transactions, through self-operated financing business, representing a 36% year-on-year decrease in volume, reflecting our strategy to focus on loan facilitation services.

Revenues from our financing lease services increased by 3% year-on-year to RMB2,081 million for the six months ended June 30, 2019, compared to RMB2,015 million for the same period last year, due to the increase in revenue from our existing financing lease transactions in prior periods, and partially offset by the decrease in revenue from our new financing lease transactions during the six months ended June 30, 2019. During the six months ended June 30, 2019, we generated RMB1,820 million revenues from existing financing lease transactions in prior periods and RMB261 million revenues from new financing lease transactions during the six months ended June 30, 2019, compared to RMB1,561 million and RMB454 million, respectively, for the same period in 2018. The average yield of our net finance receivables[1] was 11.7% for the six months ended June 30, 2019, compared to 12.1% for the same period in 2018, mainly due to the increase of financed new auto transactions as a percentage of total financed auto transactions.

Note:

(1) *Revenues from financing leases divided by quarterly average balance of net finance receivables.*

Revenues from our other self-operated services decreased by 30% year-on-year to RMB200 million for the six months ended June 30, 2019, compared to RMB287 million for the same period last year, primarily due to the decrease in revenue from operating lease services due to our strategy to de-emphasize operating lease services, and partially offset by the increase in automobile sales. Revenue from operating lease services was RMB15 million for the six months ended June 30, 2019, compared to RMB180 million for the same period in 2018. Revenue from automobile sales was RMB171 million for the six months ended June 30, 2019, compared to RMB87 million for the same period in 2018.

Cost of Revenues

Cost of revenues increased by 24% year-on-year to RMB1,630 million for the six months ended June 30, 2019, compared to RMB1,313 million for the same period last year, primarily due to the increase of commissions associated with our loan facilitation services, the increase of costs associated with automobile sales, the increase of funding costs associated with our self-operated financing business, and partially offset by the decrease of automobile depreciation associated with operating lease services.

Cost of revenues of our transaction platform business increased by 475% year-on-year to RMB344 million for the six months ended June 30, 2019, compared to RMB60 million for the same period last year. The increase was primarily due to the increase of commissions associated with our loan facilitation services. Loan faciliation commissions were RMB314 million for the six months ended June 30, 2019, compared to RMB26 million for the same period last year.

Cost of revenues of our self-operated financing business increased by 3% year-on-year to RMB1,285 million for the six months ended June 30, 2019, compared to RMB1,253 million for the same period last year, primarily due to the increase of costs associated with automobile sales, the increase of funding costs associated with our self-operated financing business, and partially offset by the decrease of automobile depreciation associated with operating lease services. Funding costs increased by 4% year-on-year to RMB1,012 million for the six months ended June 30, 2019, compared to RMB973 million for the same period last year. The average funding cost of our net finance receivables(1) was 5.7% during the six months ended June 30, 2019, slightly decreased from 5.8% for the same period last year.

Note:

(1) *Funding costs divided by quarterly average balance of net finance receivables.*

Gross Profit and Margin

	Six months ended June 30,			
	2019		2018	
	RMB'000	Margin	RMB'000	Margin
Segment gross profit and gross profit margins				
Transaction Platform Business	**537,071**	**61%**	201,641	77%
Self-Operated Financing Business	**994,885**	**44%**	1,048,612	46%
Total	**1,531,956**	**48%**	1,250,253	49%

Our total gross profit increased by 23% year-on-year to RMB1,532 million for the six months ended June 30, 2019, compared to RMB1,250 million for the same period last year, primarily due to total revenue growth. Our overall gross profit margin decreased slightly to 48% for the six months ended June 30, 2019, compared to 49% for the same period last year.

Gross profit of our transaction platform business increased by 166% year-on-year to RMB537 million for the six months ended June 30, 2019, compared to RMB202 million for the same period last year, mainly due to the revenue growth from our loan facilitation services, partially offset by the revenue decline from advertising and other services resulted from our strategy to de-emphasize such services. Gross profit margin of our transaction platform business decreased to 61% for the six months ended June 30, 2019, compared to 77% for the same period last year, primarily due to the change of revenue mix and the increase of commissions associated with loan facilitation services.

Gross profit of our self-operated financing business decreased by 5% year-on-year to RM995 million for the six months ended June 30, 2019, compared to RMB1,049 million for the six months ended June 30, 2018, mainly due to the increase of costs of automobiles sold. Gross profit margin of our self-operated financing business decreased to 44% for the six months ended June 30, 2019, compared to 46% for the same period last year, primarily due to the increase of costs of automobiles sold. Gross profit margin of our self-operated financing lease services was 51% for the six months ended June 30, 2019, decreased slightly from 52% for the same period last year. The average spread of our net finance receivables[1] was 6.0% for the six months ended June 30, 2019, compared to 6.3% for the same period last year, primarily due to the increase of financed new auto transactions as a percentage of total financed auto transactions.

Note:

(1) *Difference between the average yield of the net finance receivables and the average funding cost of the net finance receivables.*

Selling and Marketing Expenses

Selling and marketing expenses decreased by 3% year-on-year to RMB579 million for the six months ended June 30, 2019, compared to RMB595 million for the same period last year, primarily due to the decrease in marketing and advertising expenses, partially offset by the increase of salary and employee benefit expenses and the increase of share-based compensation expenses. Marketing and advertising expenses were RMB54 million for the six months ended June 30, 2019, compared to RMB163 million for the same period last year. Share-based compensation expenses for our sales and marketing personnel were RMB30 million for the six months ended June 30, 2019, compared to RMB6 million for the same period last year.

Administrative Expenses

Our administrative expenses decreased by 51% year-on-year to RMB207 million for the six months ended June 30, 2019, compared to RMB418 million for the same period last year, primarily due to the decrease of salary and employee benefit expenses, share-based compensation expenses and professional service expenses. Share-based compensation expenses for our administrative personnel were RMB88 million for the six months ended June 30, 2019, compared to RMB175 million for the same period last year.

Research and Development Expenses

Our research and development expenses decreased by 27% year-on-year to RMB104 million for the six months ended June 30, 2019, compared to RMB141 million for the same period last year, primarily due to the decrease in salary and employee benefit expenses, partially offset by the increase in share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB23 million for the six months ended June 30, 2019, compared to RMB10 million for the same period last year.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets include provision for expected credit losses of finance receivables, provision for impairment of trade receivables and other receivables. It increased by approximately 86% year-on-year to RMB530 million for the six months ended June 30, 2019, compared to RMB285 million for the same period last year, primarily due to the increase in provision of trade receivables from the services we no longer provide. Provision for expected credit losses of finance receivables was RMB256 million for the six months ended June 30, 2019, decreased from RMB259 million for the same period last year. Provision for impairment of trade receivables was RMB274 million for the six months ended June 30, 2019, increased from RMB22 million for the same period last year. The trade receivables were generated mainly from the services to auto dealers we no longer provide. In consideration of the general economic slowdown in recent periods, we made such provision for the impairment of trade receivables from these services. However, we expect the provision of trade receivables in the future to decrease significantly. Provision for impairment of other receivables was RMB0.5 million for the six months ended June 30, 2019, decreased from RMB3.9 million for the same period last year.

Other Gains, Net

Our other gains, net increased by 105% year-on-year to RMB51 million for the six months ended June 30, 2019, compared to RMB25 million for the same period last year. The increase was primarily attributable to the increase in gains associated with business cooperation agreements with Yusheng.

Operating Profit/(Loss)

Our operating profit for the six months ended June 30, 2019 was RMB164 million, compared to an operating loss of RMB163 million for the same period last year, mainly due to the increase in gross profit and the decrease in operating expenses.

Finance Income, net

Our finance income, net increased by 63% year-on-year to RMB25 million for the six months ended June 30, 2019, compared to RMB16 million for the same period last year, mainly due to the increase in interest income from our bank deposits.

Income Tax Expense

Our income tax expense increased by 461% year-on-year to RMB65 million for the six months ended June 30, 2019, compared to RMB12 million for the same period last year. The increase was primarily attributable to the increase of our operating profit.

Profit/(Loss) for the Period

Our profit was RMB123 million for the six months ended June 30, 2019, compared to a loss of RMB159 million for the same period last year due to the increase in gross profit and the decrease in operating expenses.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2019. (2018: nil)

Non-IFRS Measures

To supplement our interim condensed consolidated financial information, which are presented in accordance with the IFRSs, we also use adjusted operating profit and adjusted net profit as additional financial measures, which are unaudited and not required by, or presented in accordance with, IFRSs. We present these financial measures because they are used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-IFRSs measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our peer companies.

Adjusted operating profit eliminates the effect of certain non-cash items and one-time events, namely fair value gain/(loss) on financial assets, amortization of intangible assets resulting from asset and business acquisitions, and share-based compensation expenses ("**Adjusted Operating Profit**"). Adjusted net profit eliminates the effect of the aforesaid items and any related tax impact ("**Adjusted Net Profit**"). The terms Adjusted Operating Profit and Adjusted Net Profit are not defined under the IFRSs. The use of Adjusted Operating Profit and Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact our profit/(loss) for the relevant periods. The effect of items eliminated from Adjusted Operating Profit and Adjusted Net Profit is a significant component in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for Adjusted Operating Profit and Adjusted Net Profit, when assessing our operating and financial performance, you should not view Adjusted Operating Profit in isolation or as a substitute for our operating profit/(loss), nor should you view Adjusted Net Profit in isolation or as a substitute for our profit/(loss) for the year/period or any other operating performance measure that is calculated in accordance with IFRSs. In addition, because these non-IFRSs measures may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following tables reconcile our Adjusted Operating Profit and Adjusted Net Profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs. Adjusted Operating Profit and Adjusted Net Profit are not required by, or presented in accordance with, IFRSs.

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Operating profit/(loss)	**163,638**	(163,498)
Add:		
Fair value gain on financial assets	**–**	(2,585)
Amortization of intangible assets resulting from asset and business acquisitions	**78,925**	94,279
Share-based compensation expenses	**141,180**	191,399
Adjusted Operating Profit	**383,743**	119,595

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Net profit/(loss)	**123,141**	(159,484)
Add:		
Fair value gain on financial assets, net of tax	**–**	(1,939)
Amortization of intangible assets resulting from asset and business acquisitions, net of tax	**78,843**	93,351
Share-based compensation expenses	**141,180**	191,399
Adjusted Net Profit	**343,164**	123,327

Adjusted Operating Profit and Margins

Our adjusted operating profit increased by 221% year-on-year to RMB384 million for the six months ended June 30, 2019, compared to RMB120 million for the same period last year, and our overall adjusted operating profit margin increased to 12% for the six months ended June 30, 2019, compared to 5% for the same period last year. The increases were mainly due to the increase of gross profit and the decrease of operating expenses.

Adjusted Net Profit and Margins

Our adjusted net profit increased by 178% year-on-year to RMB343 million for the six months ended June 30, 2019, compared to RMB123 million for the same period last year and our adjusted net profit margin increased to 11% for the six months ended June 30, 2019, compared to 5% for the same period last year. The increases were mainly due to the increase of gross profit and the decrease of operating expenses.

Selected Financial Information from our Consolidated Balance Sheet

	As at		
	June 30, 2019 RMB'000	December 31, 2018 RMB'000	Year-on-year change %
Carrying amount of finance receivables	**34,299,765**	36,818,989	-7%
Cash and cash equivalent	**1,711,534**	2,116,197	-19%
Total borrowings	**27,030,102**	30,198,484	-10%
Current assets	**25,659,388**	26,082,085	-2%
Current liabilities	**24,830,052**	24,783,003	—
Net current assets	**829,336**	1,299,082	-36%
Total equity	**15,684,494**	15,417,818	2%

Finance Receivables

We provide financing lease services in our self-operated financing business segment. Customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables decreased to RMB34.3 billion as at June 30, 2019, compared to RMB36.8 billion as at December 31, 2018, primarily due to our strategy to focus on loan facilitation services.

