

易鑫集团

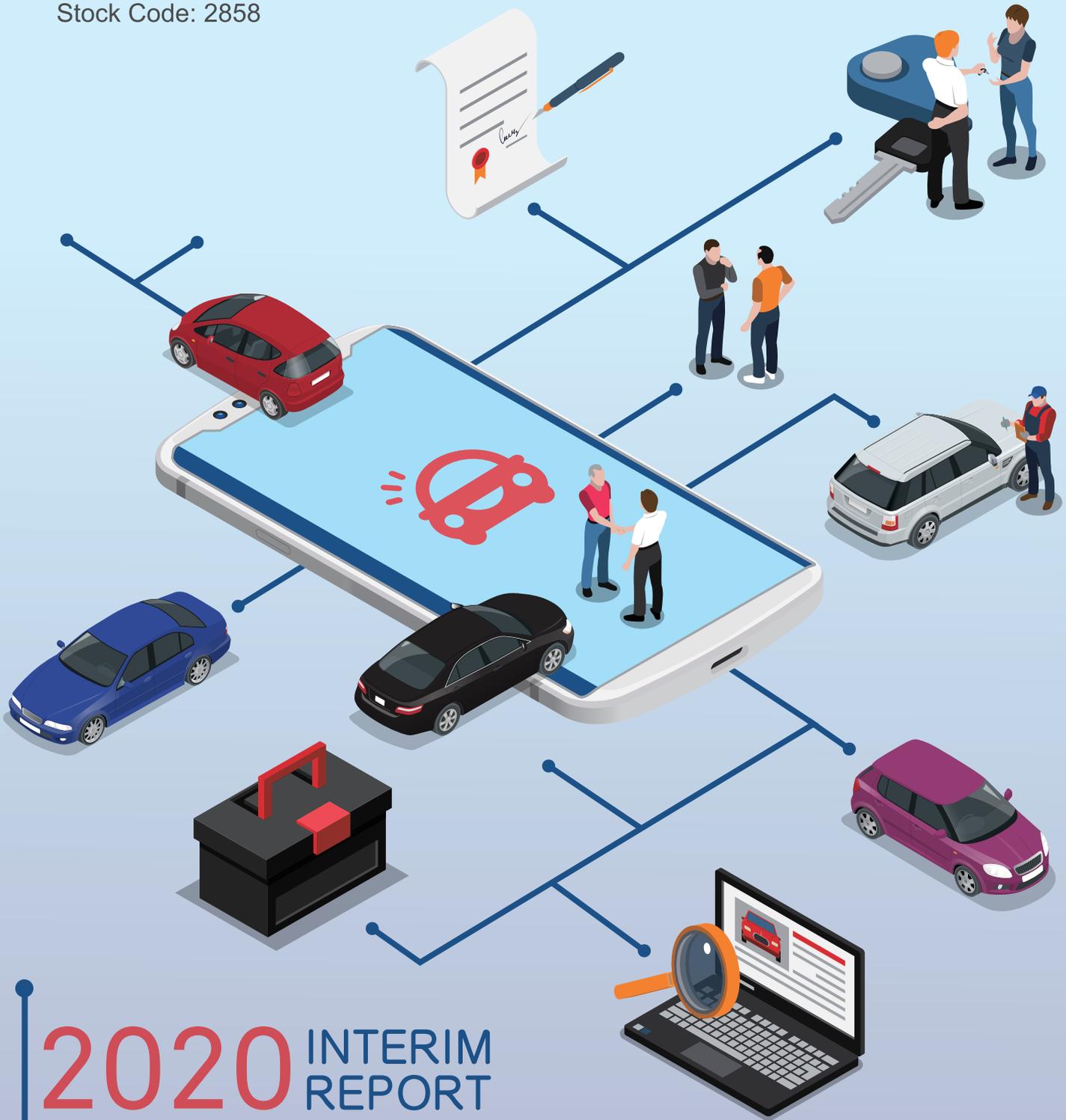
YIXIN GROUP

易鑫集团有限公司

Yixin Group Limited

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

Stock Code: 2858



2020 INTERIM REPORT



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CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Jimmy Chi Ming Lai
Mr. Chenkai Ling
Mr. Huan Zhou

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 and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong and U.S. laws:
Skadden, Arps, Slate, Meagher & Flom and Affiliates
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
Han Kun Law Offices
Suite 906, Office Tower C1
Oriental Plaza
No.1 East Chang An Avenue
Beijing, PRC

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Hong Kong

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 709, Champion Tower
Three Garden Road
Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Yixin Building
1 North, Zhongguancun Hongqiao Innovation Center
365 Linhong Road, Changning District
Shanghai, China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of Communications
China Construction Bank
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, 2020.

The first half of 2020 bears the imprint of COVID-19, which left an indelible memory in the history of Yixin, the whole industry, even the whole nation and the world.

During the first half of 2020, China's total sales of new and used passenger vehicle decreased by approximately 21% year-on-year, according to data from China Association of Automobile Manufacturers ("**CAAM**") and China Automobile Dealers Association ("**CADA**"). Adversely affected by such pressure on the sales of China's auto market and the reduced consumption capabilities, Yixin's total financed automobile transactions were 121 thousand for the first half of 2020, representing a 58% year-on-year decrease and the aggregate financing amount we facilitated through our loan facilitation services and our self-operated financing business was approximately RMB9.3 billion. Our financed new and used automobile transactions contributed 69% and 31% of total financed transactions in the first half of 2020, respectively, compared to 61% and 39% for the same period last year.

Our revenues for the first half of 2020 were approximately RMB1,624 million, representing a 49% year-on-year decrease, mainly due to the negative impact of COVID-19. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transaction services we facilitated during the six months ended June 30, 2020 were approximately RMB476 million, representing a 57% year-on-year decrease. Accordingly, our gross profit for the first half of 2020 decreased by 52% to approximately RMB735 million, mainly due to the decrease in our revenues.

Impacted by the outbreak of COVID-19 and the reduced consumer's repayment capability, we booked approximated RMB1,381 million for net impairment losses on finance receivables for the six months ended June 30, 2020, compared to RMB256 million for the same period last year, which negatively affected our profit. As a result, our adjusted net loss for the six months ended June 