We assess the quality of our finance receivables through past due ratio based on the nature of our business and industry practice. We assess the provision for finance receivables based on IFRS 9.

The following table sets forth our net finance receivables, the amount of net finance receivables that are past due and the corresponding past due ratios, and the amount of provision for expected credit losses and the corresponding coverage ratios as at the dates indicated:

	As at	
	June 30, 2019	December 31, 2018
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**34,880,070**	37,333,886
Provision for expected credit losses (ending balance)	**(580,305)**	(514,897)
Provision to net finance receivables ratio[(1)]	**-1.66%**	-1.38%
Past due ratio:		
180+ days[(2)]	**0.77%**	0.52%
90+ days (including 180+ days)[(3)]	**1.29%**	1.10%
Past due coverage:		
180+ days[(4)]	**215.42%**	267.53%
90+ days (including 180+ days)[(5)]	**128.92%**	125.10%

Notes:

(1) Provision for expected credit losses divided by net finance receivables.

(2) 180+ days past due net finance receivables divided by net finance receivables.

(3) 90+ days (including 180+ days) past due net finance receivables divided by net finance receivables.

(4) Provision for expected credit losses divided by 180+ days past due net finance receivables.

(5) Provision for expected credit losses divided by 90+ days (including 180+ days) past due net finance receivables.

Our loan facilitation services grew significantly during the six months ended June 30, 2019. The following table sets forth past due ratios for all financed transactions through both our self-operated financing lease services and our loan facilitation services to better assess the overall quality of our financed transactions:

	As at	
	June 30, 2019	December 31, 2018
Past due ratio:		
180+ days[1]	**0.58%**	0.42%
90+ days (including 180+ days)[2]	**1.06%**	0.92%

Notes:

(1) 180+ days past due net finance receivables from self-operated financing lease services and past due outstanding loan balances from loan facilitation services divided by total net finance receivables and outstanding loan balances.

(2) 90+ days (including 180+ days) past due net finance receivables from self-operated financing lease services and past due outstanding loan balances from loan facilitation services divided by total net finance receivables and outstanding loan balances.

As at June 30, 2019, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for our self-operated financing lease services were 0.77% and 1.29% respectively (December 31, 2018: 0.52% and 1.10% respectively); 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions including our self-operated financing lease services and loan facilitation services were 0.58% and 1.06% respectively (December 31, 2018: 0.42% and 0.92% respectively).

Cash and Cash Equivalents

As at June 30, 2019, we had cash and cash equivalents of RMB1,712 million, compared with RMB2,116 million as at December 31, 2018. The decrease in cash and cash equivalents was mainly due to repayment of borrowings due.

As at June 30, 2019, RMB1,645 million of cash and cash equivalents were denominated in RMB, compared to RMB2,069 million as at December 31, 2018.

Our net cash inflow generated from operating activities was RMB3.9 billion during the six months ended June 30, 2019, compared to a net cash outflow of RMB4.9 billion during the same period in 2018.

Borrowings and Source of Funds

By leveraging our leading industry position as well as prudent and sound risk management track record, we are highly recognized among China's financial institutions and have established diversified and extensive funding channels to support our loan facilitation services and self-operated financing lease services.

For our loan facilitation services, we currently work with 10 banks and financial institutions as our partners. In addition to our equity funding and cash flow from operations, we also issued asset backed securities and notes as well as obtained loans and borrowings from over 20 banks and over 50 other financial institutions.

As at June 30, 2019, our total borrowings were RMB27.0 billion, compared to RMB30.2 billion as at December 31, 2018. The decrease was mainly due to our strategy to focus on loan facilitation services. Total borrowings comprised of (i) asset backed securities and notes of RMB10.4 billion as at June 30, 2019; and (ii) bank loans and borrowings from other institutions of RMB16.6 billion. Asset backed securities and notes as a percentage of our total borrowings was 39% as at June 30, 2019.

As at June 30, 2019, RMB27.0 billion of total borrowings were denominated in RMB, compared to RMB29.4 billion as at December 31, 2018. As at June 30, 2019, 79% of borrowings were fixed rate, compared to 69% as at December 31, 2018.

Yixin is a seasoned and highly recognized issuer in China's asset backed securities market. As of today, Yixin has offered accumulatively 22 asset backed securities and notes publicly with a total issuance amount of over RMB31.3 billion on Shanghai Stock Exchange ("**SSE**"), National Association of Financial Market Institutional Investors ("**NAFMII**") , and Shanghai Insurance Exchange ("**SHIE**").

Net Current Assets

Our net current assets were RMB829 million as at June 30, 2019, compared to RMB1,299 million as at December 31, 2018. Our current assets were RMB25.7 billion as at June 30, 2019, compared to RMB26.1 billion as at December 31, 2018, primarily due to the decrease of cash and cash equivalents as a result of repayment of borrowings due. Our current liabilities were RMB24.8 billion as at June 30, 2019, which remained stable compared to RMB24.8 billion as at December 31, 2018.

Total Equity

Our total equity was RMB15.7 billion as at June 30, 2019, compared to RMB15.4 billion as at December 31, 2018, primarily due to the net profit occurred during the six months ended June 30, 2019 and the increase in share premium.

Key Financial Ratios

	As at	
	June 30, 2019	December 31, 2018
Current ratio (times)(1)	**1.03**	1.05
Gearing ratio(2)	**60%**	62%
Debt to equity ratio (times)(3)	**1.77**	2.03

Notes:

(1) Current ratio is our current assets divided by our current liabilities at the end of each financial period.

(2) Gearing ratio is net debt divided by total capital at the end of each financial period. Net debt equals our total borrowings plus loans payable to Bitauto, its subsidiaries and consolidated affiliated entities, less our cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net debt.

(3) Debt to equity ratio is total borrowings plus loans payable to Bitauto, its subsidiaries and consolidated affiliated entities divided by total equity at the end of each financial period.

Current Ratio

Our current ratio decreased to 1.03 as at June 30, 2019, compared to 1.05 as at December 31, 2018, mainly due to the decrease of the current assets of the Group.

Gearing Ratio

Our gearing ratio decreased to 60% as at June 30, 2019, compared to 62% as at December 31, 2018, mainly due to the decrease of net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio decreased to 1.77 as at June 30, 2019, compared to 2.03 as at December 31, 2018, due to the decrease of total borrowings and the increase of total equity.

Capital Expenditure and Investments

Our historical capital expenditures primarily included purchase of property and equipment, purchase of intangible assets, investments in financial assets and investment in associates and subsidiaries.

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Purchase of property and equipment	**11,831**	21,559
Purchase of intangible assets	**2,999**	1,988
Investments in financial assets at fair value through profit or loss	**120,927**	48,083
Investments in associates and subsidiaries in the form of ordinary shares	**500**	—
Total	**136,257**	71,630

Foreign Exchange Risk

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not hedge against any fluctuation in foreign currency nor did we use any financial instruments for hedging purposes during the six months ended June 30, 2019 and 2018.

Significant Investments Held

On June 13, 2018, the Company and Yusheng Holdings Limited ("**Yusheng**"), a company principally engaged in used automobile transaction business and an independent third party, entered into a convertible note purchase agreement (the "**Convertible Note Purchase Agreement**"), pursuant to which Yusheng agreed to issue, and the Company agreed to purchase, the convertible note (the "**Convertible Note**") in the principal amount of US$260 million (equivalent to approximately HK$2,040 million). The Convertible Note is interest free and convertible into 13 million non-voting Series Pre-A preferred shares of Yusheng with a par value of US$0.0001 per share (the "**Series Pre-A Preferred Shares**") at the conversion price of US$20.00 (equivalent to approximately HK$156.93). The Series Pre-A Preferred Shares convertible under the Convertible Note represent an interest of approximately 40.63% in the share capital of Yusheng assuming full subscription of the Series A-1 and Series A-2 preferred shares of Yusheng by the investors under the securities subscription agreement separately entered into by them with Yusheng and that all the equity securities which Yushang intends to reserve for issuance pursuant to its future employee equity incentive plan have been issued. The Convertible Note will mature on June 12, 2038 (the "**Maturity Date**") or such later date as otherwise agreed by the Company and Yusheng. Unless converted into Series Pre-A Preferred Shares prior to the Maturity Date, the outstanding principal of the Convertible Note will be due and payable upon demand by the Company on the Maturity Date or any time thereafter.

As consideration for the subscription of the Convertible Note, the Company agreed to (i) pay a cash consideration of US$21 million (equivalent to approximately HK$165 million), and (ii) provide certain cooperation services to Yusheng and/or its affiliates pursuant to the terms of the business cooperation agreement dated June 13, 2018 entered into between the Company and Yusheng. For further details, please refer to the announcement of the Company dated June 13, 2018.

For the first half of 2019, Yusheng achieved substantial growth and made important contribution to our financed used automobile transactions.

Subsequent to the Reporting Period, on August 2, 2019, Xinche Investment, an indirect wholly-owned subsidiary of the Company, Beijing Bitauto and Dalian Rongxin entered into the Investment Agreement pursuant to which Xinche Investment or its designated entity which is intended to be a wholly-owned subsidiary of the Company, as the investor (the "**Investor**"), will invest RMB475,000,000 into Dalian Rongxin (the "**Investment**"). After the Investment, Dalian Rongxin will be held by Beijing Bitauto and the Investor as to approximately 67.80% and 32.20%, respectively. For further details of the Investment, please refer to the announcement of the Company dated August 2, 2019.

Dalian Rongxin provides financing guarantee services to certain auto loans for which the Group provides loan facilitation services. By entering into the Investment Agreement, the Group can further strengthen the business cooperation with Dalian Rongxin while expanding its loan facilitation services in the future.

Save as disclosed above, we did not hold any significant investments in the equity interests of any other companies as at the date of this interim report.

Future Plans for Material Investments and Capital Assets

Save as discussed in this interim report, we did not have other plans for material investments and capital assets.

Employee and Remuneration Policy

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We primarily recruit our employees through recruitment agencies, on-campus job fairs, industry referrals, and online channels.

As at June 30, 2019, we had 4,177 full-time employees (December 31, 2018: 4,483). The decrease in the number of employees was primarily because we increased our operating efficiency. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are eligible participants of the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, the details of which are set out in the Prospectus and Notes 19 and 20 to the interim condensed consolidated financial statements.

In addition to on-the-job training, we have adopted a training policy, pursuant to which various internal and external training are provided to our employees.

The total remuneration cost (including share-based compensation) incurred by the Group for the six months ended June 30, 2019 was RMB539 million, compared to RMB640 million for the same period last year.

Material Acquisitions and Disposals

Save as disclosed in this interim report, the Group did not have any other material acquisitions and disposals of subsidiaries or associated companies for the six months ended June 30, 2019.

Pledge of Assets

Certain deposits placed with banks were used as pledged assets for the Group's bank borrowings and bank notes as well as loan facilitation services. Certain finance receivables were used as pledge for the borrowings and securitization transactions. For more details, please refer to the Notes 18 and 23 to the interim condensed consolidated financial information.

Contingent Liabilities

As at June 30, 2019, we did not have any material contingent liabilities (December 31, 2018: nil)

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at June 30, 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the underlying Shares

	Number of Shares				
Name of Director	**Beneficiary of a trust (other than a discretionary interest)**	**Personal interest**	**Number of underlying Shares interested(5)**	**Total interests**	**Approximate percentage of issued Shares(6)**
Mr. Andy Xuan Zhang	—	—	257,601,260(L)(1)	257,601,260	4.04%
Mr. Dong Jiang	7,703,962(L)(2)	30,815,848(L)(2)	4,900,000(L)(3)	43,419,810	0.68%
Ms. Lily Li Dong	—	—	506,772(L)(4)	506,772	0.01%
Mr. Chester Tung Ho Kwok	—	—	1,013,544(L)(4)	1,013,544	0.02%
Mr. Tin Fan Yuen	—	—	1,013,544(L)(4)	1,013,544	0.02%

Notes:

(1) Mr. Andy Xuan Zhang's entitlement to receive up to 257,601,260 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(2) Mr. Dong Jiang's entitlement to receive up to 38,519,810 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme subject to the conditions (including vesting conditions) of those options and the options are held by the Xindu Limited with Yidu PTC Limited as trustee ("**Xindu Trust**"). Until June 30, 2019, the Xindu Trust has transferred 30,815,848 Shares to Mr. Dong Jiang.

(3) Such interest represents the award shares granted to Mr. Dong Jiang under the Second Share Award Scheme adopted by the Company on September 20, 2018, and not been vested as at June 30, 2019.

(4) Such interest represents the award shares granted to each of Ms. Lily Li Dong, Mr. Chester Tung Ho Kwok and Mr. Tin Fan Yuen under the Second Share Award Scheme adopted by the Company respectively on September 20, 2018, and not been vested as at June 30, 2019.

(5) The letter "L" denotes long position in such underlying Shares.

(6) The percentages are calculated on the basis of 6,370,982,652 Shares in issue as at June 30, 2019.

(ii) *Interests in the underlying shares of associated corporations of the Company*

	Number of ordinary shares in Bitauto				
Name of Director	Beneficiary of a trust (other than a discretionary interest)	Personal interest	Number of underlying shares interested[(2)]	Total interests	Approximate percentage of issued shares[(3)]
Mr. Andy Xuan Zhang	—	—	1,680,000(L)[(1)]	1,680,000	2.28%

Notes:

(1) Mr. Andy Xuan Zhang's entitlement to shares related to outstanding restricted stock units granted under Bitauto's employee incentive plans.

(2) The letter "L" denotes long position in such underlying shares.

(3) The percentage is calculated in the basis of 73,761,089 ordinary shares of Bitauto in issue as at June 30, 2019.

Save as disclosed above, as at June 30, 2019, so far as was known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (a) 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 be interested under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at June 30, 2019, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of Shares held[5]	Approximate percentage of issued share capital of the Company[6]
Bitauto	Beneficial owner	496,544,440(L)	7.79%
Bitauto[1]	Interest of a controlled corporation	2,290,292,130(L)	35.95%
Bitauto[2]	Interest of a party to an agreement regarding interest in the Company	627,632,248(L)	9.85%
Bitauto HK[1]	Beneficial owner	2,290,292,130(L)	35.95%
Tencent[3]	Interest of a controlled corporation	1,312,059,280(L)	20.59%
THL H Limited[3]	Beneficial owner	931,604,940(L)	14.62%
JD Financial Investment Limited[4]	Beneficial owner	684,283,320(L)	10.74%
JD.com Investment Limited[4]	Interest of a controlled corporation	684,283,320(L)	10.74%
JD.com[4]	Interest of a controlled corporation	684,283,320(L)	10.74%
Max Smart Ltd[4]	Interest of a controlled corporation	684,283,320(L)	10.74%
UBS Trustees (B.V.I.) Limited[4]	Trustee	684,283,320(L)	10.74%
劉強東	Beneficiary of a trust	684,283,320(L)	10.74%

Notes:

(1) Bitauto HK is a wholly-owned subsidiary of Bitauto. Accordingly, Bitauto is deemed to be interested in the same number of Shares in which Bitauto HK is interested under the SFO.

(2) Pursuant to the Voting Proxy Agreement entered into amongst Bitauto, Tencent and JD.com on 31 October 2017, Tencent and JD.com granted to Bitauto a voting proxy over Shares representing two-thirds and one-third, respectively, being 10% of the then issued share capital of the Company, solely for the purpose of enabling Bitauto to exercise in excess of 50% of the voting rights in the Company.

(3) THL H Limited which holds 931,604,940 Shares, Morespark Limited which holds 267,603,350 Shares, and Tencent Mobility Limited which holds 112,850,990 Shares, are wholly-owned subsidiaries of Tencent. Accordingly, Tencent is deemed to be interested in the same number of Shares in which THL H Limited, Morespark Limited and Tencent Mobility Limited are interested under the SFO.

(4) JD Financial Investment Limited is wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is owned as to 71.70% by Max Smart Limited, which in turn is wholly-owned by UBS Nominees Limited, and UBS Nominees Limited is owned as to 100% by UBS Trustees (B.V.I.) Limited. Accordingly, each of JD.com Investment Limited, JD.com, Max Smart Limited, UBS Nominees Limited and UBS Trustees (B.V.I.) Limited are deemed to be interested in the same number of Shares in which JD Financial Investment Limited is interested under the SFO.

(5) The letter "L" denotes the substantial Shareholder's long position in such Shares.

(6) The percentages are calculated on the basis of 6,370,982,652 Shares in issue as at June 30, 2019.

Save as disclosed above, as at June 30, 2019, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the Board on May 26, 2017 and amended on September 1, 2017. The purpose of the Pre-IPO Share Option Scheme is to promote the success and enhance the value of the Company, by linking the personal interests of the members of the Board, employees, consultants and other individuals to those of the Shareholders and, by providing such individuals with an incentive for outstanding performance, to generate superior returns to the Shareholders. The Pre-IPO Share Option Scheme is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of recipients upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and the 2018 annual report of the Company.

Details of the options granted under the Pre-IPO Share Option Scheme and their movements during the six months ended June 30, 2019 are as follows:

				Number of options			
Name or category of option holders	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2019	Exercised during the Reporting Period	Cancelled/Lapsed during the Reporting Period	Outstanding as at June 30, 2019
Director and senior management							
Mr. Andy Xuan Zhang	July 3, 2017	10 years from the date of grant	US$0.0014	192,599,071	–	–	192,599,071
	October 1, 2017	10 years from the date of grant	US$0.0014	65,002,189	–	–	65,002,189
Mr. Zhifeng Jia	July 3, 2017	10 years from the date of grant	US$0.0014	700,000	–	–	700,000
Other grantees							
In aggregate	Between July 3, 2017 and October 1, 2017	10 years from the date of grant	US$0.0014	11,646,028	(503,000)	(1,008,000)	10,135,028
Total				**269,947,288**	**(503,000)**	**(1,008,000)**	**268,436,288**

Share Award Schemes

The Company has adopted two share award schemes, namely, the First Share Award Scheme and the Second Share Award Scheme, in which eligible participants (including any Director) of the Group will be entitled to participate.

1. First Share Award Scheme

The First Share Award Scheme was adopted by written resolutions of the Shareholders on May 26, 2017, amended on September 1, 2017 and effective from the Listing Date. The purpose of the First Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group.

Pursuant to the First Share Award Scheme, the Board shall select the Eligible Person(s) for participation in the First Share Award Scheme and determine the number of shares to be awarded.

As at June 30, 2019, 94,578,532 Shares had been granted or agreed to be granted under the First Share Award Scheme.

Details of the awarded Shares granted under the First Share Award Scheme and their movements during the six months ended June 30, 2019 are set out below:

			Number of Awards					
Name	Date of grant	Held at January 1, 2019	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at June 30, 2019	Vesting date	Closing price at date of grant (HK$)
Other grantees								
In aggregate	17-Jul-18	8,870,935	–	(8,846,487)	(24,448)	–	31-Mar-19	3.14
	17-Jul-18	348,600	–	–	–	348,600	31-Aug-19	3.14
	17-Jul-18	143,500	–	–	(52,500)	91,000	30-Sep-19	3.14
	17-Jul-18	572,500	–	–	–	572,500	31-Dec-19	3.14
	17-Jul-18	8,873,203	–	–	(674,268)	8,198,935	31-Mar-20	3.14
	17-Jul-18	142,800	–	–	–	142,800	31-Aug-20	3.14
	17-Jul-18	143,500	–	–	(52,500)	91,000	30-Sep-20	3.14
	17-Jul-18	572,500	–	–	–	572,500	31-Dec-20	3.14
	17-Jul-18	8,816,478	–	–	(674,268)	8,142,210	31-Mar-21	3.14
	17-Jul-18	143,500	–	–	(52,500)	91,000	30-Sep-21	3.14
	17-Jul-18	572,500	–	–	–	572,500	31-Dec-21	3.14
	17-Jul-18	8,359,868	–	–	(674,268)	7,685,600	31-Mar-22	3.14
Sub-total		37,559,884	–	(8,846,487)	(2,204,752)	26,508,645		
	20-Dec-18	11,127,597	–	(11,112,317)	(15,280)	–	31-Mar-19	1.83
	20-Dec-18	1,919,500	–	–	(25,000)	1,894,500	31-Aug-19	1.83
	20-Dec-18	232,500	–	–	–	232,500	30-Nov-19	1.83
	20-Dec-18	10,252,597	–	–	(331,095)	9,921,502	31-Mar-20	1.83
	20-Dec-18	2,129,479	–	–	(25,000)	2,104,479	31-Aug-20	1.83
	20-Dec-18	232,500	–	–	–	232,500	30-Nov-20	1.83
	20-Dec-18	10,252,597	–	–	(331,095)	9,921,502	31-Mar-21	1.83
	20-Dec-18	2,129,479	–	–	(25,000)	2,104,479	31-Aug-21	1.83
	20-Dec-18	232,500	–	–	–	232,500	30-Nov-21	1.83
	20-Dec-18	10,252,593	–	–	(331,095)	9,921,498	31-Mar-22	1.83
	20-Dec-18	2,129,542	–	–	(25,000)	2,104,542	31-Aug-22	1.83
	20-Dec-18	232,500	–	–	–	232,500	30-Nov-22	1.83
Sub-total		51,123,384	–	(11,112,317)	(1,108,565)	38,902,502		
Total		88,683,268	–	(19,958,804)	(3,313,317)	65,411,147		

2. Second Share Award Scheme

The Second Share Award Scheme was adopted by written resolutions of all the Shareholders on September 1, 2017 and effective from the Listing Date. The purpose of the Second Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group.

The Board may, from time to time, grant awards to any eligible participant who the Board considers to have contributed or will contribute to the Group.

As at June 30, 2019, 12,318,478 Shares had been granted or agreed to be granted under the Second Share Award Scheme.

Details of the awarded Shares granted under the Second Share Award Scheme and their movements during the six months ended June 30, 2019 are set out below:

			Number of Awards					
Name	Date of grant	Held at January 1, 2019	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at June 30, 2019	Vesting date	Closing price at date of grant (HK$)
Directors								
Mr. Dong Jiang	20-Sep-18	2,450,000[1]	–	–	–	2,450,000[1]	31-Mar-20	2.34
	20-Sep-18	1,225,000	–	–	–	1,225,000	31-Mar-21	2.34
	20-Sep-18	1,225,000	–	–	–	1,225,000	31-Mar-22	2.34
Mr. Tin Fan Yuen	20-Sep-18	337,847	–	–	–	337,847	16-Nov-19	2.34
	20-Sep-18	337,847	–	–	–	337,847	16-Nov-20	2.34
	20-Sep-18	337,850	–	–	–	337,850	16-Nov-21	2.34
Mr. Chester Tun Ho Kwok	20-Sep-18	337,847	–	–	–	337,847	16-Nov-19	2.34
	20-Sep-18	337,847	–	–	–	337,847	16-Nov-20	2.34
	20-Sep-18	337,850	–	–	–	337,850	16-Nov-21	2.34
Ms. Lily Li Dong	20-Sep-18	168,924	–	–	–	168,924	16-Nov-19	2.34
	20-Sep-18	168,924	–	–	–	168,924	16-Nov-20	2.34
	20-Sep-18	168,924	–	–	–	168,924	16-Nov-21	2.34
Sub-total		7,433,860	–	–	–	7,433,860		

Name	Date of grant	Held at January 1, 2019	Number of Awards Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at June 30, 2019	Vesting date	Closing price at date of grant (HK$)
Other grantees								
In aggregate	20-Sep-18	420,000	–	–	–	420,000	30-Sep-19	2.34
	20-Sep-18	1,000,000[2]	–	–	–	1,000,000[2]	31-Mar-20	2.34
	20-Sep-18	500,000	–	–	–	500,000	31-Mar-21	2.34
	20-Sep-18	500,000	–	–	–	500,000	31-Mar-22	2.34
	20-Dec-18	600,000[3]	–	–	–	600,000[3]	31-Mar-20	1.83
	20-Dec-18	300,000	–	–	–	300,000	31-Mar-21	1.83
	20-Dec-18	300,000	–	–	–	300,000	31-Mar-22	1.83
Sub-total		3,620,000	–	–	–	3,620,000		
Total		11,053,860	–	–	–	11,053,860		

Notes:

(1) 1,225,000 awards of vesting date of March 31, 2019 for Mr. Dong Jiang has been postponed to March 31, 2020.

(2) 500,000 awards of vesting date of March 31, 2019 for other grantees has been postponed to March 31, 2020.

(3) 300,000 awards of vesting date of March 31, 2019 for other grantees has been postponed to March 31, 2020.

Use of Proceeds

Our Shares were listed on the Stock Exchange on the Listing Date and the net proceeds raised during our IPO amounted to approximately HK$6,508 million (equivalent to approximately RMB5,525 million). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the 2018 annual report of the Company.

As at June 30, 2019, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to June 30, 2019		Utilization during the six months ended June 30, 2019		Unutilized amount	
	HK$'000	RMB'000	**HK$'000**	**RMB'000**	**HK$'000**	**RMB'000**	HK$'000	RMB'000
Sales and marketing	1,952,278	1,657,523	**1,952,278**	**1,657,523**	**–**	**–**	–	–
Research and technology capabilities enhancement	1,301,519	1,105,016	**441,505**	**374,847**	**100,251**	**85,116**	860,014	730,169
Self-operated financing business	1,301,519	1,105,016	**1,301,519**	**1,105,016**	**–**	**–**	–	–
Potential investments or acquisitions	1,301,519	1,105,016	**627,546**	**532,799**	**143,546**	**121,874**	673,973	572,217
Working capital and other general corporate purposes	650,760	552,506	**650,760**	**552,506**	**–**	**–**	–	–
Total	**6,507,595**	**5,525,077**	**4,973,608**	**4,222,691**	**243,797**	**206,990**	**1,533,987**	**1,302,386**

We will gradually apply the unutilised net proceeds in the manner set out in the Prospectus.

Qualification Requirements

PRC law currently limits foreign ownership of companies that provide value-added telecommunications services (including Internet information services other than operating E-commerce business) in the PRC up to 50%. Moreover, for a foreign investor to obtain any equity interest in a value-added telecommunications company in China, it must satisfy the Qualification Requirements. Foreign investors that meet these requirements must obtain approvals from the MIIT and MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued value-added telecommunications business operating licenses to only a limited number of foreign-invested companies. If Beijing Yixin has a foreign investor as its shareholder, such foreign investor must fulfill the aforementioned requirements and Beijing Yixin shall apply a new ICP License from the MIIT. The MIIT will have discretion as to whether to grant the license. None of our Company or any of its offshore subsidiaries currently satisfies the qualification requirement relating to value-added telecommunications businesses.

Efforts and actions undertaken to comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas value-added telecommunications business operations for the purposes of being qualified, as early as possible, to acquire equity interests in Beijing Yixin when the relevant PRC laws allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in the PRC. We are in the process of expanding our overseas value-added telecommunications business through our overseas subsidiaries. We have taken the following measures to meet the Qualification Requirements:

1. Yixin HK has been incorporated in Hong Kong since November 2014 for the purposes of establishing and expanding our operations overseas;

2. We have registered several trademarks outside the PRC for the promotion of our Relevant Businesses overseas;

3. Yixin HK has set up an office and employed staffs in Hong Kong for the expansion of our operations overseas;

4. Our Company has constructed its overseas website, www.yixincars.com, which is primarily for introducing our Group's business to users and investor relations purpose. The Company plans to utilize this website to help overseas investors to better understand our products and business, and our website will have links to re-direct the users to our domestic website. Through this overseas website, we can capture and analyze overseas user data in order to provide helpful insights for our overseas expansion plans; and

5. our Company has commenced feasibility studies on the further development of marketing to overseas markets and potential investments or acquisitions in order to optimize its strategic plan for expanding its current businesses to overseas markets.

Subject to the discretion of the competent authority on whether the Group has fulfilled the Qualification Requirement, our PRC Legal Advisor is of the view that the above steps taken by us are reasonable and appropriate for gradually building up a track record to meet the Qualification Requirements as our Company will have experience in providing value-added telecommunications services in overseas markets, which is in accordance with the FITE Regulations.

Our PRC Legal Advisor conducted a consultation with the relevant government authority, being the Beijing Municipal Communications Authority, during which it confirmed that steps such as those taken by us above (e.g. establishing overseas offices, holding overseas domain names and conducting operation of websites and other businesses in relation to value-added telecommunication services) are generally deemed to be one of the factors to prove that the Qualification Requirements are fulfilled, subject to a substantive examination by the MIIT in accordance with the approval procedures under PRC laws and regulations.

Since foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations outlined above, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entity directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and qualification requirements, the Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entity through the Contractual Arrangements between Tianjin Kars, the Company's wholly-owned subsidiaries in the PRC, on the one hand, and Beijing Yixin and its respective shareholders, on the other hand. The Contractual Arrangements allow the results of operations and assets and liabilities of Beijing Yixin and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group.

Compliance With the Corporate Governance Code

The Board is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

During the six months ended June 30, 2019, the Company has complied with all applicable code provisions set out in the CG Code, save and except for the following deviation from code provision A.2.1 of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Andy Xuan Zhang is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has devised the Company's Securities Dealing Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code during the six months ended June 30, 2019.

The Company's Securities Dealing Code also applies to relevant employees who are likely to be in possession of inside information of the Company. After making reasonable enquiry, no incident of non-compliance of the Company's Securities Dealing Code by relevant employees was noted by the Company.

Directors' Interests in Competing Business

Save and except for the interests of our Controlling Shareholders in our Company, during the six months ended June 30, 2019, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Articles of Association and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board oversees risk management functions directly and also through the Audit Committee and the senior management, and will assess the effectiveness of the risk management and internal control systems at least once a year.

The senior management is responsible for the overall implementation of risk management and internal control plans and policies determined by the Board and managing the risks in connection with all of the Company's business operations. The senior management identifies, assesses and takes measures against any significant risks that the Company is facing, and review the risk assessment report on a quarterly basis and reports to the Board on a semi-annual basis.

The Audit Committee assists the Board in leading the management and monitoring and overseeing the risk management and internal control systems through the internal audit department, and reporting and making recommendations to the Board where appropriate.

The internal audit department oversees the risk management and internal control systems under the supervision of the Audit Committee by performing independent audit on the effectiveness and completeness of the risk management and internal control systems. It identifies any material risks and makes recommendations on the improvement and rectification plans and measures and conducts follow-up audits with regard to the identified issues to ensure that the planned remedial measures have been duly implemented. The internal audit department operates independently from the Company's business centers and departments and directly reports the audit findings and follow-up status to the Audit Committee on a quarterly basis.

Risk Management

The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. The Company, on a regular basis, identifies and assesses risk factors that may negatively affect the achievement of its objectives, and formulates appropriate response measures.

The Company has adopted the following dynamic risk management process in response to the ever-changing risk landscape:

- Business and functional departments identify, assess and respond to risks in the course of operation in a systematic manner, escalating concerns and communicating results to the internal audit department;

- The internal audit department collects and analyses the significant risks at the company level, and provides input on risk response strategies and control measures for such risks. These significant risks as well as the corresponding risk responses and control measures will be reviewed by senior management and subsequently by the Audit Committee before reporting to the Board;

- The internal audit department reviews and evaluates the responses to significant risks from time to time, and reports to the Audit Committee at least once a year; and

- The Audit Committee, on behalf of the Board, assesses and determines the nature and level of the risks that the Company is willing to take in order to achieve its business objectives and formulates appropriate response strategies which includes designating responsible departments for handling each significant risk. The Audit Committee provides guidance to the Company's management to implement effective risk management system with supports from the internal audit department.

Internal Control

The Company has always valued the importance of the internal control systems, and has complied with the requirements under Appendix 14 CG Code and Appendix 16 Disclosure of Financial Information of the Listing Rules.

Management of the Company is responsible for the design, implementation and maintenance of the effectiveness of the internal control systems. The Board, assisted by the Audit Committee, is responsible for monitoring and overseeing the performance of management over the internal control system to ensure that it is appropriate and effective.

The Company's internal control systems clearly define the roles and responsibilities of each party as well as authorizations and approvals required for key actions of the Company. Policies and procedures are put in place for the key business processes. This information is also clearly conveyed to employees in practice and plays an important role in the internal control systems. All employees must strictly follow the policies which cover, amongst other things, financial, legal and operational issues that set the control standards for the management of each business process.

In addition, the internal audit department supervises the establishment of the risk management and internal control systems set up by management, ensures that management has implemented appropriate measures and reports the general situation of risk management and internal control of the Company to the Audit Committee on a quarterly basis. The internal audit department also conducts objective evaluation on the effectiveness of the Company's risk management and internal control systems and reports the results to the Audit Committee.

Effectiveness of Risk Management and Internal Control

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems.

The review process comprises, among other things, of meetings with management of business and functional departments, internal audit department, legal and compliance department, and the external auditors, reviewing the relevant work reports and information of key performance indicators, internal audit department and external auditors' assessment on internal control and discussing the major risks with the senior management of the Company.

The Board is of the view that throughout the six months ended June 30, 2019, the risk management and internal control systems of the Company are effective and adequate.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff with appropriate qualifications and experience and that such staff receive appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequate with sufficient resources and budget. The relevant staff have appropriate qualifications and experience, and receive sufficient training and development.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the six months ended June 30, 2019.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings by the internal audit department, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the six months ended June 30, 2019, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended June 30, 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Audit Committee and Review of Financial Statements

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chester Tun Ho Kwok, Mr. Tin Fan Yuen and Ms. Lily Li Dong. Mr. Chester Tun Ho Kwok is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2019. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Group and internal control with senior management and PwC. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's unaudited interim condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended June 30, 2019.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2018 annual report of the Company are set out below:

Directors' Updated Biographical Details

Name of Director	Details of Change	Effective Date/ Period
Mr. James Gordon Mitchell	Appointed as a non-executive director of Tencent Music Entertainment Group Limited, a company listed on the NYSE (stock code: TME)	December 2018
Mr. Jimmy Chi Ming Lai	Appointed as a non-official member of the Committee on Innovation, Technology and Re-industrialization in Hong Kong	April 2019
	Appointed as a chairman of Infinium Limited (currently known as Fusion Bank Limited), a virtual bank in Hong Kong	2019
	Appointed as the general manager of Tenpay Payment Technology Co., Ltd.* (財付通支付科技有限公司) of Tencent	2012–2019
	Appointed as the head of Tencent FiT (Financial Technology)	2015–2019
Mr. Chenkai Ling	Appointed as corporate vice president and general manager of Retail Solution of JD.com	May 2019
Mr. Huan Zhou	Appointed as a non-executive director of the Company	May 17, 2019
Mr. Chester Tun Ho Kwok	Ceased to be the deputy chairman and a member of the Share Registrar's Disciplinary Committee of the Securities and Futures Commission	March 31, 2019

Save for those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Important Events after the Reporting Period

Save as disclosed in this interim report, no other important events affecting the Group occurred after June 30, 2019 and up to the date of this interim report.

* *for identification purposes only*

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc

羅兵咸永道

To the Board of Directors of Yixin Group Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 42 to 88, which comprises the interim condensed consolidated balance sheet of Yixin Group Limited (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2019 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other 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". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 International 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 interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 28, 2019

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended June 30, 2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Revenues	6		
Transaction platform business		**881,438**	261,523
Self-operated financing business		**2,280,301**	2,302,037
		3,161,739	2,563,560
Cost of revenues	8	**(1,629,783)**	(1,313,307)
Gross profit		**1,531,956**	1,250,253
Selling and marketing expenses	8	**(578,829)**	(594,519)
Administrative expenses	8	**(206,550)**	(417,643)
Research and development expenses	8	**(103,578)**	(141,367)
Net impairment losses on financial assets	8	**(529,997)**	(284,933)
Other gains, net	7	**50,636**	24,711
Operating profit/(loss)		**163,638**	(163,498)
Finance income, net	9	**25,355**	15,514
Share of (loss)/profit of an investment accounted for using the equity method	13	**(712)**	111
Profit/(loss) before income tax		**188,281**	(147,873)
Income tax expense	10	**(65,140)**	(11,611)
Profit/(loss) for the period		**123,141**	(159,484)
Profit/(loss) attributable to:			
— Owners of the Company		**123,141**	(159,484)
— Non-controlling interests		**—**	—
		123,141	(159,484)
Profit/(loss) per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
— Basic		**0.02**	(0.03)
— Diluted		**0.02**	(0.03)

The notes on pages 50 to 88 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit/(loss) for the period	**123,141**	(159,484)
Other comprehensive income/(loss), net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**4,766**	(25,217)
Total comprehensive income/(loss) for the period	**127,907**	(184,701)
Attributable to:		
— Owners of the Company	**127,907**	(184,701)
— Non-controlling interests	**—**	—
	127,907	(184,701)

The notes on pages 50 to 88 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
ASSETS			
Non-current assets			
Property and equipment	12	**125,765**	353,230
Right-of-use assets	3.1	**43,949**	—
Intangible assets	12	**2,079,915**	2,159,481
Investment in an associate	13	**16,721**	17,433
Financial assets at fair value through profit or loss	14	**2,222,629**	2,098,200
Deferred income tax assets	24	**318,047**	216,543
Prepayments, deposits and other assets	17	**1,501,703**	1,141,819
Finance receivables	15	**15,326,280**	18,027,363
Restricted cash	18	**4,502**	446,108
		21,639,511	24,460,177
Current assets			
Finance receivables	15	**18,973,485**	18,791,626
Trade receivables	16	**703,704**	677,221
Prepayments, deposits and other assets	17	**1,601,986**	1,404,960
Cash and cash equivalents		**1,711,534**	2,116,197
Restricted cash	18	**2,668,679**	3,092,081
		25,659,388	26,082,085
Total assets		**47,298,899**	50,542,262
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	**4,139**	4,114
Share premium	19	**34,698,316**	34,592,150
Other reserves		**1,048,092**	1,010,748
Accumulated losses		**(20,066,053)**	(20,189,194)
Total equity		**15,684,494**	15,417,818

	Note	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	23	5,213,484	8,391,104
Lease liabilities	3.1	19,511	—
Deferred income tax liabilities	24	2,820	2,902
Other non-current liabilities	25	1,548,538	1,947,435
		6,784,353	10,341,441
Current liabilities			
Trade payables	21	573,280	693,417
Other payables and accruals	22	2,226,060	2,173,172
Current income tax liabilities		192,019	109,034
Borrowings	23	21,816,618	21,807,380
Lease liabilities	3.1	22,075	—
		24,830,052	24,783,003
Total liabilities		31,614,405	35,124,444
Total equity and liabilities		47,298,899	50,542,262

The notes on pages 50 to 88 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at January 1, 2019		4,114	34,592,150	1,010,748	(20,189,194)	15,417,818
Comprehensive income						
Profit for the period		–	–	–	123,141	123,141
Currency translation differences		–	–	4,766	–	4,766
Total comprehensive income for the period		4,114	34,592,150	1,015,514	20,066,053	15,545,725
Transactions with owners in their capacity as owners						
Share-based compensation	20	–	–	141,180	–	141,180
Release of ordinary shares from Share Scheme Trusts	19, 20	12	62,540	(62,387)	–	165
Shares issued upon exercise of employee share options	19, 20	–	1,803	(1,798)	–	5
Vesting of restricted awarded shares	19, 20	13	41,823	(41,836)	–	–
Purchase of restricted shares under share award scheme		–	–	(2,581)	–	(2,581)
Total transactions with owners in their capacity as owners		25	106,166	32,578	–	138,769
Balance at June 30, 2019		4,139	34,698,316	1,048,092	(20,066,053)	15,684,494

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at December 31, 2017		4,080	34,409,418	797,646	(19,869,121)	15,342,023
Change in accounting policy		—	—	—	(139,755)	(139,755)
Balance at January 1, 2018		4,080	34,409,418	797,646	(20,008,876)	15,202,268
Comprehensive loss						
Loss for the period		—	—	—	(159,484)	(159,484)
Currency translation differences		—	—	(25,217)	—	(25,217)
Total comprehensive loss for the period		—	—	(25,217)	(159,484)	(184,701)
Transactions with owners in their capacity as owners						
Share-based compensation	20	—	—	191,399	—	191,399
Release of ordinary shares from Share Scheme Trusts	19, 20	26	146,894	(146,533)	—	387
Shares issued upon exercise of employee share options	19, 20	1	5,035	(5,023)	—	13
Total transactions with owners in their capacity as owners		27	151,929	39,843	—	191,799
Balance at June 30, 2018		4,107	34,561,347	812,272	(20,168,360)	15,209,366

The notes on pages 50 to 88 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended June 30, 2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Cash flows from operating activities			
Cash generated from/(used in) operations		**3,942,618**	(4,876,427)
Income tax paid		**(83,742)**	(70,583)
Net cash generated from/(used in) operating activities		**3,858,876**	(4,947,010)
Cash flows from investing activities			
Interest received		**37,542**	19,569
Proceeds from disposal of property and equipment and intangible assets		**2,498**	16,006
Purchase of property and equipment		**(13,815)**	(25,224)
Prepayment for property		**(222,536)**	—
Purchase of intangible assets		**(2,649)**	(2,107)
Loans to a related party		**(22,000)**	—
Loans to third parties		**(263,000)**	(93,000)
Repayments from loans to third parties		**103,000**	—
Prepayment for an investment		**—**	(100,000)
Investments in financial assets at fair value through profit or loss	14	**(120,927)**	(48,083)
Payments to acquire a subsidiary		**(500)**	—
Placements of restricted cash		**(2,765,876)**	(1,380,725)
Maturity of restricted cash		**3,617,220**	206,387
Net cash generated from/(used in) investing activities		**348,957**	(1,407,177)

	Note	Six months ended June 30, 2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Cash flows from financing activities			
Proceeds from borrowings		**13,196,135**	20,149,028
Repayment of borrowings		**(16,403,144)**	(16,152,734)
Deposits for borrowings		**(57,489)**	(287,180)
Proceeds of loans from Bitauto Group		**—**	382,608
Repayment of loans from Bitauto Group		**(366,010)**	(200,000)
Principal elements of lease payments		**(17,621)**	—
Payment of issuance cost of ordinary shares relating to the initial public offering		**—**	(13,516)
Proceeds from exercise of share options		**5**	2,053
Purchase of restricted shares under share award scheme		**(2,581)**	—
Interest paid		**(970,714)**	(760,306)
Net cash (used in)/generated from financing activities		**(4,621,419)**	3,119,953
Net decrease in cash and cash equivalents		**(413,586)**	(3,234,234)
Cash and cash equivalents at beginning of the period		**2,116,197**	5,824,706
Exchange gains/(losses) on cash and cash equivalents		**8,923**	(55,295)
Cash and cash equivalents at end of the period		**1,711,534**	2,535,177

The notes on pages 50 to 88 are an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

Yixin Group Limited (the "**Company**") was incorporated in the Cayman Islands on November 19, 2014 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and carries on business in Hong Kong as Yixin Automotive Technology Group Limited. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company together with its subsidiaries and consolidated affiliated entities (together, the "**Group**") are principally engaged in (i) the provision of loan facilitation services, and advertising and other services ("**Transaction Platform Business**"); and (ii) the provision of financing lease services and other self-operated services ("**Self-operated Financing Business**") in the People's Republic of China (the "**PRC**").

Bitauto Holdings Limited ("**Bitauto**") is the ultimate controlling shareholder of the Company as at the date of this report. Bitauto and its subsidiary, Bitauto Hong Kong Limited ("**Bitauto HK**") (collectively the "**Controlling Shareholders**") are the controlling shareholders of the companies comprising the Group. Bitauto and its subsidiaries are collectively referred to as "**Bitauto Group**".

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since November 16, 2017 by way of its initial public offering ("**IPO**").

The Group's major subsidiaries are based in the PRC and the majority of their transactions are denominated in Renminbi ("**RMB**"). The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange controls promulgated by the PRC government. As at June 30, 2019, other than restrictions from exchange control regulations, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of the Group (2018: nil).

The interim condensed consolidated financial information is presented in RMB, unless otherwise stated. All companies comprising the Group have adopted December 31 as their financial year-end date.

United States Dollars are defined as "US$" and Hong Kong Dollars are defined as "HK$".

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 2019 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") by the Group.

3 Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2018, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

The following new and amended standards, and annual improvements, are mandatory for the first time for the Group's financial year beginning on January 1, 2019 and are applicable for the Group:

- IFRS 16 Leases;
- Annual improvements 2015–2017 Cycle;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Prepayment Features with Negative Compensation — Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures — Amendments to IAS 28; and
- Plan Amendment, Curtailment or Settlement — Amendments to IAS 19.

Amendments to IFRS effective for the financial year beginning on January 1, 2019 do not have a material impact on the Group's interim financial information other than IFRS 16, details of which are set out in Note 3.1.

3.1 IFRS 16 Leases

The Group has adopted IFRS 16 on January 1, 2019, which results in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provision under IFRS 16, the Group has applied the simplified transition approach, and all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses). Comparative figures for the 2018 financial year have not been restated.

3 Accounting Policies (continued)

3.1 IFRS 16 Leases (continued)

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7.1%.

	2019
	RMB'000
Operating lease commitments disclosed as at December 31, 2018	138,788
Recognition exemption — short-term leases	(1,635)
Decrease in future payments due to changes in lease arrangements	(83,008)
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(4,465)
Lease liability recognised as at January 1, 2019	49,680
Of which are:	
Current lease liabilities	29,571
Non-current lease liabilities	20,109

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019	January 1, 2019
	RMB'000	RMB'000
Properties	43,949	53,218

3 Accounting Policies (continued)

3.1 IFRS 16 Leases (continued)

(a) Adjustments recognised on adoption of IFRS 16 (continued)

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- right-of-use assets — increase by 53,218,000
- prepayments, deposits and other assets — decrease by 3,538,000
- lease liabilities — increase by 49,680,000.

(b) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

3 Accounting Policies (continued)

3.1 IFRS 16 Leases (continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the end of the 2018 financial year, leases of property and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3 Accounting Policies (continued)

3.1 IFRS 16 Leases (continued)

(c) The Group's leasing activities and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 Estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2018, except for the adoption of *IFRS 16 Leases* as set out above.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

There have been no changes in the Group's risk management department or in any risk management policies since December 31, 2018.

(a) Impairment of financial assets — Finance receivables

To measure the expected credit losses, finance receivables have been grouped based on shared credit risk characteristics and number of days past due.

On that basis, provision for expected credit losses as at June 30, 2019 and December 31, 2018 was determined as follows for finance receivables:

June 30, 2019	Current RMB'000	Up to 3 months past due RMB'000	Over 3 months past due RMB'000	Total RMB'000
Expected loss rate	**0.45%**	**16.25%**	**40.27%**	**1.66%**
Gross carrying amount (Note 15)	**32,876,313**	**1,553,642**	**450,115**	**34,880,070**
Provision for expected credit losses	**146,540**	**252,504**	**181,261**	**580,305**

December 31, 2018	Current RMB'000	Up to 3 months past due RMB'000	Over 3 months past due RMB'000	Total RMB'000
Expected loss rate	0.46%	17.07%	42.62%	1.38%
Gross carrying amount (Note 15)	35,894,622	1,027,691	411,573	37,333,886
Provision for expected credit losses	164,081	175,424	175,392	514,897

5 Financial risk management (continued)

5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at June 30, 2019 and as at December 31, 2018, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2019:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Financial assets at fair value through profit or loss (Note 14)	**–**	**–**	**2,222,629**	**2,222,629**

The following table presents the Group's assets and liabilities that are measured at fair value as at December 31, 2018:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Financial assets at fair value through profit or loss (Note 14)	–	–	2,098,200	2,098,200

5 Financial risk management (continued)

5.2 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 Financial risk management (continued)

5.2 Fair value estimation (continued)

(c) Financial instruments in level 3

Level 3 instruments of the Group's assets and liabilities include financial assets at fair value through profit or loss.

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss for the six months ended June 30, 2019 and 2018.

	Financial assets at fair value through profit or loss RMB'000
At January 1, 2019	**2,098,200**
Additions	**120,927**
Change in fair value (Note 7)	**–**
Currency translation differences	**3,502**
At June 30, 2019	**2,222,629**
Total unrealized gains and change in fair value for the period included in "Other gains, net" for financial assets at fair value through profit or loss held at the end of the period	**–**
At January 1, 2018	156,829
Additions	48,083
Change in fair value (Note 7)	2,585
At June 30, 2018	207,497
Total unrealized gains and change in fair value for the period included in "Other gains, net" for financial assets at fair value through profit or loss held at the end of the period	2,585

5 Financial risk management (continued)

5.2 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included investments in private companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows, comparable companies etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of weighted average cost of capital (WACC), recent market transactions, estimated discount for marketing and other exposure etc.

6 Segment information

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

— Transaction Platform Business

— Self-operated Financing Business

6 Segment information (continued)

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment gross profit and segment operating profit. The revenues from external customers reported to CODM are measured as segment revenues, which is the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenues minus segment cost of revenues. Cost of revenues for the Transaction Platform Business segment primarily comprised loan facilitation commission fees and other direct service costs. Cost of revenues for the Self-operated Financing Business segment primarily comprised funding costs and cost of automobiles sold. The segment operating profit is calculated as segment gross profit minus selling and marketing expenses, administrative expenses, research and development expenses, net impairment losses on financial assets and other gains, net associated with the respective segment.

The finance income, net is not included in the measurement of the segments' performance which is used by CODM as a basis for the purpose of resource allocation and assessment of segment performance.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for the six months ended June 30, 2019 are as follows:

	Unaudited Six months ended June 30, 2019		
	Transaction Platform Business RMB'000	**Self-operated Financing Business RMB'000**	**Total RMB'000**
Revenues	**881,438**	**2,280,301**	**3,161,739**
— Recognized at a point in time	**839,088**	**184,991**	**1,024,079**
— Recognized over time	**42,350**	**2,095,310**	**2,137,660**
Gross profit	**537,071**	**994,885**	**1,531,956**
Operating profit	**144,820**	**18,818**	**163,638**

6 Segment information (continued)

The segment results for the six months ended June 30, 2018 are as follows:

	Unaudited Six months ended June 30, 2018		
	Transaction Platform Business RMB'000	Self-operated Financing Business RMB'000	Total RMB'000
Revenues	261,523	2,302,037	2,563,560
— Recognized at a point in time	123,345	89,954	213,299
— Recognized over time	138,178	2,212,083	2,350,261
Gross profit	201,641	1,048,612	1,250,253
Operating loss	(5,310)	(158,188)	(163,498)

None of the customers of the Group have accounted for more than 10% of the Group's total revenues for the six months ended June 30, 2019 and 2018.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at June 30, 2019 and December 31, 2018, substantially all of the non-current assets of the Group were located in the PRC.

The reconciliation of operating profit/(loss) to profit/(loss) before income tax for the six months ended June 30, 2019 and 2018 is presented in the consolidated income statements of the Group.

6 Segment information (continued)

The Group derives revenue from the following services and transfer of goods:

	Six months ended June 30, 2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Financing lease services	**2,080,712**	2,014,952
Loan facilitation services	**839,049**	111,066
Sales of automobiles	**170,508**	87,420
Advertising and other services	**42,389**	150,457
Operating lease services	**14,598**	180,124
Others	**14,483**	19,541
	3,161,739	2,563,560

7 Other gains, net

	Six months ended June 30, 2019 RMB'000 Unaudited	2018 RMB'000 Unaudited
Other income from business cooperation arrangements with Yusheng Holdings Limited	**53,270**	—
Government grants	**11,975**	9,683
Fair value gain on financial assets (Note 14)	**—**	2,585
Foreign exchange losses, net	**(914)**	(15,840)
(Losses)/Gains on disposal of property, equipment, and intangible assets	**(1,519)**	39,781
Bank fees and charges	**(12,916)**	(22,153)
Others, net	**740**	10,655
	50,636	24,711

8 Expenses by nature

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Funding costs	**1,011,682**	973,107
Employee benefit expenses	**539,397**	639,633
Loan facilitation commission fees	**314,317**	26,116
Provision for impairment of trade receivables (Note 16)	**273,687**	21,605
Provision for expected credit losses of finance receivables (Note 15)	**255,799**	259,426
Cost of automobiles sold	**203,167**	86,876
Depreciation and amortization charges	**123,459**	238,935
Leasing related expenses	**116,654**	200,830
Marketing and advertising expenditures	**53,610**	168,011
Office and administrative expenses	**30,559**	62,817
Provision for impairment of other receivables (Note 17)	**511**	3,902
Other expenses	**125,895**	70,511
Total	**3,048,737**	2,751,769

9 Finance income, net

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Finance income:		
— Interest income	**50,509**	17,179
Finance expenses:		
— Interest expenses	**(25,154)**	(1,665)
Net finance income	**25,355**	15,514

10 Income tax expense

The income tax expense of the Group for the six months ended June 30, 2019 and 2018 is analysed as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax	**166,726**	52,948
Deferred income tax (Note 24)	**(101,586)**	(41,337)
Income tax expense	**65,140**	11,611

(a) Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax. As such, the operating results reported by the Company are not subject to any income tax.

(b) Hong Kong Income Tax

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the period ended June 30, 2019 and June 30, 2018.

10 Income tax expense (continued)

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the period ended June 30, 2019 and June 30, 2018, based on the existing legislation, interpretations and practices in respect thereof.

Shanghai Lanshu Information Technology Co., Ltd. ("**Shanghai Lanshu**") was accredited as a "software enterprise" under the relevant PRC laws and regulations in 2017. Therefore, Shanghai Lanshu is exempted from EIT for two years starting from the year ended December 31, 2017, followed by a 50% reduction in the applicable tax rates for the next three years.

In accordance with relevant PRC laws and regulations, Xinjiang Yin'an Information Technology Co., Ltd. ("**Xinjiang Yin'an**") and Xinjiang Wanxing Information Technology Co., Ltd. ("**Xinjiang Wanxing**") are exempted from EIT for five years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years.

(d) PRC Withholding Tax ("WHT")

According to the PRC Enterprise Income Tax Law ("**EIT Law**"), distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

For the period ended June 30, 2019 and June 30, 2018, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

11 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended June 30,	
	2019	2018
Weighted average number of issued ordinary shares	**6,235,178,268**	6,177,904,024
Less shares held for restricted share scheme	**3,446,901**	—
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,231,731,367**	6,177,904,024
Basic earnings/(loss) attributable to owners of the Company (RMB'000)	**123,141**	(159,484)
Diluted impact on earnings (RMB'000)	**—**	—
Diluted earnings/(loss) attributable to owners of the Company (RMB'000)	**123,141**	(159,484)
Numbers of restricted shares with potential dilutive effect (i)	**235,464,699**	—
Weighted average number of issued ordinary shares for calculating diluted earnings per share (i)	**6,470,642,967**	6,177,904,024
Earnings/(loss) per share		
—Basic (RMB per share)	**0.02**	(0.03)
—Diluted (RMB per share)	**0.02**	(0.03)

(i) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (Note 20). A calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per share.

12 Property and equipment and Intangible assets

	Property and Equipment RMB'000	Intangible Assets RMB'000
Unaudited		
Six months ended June 30, 2019		
Opening net book amount	**353,230**	**2,159,481**
Additions	**12,934**	**2,999**
Disposals	**(210,018)**	**—**
Depreciation/amortization charge	**(30,381)**	**(82,565)**
Closing net book amount	**125,765**	**2,079,915**
Unaudited		
Six months ended June 30, 2018		
Opening net book amount	1,208,544	2,384,761
Additions	159,838	1,988
Disposals	(295,493)	(62,922)
Depreciation/amortization charge	(142,052)	(96,883)
Closing net book amount	930,837	2,226,944

13 Investment in an associate

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
At beginning of the period	**17,433**	16,051
Share of (loss)/profit of an associate	**(712)**	111
At end of the period	**16,721**	16,162

14 Financial assets at fair value through profit or loss

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
At beginning of the period	**2,098,200**	156,829
Additions	**120,927**	48,083
Fair value gain	**—**	2,585
Currency translation differences	**3,502**	—
At end of the period	**2,222,629**	207,497

15 Finance receivables

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at June 30, 2019 and December 31, 2018 are as below:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Finance receivables		
— Finance receivables, gross	**41,272,331**	44,814,974
— Unearned finance income	**(6,392,261)**	(7,481,088)
Finance receivables, net	**34,880,070**	37,333,886
Less: provision for expected credit losses	**(580,305)**	(514,897)
Carrying amount of finance receivables	**34,299,765**	36,818,989
Finance receivables, gross		
— Within one year	**22,541,833**	22,767,805
— After one year but not more than five years	**18,730,498**	22,047,169
	41,272,331	44,814,974
Finance receivables, net		
— Within one year	**19,315,399**	19,066,088
— After one year but not more than five years	**15,564,671**	18,267,798
Total	**34,880,070**	37,333,886

15 Finance receivables (continued)

The following table sets forth the carrying amount of finance receivables by major categories:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Finance receivables:		
— Individual customers	**34,142,325**	36,584,722
— Auto dealers	**157,440**	234,267
	34,299,765	36,818,989

An aging analysis of finance receivables is as follows:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Not past due	**32,876,313**	35,894,622
Past due		
— Up to 3 months	**1,553,642**	1,027,691
— 3 to 6 months	**180,734**	219,112
— Over 6 months	**269,381**	192,461
Finance receivables, net	**34,880,070**	37,333,886
Less: provision for expected credit losses	**(580,305)**	(514,897)
Carrying amount of finance receivables	**34,299,765**	36,818,989

As at June 30, 2019 and December 31, 2018, carrying amounts of the finance receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

15 Finance receivables (continued)

Movements on the Group's provision for expected credit losses of finance receivables are as follows:

	Provision for expected credit losses RMB'000
Provision movement:	
At December 31, 2018	**514,897**
Charge for the period	**255,799**
Write off	**(190,391)**
At June 30, 2019	**580,305**
At December 31, 2017	134,169
Change in accounting policy	186,340
At January 1, 2018	320,509
Charge for the period	259,426
Write off	(165,344)
At June 30, 2018	414,591

16 Trade receivables

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Trade receivables	**1,219,380**	919,210
Less: provision for impairment	**(515,676)**	(241,989)
Trade receivables, net	**703,704**	677,221

16 Trade receivables (continued)

(a) An aging analysis of trade receivables based on invoice date is as follows:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Up to 3 months	**656,787**	358,049
3 to 6 months	**31,380**	18,773
Over 6 months	**531,213**	542,388
Trade receivables	**1,219,380**	919,210
Less: provision for impairment	**(515,676)**	(241,989)
Trade receivables, net	**703,704**	677,221

As at June 30, 2019 and December 31, 2018, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

(b) The Group does not have specific credit terms. As at June 30, 2019, trade receivables of RMB153,787,000 (2018: RMB483,241,000) were past due but not impaired.

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Up to 3 months	**99,831**	406,109
3 to 6 months	**8,795**	43,097
Over 6 months	**45,161**	34,035
	153,787	483,241

There is no objective evidence that would lead to an impairment charge for the trade receivables past due but not impaired as at June 30, 2019 and December 31, 2018.

16 Trade receivables (continued)

Movements on the Group's provision for impairment of trade receivables are as follows:

	Individually impaired RMB'000
Provision movement:	
At January 1, 2019	**241,989**
Charge for the period	**273,687**
At June 30, 2019	**515,676**
At January 1, 2018	72,259
Charge for the period	21,605
At June 30, 2018	93,864

17 Prepayments, deposits and other assets

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Included in non-current assets:		
Deposits	463,895	502,074
Collateralized vehicles held under financing lease services	313,699	—
Long-term receivables from loan facilitation services	260,976	53,973
Prepayment for property	222,536	—
Vehicles purchased for future leases	151,683	359,760
Long-term prepaid expenses	43,921	74,113
Prepayment for vehicles	41,319	149,215
Others	3,674	2,684
	1,501,703	1,141,819
Included in current assets:		
Other receivables from third parties	530,344	435,313
Loans to third parties (a)	313,000	153,057
Deposits	261,195	184,718
Prepaid taxes	222,720	354,655
Other receivables from disposal of assets	81,348	104,357
Other receivables due from related parties (Note 27(b)(iii)(vi))	55,068	25,801
Prepayments	23,444	38,716
Advances to used car dealers	11,765	11,774
Operational advance to employees	3,969	10,405
Others	123,736	110,256
	1,626,589	1,429,052
Less: provision for impairment	(24,603)	(24,092)
	1,601,986	1,404,960
Total	3,103,689	2,546,779

Notes:

(a) Loans to third parties amounting to RMB250,000,000 have been recovered in August 2019. The remaining balances are arranged to be recovered by the end of June 2020 in accordance with the contractual terms.

17 Prepayments, deposits and other assets (continued)

As at June 30, 2019 and December 31, 2018, the carrying amounts of prepayments, deposits and other assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates. As at June 30, 2019 and December 31, 2018, there are no significant balances that are past due.

18 Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Term deposits pledged for bank borrowings (a)	**2,155,173**	3,124,554
Cash deposited for borrowings (b)	**371,965**	401,041
Cash pledged for bank notes	**—**	9,690
Cash pledged for loan facilitation services (c)	**146,043**	2,904
	2,673,181	3,538,189
Of which are:		
Current restricted cash	**2,668,679**	3,092,081
Non-current restricted cash	**4,502**	446,108

Notes:

(a) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings.

(b) The balance represents the cash deposited for bank borrowings and cash collected from the finance receivables that are deposited for asset-backed securitization or other secured borrowings by the Group. Such balance is restricted from withdrawal by the Group.

(c) The balance represents the deposits placed with banks and used as pledged assets for the Group's loan faciliation services.

19 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares US$'000	Number of preferred shares	Nominal value of preferred shares US$'000
Authorized:				
As at January 1 and June 30, 2019	15,000,000,000	1,500	—	—
As at January 1 and June 30, 2018	15,000,000,000	1,500	—	—

	Note	Number of ordinary shares	Nominal value of ordinary shares US$'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:					
At January 1, 2019		**6,370,479,652**	**621**	**4,114**	**34,592,150**
Release of ordinary shares from Share Scheme Trusts	(a)	**—**	**2**	**12**	**62,540**
Shares issued upon exercise of employee share options	(b)	**503,000**	**—**	**—**	**1,803**
Vesting of restricted awarded shares	(c)	**—**	**2**	**13**	**41,823**
As at June 30, 2019		**6,370,982,652**	**625**	**4,139**	**34,698,316**
At January 1, 2018		6,276,322,474	616	4,080	34,409,418
Shares issued upon exercise of employee share options		1,405,030	—	1	5,035
Release of ordinary shares from Share Scheme Trusts		—	4	26	146,894
As at June 30, 2018		6,277,727,504	620	4,107	34,561,347

19 Share capital and share premium (continued)

Notes:

(a) On October 12, 2017, the Company modified the share option agreement with 20 grantees, including 1 director, 6 other senior management members, and 13 other employees, by immediately vesting a total of 15,957,262 share options held by the grantees. On the same date, the grantees exercised the share options in full for 15,957,262 ordinary shares issued by the Company and transferred 7,167,993, 3,439,269 and 5,350,000 ordinary shares to Xindu Limited, Spring Forests Limited and Yidu Limited, respectively, which are trusts established to hold the shares for and on behalf of the grantees (collectively, "Share Scheme Trusts"). The grantees' entitlement of the trusts are subject to vesting conditions that are substantially the same as those in the share option agreement before above mentioned modification. The ordinary shares held by Share Scheme Trusts are not considered issued and outstanding until the grantee's entitlement of the trusts is vested. As at June 30, 2019, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834. During the six months ended June 30, 2019, 17,590,181 ordinary shares held by Share Scheme Trusts were issued and outstanding.

(b) During the six months ended June 30, 2019, 503,000 pre-IPO share options with an exercise price of US$0.0014 were exercised.

(c) During the six months ended June 30, 2019, 21,983,804 ordinary shares of the Company were transferred (2018: nil) to the share awardees upon vesting of the awarded shares.

20 Share-based payments

The total expenses recognized in the interim condensed consolidated income statement for share-based awards granted to the Group's employees are RMB141,180,000 for the period ended June 30, 2019 (six months ended June 30, 2018: RMB191,399,000).

(a) Shares options granted to employees under the Pre-IPO Share Option Scheme

The exercise price of the granted options to employees is US$0.0014. The options have graded vesting terms determined in the grant letter, on the condition that employees remain in service without any performance requirements. The vesting dates are determined by the Company and grantees for each option agreement. The granted options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options granted to employees outstanding are as follows:

	Number of share options
Outstanding as at January 1, 2019	333,228,714
Exercised during the period	(18,093,181)
Forfeited during the period	(1,428,000)
Outstanding as at June 30, 2019	313,707,533
Exercisable as at June 30, 2019	210,039,397

20 Share-based payments (continued)

(a) Shares options granted to employees under the Pre-IPO Share Option Scheme (continued)

	Number of share options
Outstanding as at January 1, 2018	392,429,709
Exercised during the period	(42,392,172)
Forfeited during the period	(6,942,796)
Outstanding as at June 30, 2018	343,094,741
Exercisable as of June 30, 2018	192,939,638

(b) Restricted shares units ("RSUs") granted to employees under the First and Second Share Award Scheme

Starting from 2018, the Group granted RSUs to the Group's employees under the First and Second Share Award Scheme. The RSUs granted would vest on specific dates, or in equal tranches from the grant date over two to four years, on condition that employees remain in service without any performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

Movements in the number of RSUs granted to the Group's employees and the respective weighted-average grant date fair value are as follows:

	Number of RSUs	Weighted average fair value per RSU (US$)
Outstanding as at January 1, 2019	**99,737,126**	**USD0.30**
Vested and sold during the period	**(21,983,804)**	**USD0.31**
Forfeited during the period	**(3,313,317)**	**USD0.34**
Outstanding as at June 30, 2019	**74,440,005**	**USD0.30**
Vested as at June 30, 2019	**24,605,056**	**USD0.31**

The fair value of RSUs is determined based on the closing price of the Group's publicly traded ordinary shares on the date of grant.

20 Share-based payments (continued)

(c) Expected Retention Rate

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options and RSUs (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at June 30, 2019, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 91%, respectively (December 31, 2018: 100%, 100% and 91%).

21 Trade payables

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Trade payables	**573,280**	661,117
Notes payable	**–**	32,300
	573,280	693,417

An aging analysis of trade payables based on invoice date is as follows:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Up to 3 months	**342,011**	327,109
3 to 6 moths	**30,842**	54,711
6 months to 1 year	**48,465**	82,407
Over 1 year	**151,962**	229,190
	573,280	693,417

22 Other payables and accruals

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Loans payable to Bitauto Group (Note 27(b)(vii))	**767,530**	786,430
Advances from customers	**279,500**	168,583
Deposits payable	**242,428**	273,378
Interest payable	**225,515**	227,608
Deferred revenue — current	**139,233**	164,867
Staff costs and welfare accruals	**85,424**	88,589
Tax payable	**59,714**	93,285
Other payables to related parties for services	**51,381**	82,205
Accrued expenses	**41,109**	63,790
Others	**334,226**	224,437
	2,226,060	2,173,172

As at June 30, 2019, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals and other accruals, approximate their fair values at each of the reporting date.

23 Borrowings

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Included in non-current liabilities:		
Pledge borrowings	—	299,980
Asset-backed securitization debt	1,440,411	3,764,348
Other secured borrowings	3,206,299	3,214,449
Unsecured borrowings	566,774	1,112,327
	5,213,484	8,391,104
Included in current liabilities:		
Pledge borrowings	1,802,590	2,673,881
Borrowings guaranteed by Bitauto Group	—	471,200
Asset-backed securitization debt	9,015,986	10,021,333
Other secured borrowings	8,486,200	5,777,585
Unsecured borrowings	2,511,842	2,863,381
	21,816,618	21,807,380
Total borrowings	27,030,102	30,198,484

23 Borrowings (continued)

The borrowings are repayable as follows:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Within 1 year	**21,816,618**	21,807,380
Between 1 and 2 years	**4,959,438**	7,916,841
Between 2 and 5 years	**254,046**	474,263
	27,030,102	30,198,484

24 Deferred income taxes

The movements in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities	Fair value gain on financial assets RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
At January 1, 2019	**(2,353)**	**(549)**	**(2,902)**
Credited to consolidated income statement	**–**	**82**	**82**
At June 30, 2019	**(2,353)**	**(467)**	**(2,820)**
At January 1, 2018	(1,707)	(14,322)	(16,029)
(Charged)/credited to consolidated income statement	(646)	13,691	13,045
At June 30, 2018	(2,353)	(631)	(2,984)

24 Deferred income taxes (continued)

Deferred income tax assets	Provision for expected credit losses of finance receivables RMB'000	Provision for impairment of trade receivables RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At January 1, 2019	**179,383**	**32,165**	**4,507**	**488**	**216,543**
Credited to consolidated income statement	**46,397**	**50,063**	**4,265**	**779**	**101,504**
At June 30, 2019	**225,780**	**82,228**	**8,772**	**1,267**	**318,047**
At December 31, 2017	41,120	—	4,800	2,373	48,293
Adjustment to retained earnings from adoption of IFRS 9 on January 1, 2018	46,585	—	—	—	46,585
At January 1, 2018	87,705	—	4,800	2,373	94,878
Credited to consolidated income statement	23,521	—	3,009	1,762	28,292
At June 30, 2018	111,226	—	7,809	4,135	123,170

25 Other non-current liabilities

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Deferred revenue	**1,382,871**	1,444,920
Long-term deposits payable	**11,017**	14,607
Loans payable to Bitauto Group	**—**	343,160
Other liabilities	**154,650**	144,748
	1,548,538	1,947,435

26 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
Purchases of property	222,536	—
Purchases of automobiles	—	7,007
	222,536	7,007

(b) Operating lease commitments

The Group leases office under non-cancellable operating lease agreements. From January 1, 2019, in accordance with IFRS 16, the Group has recognised right-of-use assets for these leases, except for short-term leases, see Note 3.1 for further information.

27 Related party transactions

The following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Significant transactions with related parties

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties (all amounts are presented net of value-added taxes):

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	Unaudited	Unaudited
(i) Provision of transaction services to related parties		
Controlling shareholder and its subsidiaries	**4,754**	65,734
Associate	**–**	6,000
	4,754	71,734
(ii) Provision of financial services to related parties		
Controlling shareholder and its subsidiaries	**–**	14,778
(iii) Purchases of used car valuation services from related parties		
Controlling shareholder and its subsidiaries	**11,182**	10,359
(iv) Purchases of vehicles from a related party		
An entity significantly influenced by the controlling shareholder	**68,386**	13,984
(v) Purchase of structured financing services from related parties		
Subsidiaries of a shareholder that has significant influence on the Group	**531**	8,667

27 Related party transactions (continued)

(b) Year end balances with related parties

	As at June 30, 2019 RMB'000 Unaudited	As at December 31, 2018 RMB'000 Audited
(i) Trade receivables due from related parties		
Controlling shareholder and its subsidiaries	124,292	123,150
(ii) Finance receivables due from a related party		
An entity significantly influenced by the controlling shareholder	27,694	105,919
(iii) Other receivables due from related parties		
Controlling shareholder and its subsidiaries	13,837	6,416
Associate	231	—
Key management personnel	—	385
	14,068	6,801
(iv) Prepayments made to related parties		
Entities significantly influenced by the controlling shareholder	19,328	100,262
Subsidiary of a shareholder that has significant influence on the Group	3,982	6,615
	23,310	106,877
(v) Trade and other payables due to related parties for services		
Controlling shareholder and its subsidiaries	54,891	86,543
Subsidiary of a shareholder that has significant influence on the Group	311	5,681
	55,202	92,224
(vi) Loans to a related party		
Associate	22,000	—
(vii) Loans from related parties		
Controlling shareholder and its subsidiaries	767,530	1,129,590

27 Related party transactions (continued)

(b) Year end balances with related parties (continued)

Note:

Except for the related parties transactions disclosed under Note 27(b) (ii), Note 27(b) (vi) and Note 27(b) (vii), balances with other related parties were all unsecured, interest-free, and repayable on demand.

28 Subsequent event

On August 2, 2019, the Company announced that Xinche Investment (Shanghai) Co., Ltd. ("Xinche Investment"), an indirect wholly-owned subsidiary of the Company, Beijing Bitauto Internet Information Company Limited ("Beijing Bitauto") and Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin") entered into an Investment Agreement.

As at the date of the announcement, Dalian Rongxin was wholly-owned by Beijing Bitauto and its registered capital was RMB1,000,000,000. Pursuant to the Investment Agreement, Xinche Investment or its designated entity will invest RMB475,000,000 into Dalian Rongxin. After the investment, the registered capital of Dalian Rongxin will become RMB1,475,000,000 and Dalian Rongxin will become a joint venture of the Group. Given that Dalian Rongxin will not be a subsidiary of the Group, its financial results will not be consolidated into the financial statements of the Group.

"affiliate(s)"	any company that directly or indirectly controls, is controlled by or is under common control of the company in question, provided that control shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of a company, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise, and accordingly, for the purpose of the definition of affiliate(s), a company shall be deemed to control another company if such first company, directly or indirectly, owns or holds more than 50% of the voting equity securities in such other company, and terms deriving from control, such as "controlling" and "controlled", shall have a meaning corollary to that of control
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Beijing Bitauto"	Beijing Bitauto Internet Information Company Limited* (北京易車互聯信息技術有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Bitauto HK
"Beijing Yixin"	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC on January 9, 2015 and the Consolidated Affiliated Entity
"Bitauto"	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands on October 21, 2005 and currently listed on the NYSE (NYSE: BITA), and a Controlling Shareholder

DEFINITIONS

"Bitauto Group"	Bitauto and/or subsidiaries and its consolidated affiliated entities from time to time, excluding the Group unless the context so requires
"Bitauto HK"	Bitauto Hong Kong Limited (易車香港有限公司), a company incorporated under the laws of Hong Kong on April 27, 2010 and one of the Controlling Shareholders of the Company
"Board"	the board of Directors
"Business Cooperation Agreement"	the business cooperation agreement dated June 13, 2018 entered into between the Company and Yusheng
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this interim report, references in this interim report to China or the PRC do not include Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "Yixin"	Yixin Group Limited (易鑫集团有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 19, 2014 and carries on business in Hong Kong as Yixin Automotive Technology Group Limited, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2858)
"Company's Securities Dealing Code"	the Company's own code of conduct for securities transactions regarding the Directors' dealings in the securities of the Company on terms no less exacting than the Model Code
"Consolidated Affiliated Entity"	the entity we control through the Contractual Arrangements, namely Beijing Yixin

"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, our Consolidated Affiliated Entity and its shareholders, details of which are described in the sections headed "Qualification Requirements" under "Other Information"
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this interim report, refers to Bitauto and Bitauto HK and each of them shall be referred to as a controlling Shareholder
"Conversion Price"	US$20.00 (equivalent to approximately HK$156.93) per Conversion Share
"Conversion Share(s)"	Non-voting Series Pre-A Preferred Shares to be issued upon exercise of the Convertible Note at the Conversion Price
"Convertible Note"	the convertible note in the principal amount of US$260 million (equivalent to approximately HK$2,040 million), which is convertible into 13 million Conversion Shares pursuant to the Convertible Note Purchase Agreement
"Convertible Note Purchase Agreement"	the convertible note purchase agreement dated June 13, 2018 entered into between the Company and Yusheng
"Cooperation"	means certain cooperation services to be provided by the Company or its affiliates to the Yusheng Group for a term of twenty (20) years, including traffic support in relation to the Used Automobile Transaction Business, support in relation to certain automobile database, and the Non-compete Undertaking pursuant to the Business Cooperation Agreement
"Dalian Rongxin"	Dalian Rongxin Financing Guarantees Company Ltd.* (大連融鑫融資擔保有限公司), a company established under the laws of the PRC
"Director(s)"	the director(s) of the Company

"First Share Award Scheme"	the share award scheme conditionally approved and adopted by our Company on May 26, 2017, the principal terms of which are set out in the section headed "Statutory and General Information — Pre-IPO Share Option Scheme and Share Award Schemes — First Share Award Scheme" of the Prospectus
"FITE Regulations"	the Provisions on Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, which stipulates that the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors
"Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entity (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements) from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ICP License"	Value-added Telecommunications Service Operating Permit for Internet information services
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Investment"	the proposed investment in the amount of RMB475,000,000 into Dalian Rongxin by the Investor pursuant to the Investment Agreement
"Investment Agreement"	an investment agreement dated August 2, 2019 entered into among Xinche Investment, Beijing Bitauto and Dalian Rongxin in relation to the Investment in Dalian Rongxin

"Investor"	Xinche Investment or its designated entity which is intended to be a wholly-owned subsidiary of the Company
"IPO"	initial public offering of the Shares on the Main Board
"JD.com"	JD.com, Inc., a company incorporated in the Cayman Islands and currently listed on Nasdaq Global Select Market (Nasdaq: JD), and a substantial Shareholder
"Listing Date"	November 16, 2017, being the date the Shares on which were listed on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Non-compete Undertaking"	the Company's undertaking not to, and agreeing to cause the Group not to, directly or indirectly, invest in, manage, own, engage in, operate or control or provide technical, operational or financial assistance to any Used Automobile Transaction Business, other than through a company within the Yusheng Group

DEFINITIONS

"NYSE"	the New York Stock Exchange
"PRC Legal Advisor"	Han Kun Law Offices, the PRC legal adviser to the Company
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on May 26, 2017, the principal terms of which are set out in the section headed "Statutory and General Information — Pre-IPO Share Option and Share Award Schemes — Pre-IPO Share Option Scheme" of the Prospectus
"Prospectus"	the prospectus of the Company dated November 6, 2017
"PwC"	PricewaterhouseCoopers, the Group's auditor
"Qualification Requirements"	a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas
"Reporting Period"	the six months ended June 30, 2019
"RMB"	Renminbi, the lawful currency of the PRC
"Second Share Award Scheme"	the share award scheme conditionally approved and adopted by our Company on September 1, 2017, the principal terms of which are set out in the section headed "Statutory and General Information — Pre-IPO Share Option and Share Award Schemes" of the Prospectus
"Securities Subscription Agreement"	the securities subscription agreement entered into between Yusheng and certain other investors, including entities affiliated with Tencent and JD.com, pursuant to which Yusheng has agreed to issue and the investors agreed to subscribe for and/or have the option to subscribe for the Series A-1 and Series A-2 Preferred Shares
"Series A-1 Preferred Shares"	Series A-1 preferred shares of Yusheng with a par value of US$0.0001 per share
"Series A-2 Preferred Shares"	Series A-2 preferred shares of Yusheng with a par value of US$0.0001 per share, without voting power

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Lanshu"	Shanghai Lanshu Information Technology Co., Ltd.* (上海藍書信息科技有限公司), a company established under the laws of the PRC on January 29, 2015 and an indirectly wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) in the share capital of our company with a par value of US$0.0001
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), one of the substantial Shareholders
"THL H Limited"	a company incorporated under the laws of the British Virgin Islands, a wholly-owned subsidiary of Tencent, our substantial Shareholder
"Tianjin Kars"	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

"United States dollars" or "US$"	United States dollars, the lawful currency of the United States
"Used Automobile Transaction Business"	the transaction facilitation services for used automobile purchase, sale, and trade-in, and for the avoidance of doubt, excluding automobile related financing, leasing, and/or insurance businesses
"Voting Proxy Agreement"	the voting proxy agreement entered into between Bitauto, Tencent and JD.com on October 31, 2017 relating to certain voting rights in the Company
"Xinche Investment"	Xinche Investment (Shanghai) Co., Ltd.* (鑫車投資 (上海) 有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Yixin HK"	Yixin Holding Hong Kong Limited (易鑫集團香港有限公司), a company incorporated under the laws of Hong Kong on November 27, 2014 and a directly wholly-owned subsidiary of the Company
"Yusheng"	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
"Yusheng Group"	Yusheng, its subsidiaries and consolidated affiliate entities
"%"	per cent

**for identification purposes only*

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this interim report are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and figures rounded to the nearest thousand, million or billion may not be identical to figures that have been rounded differently to them.

易鑫集团
YIXIN GROUP

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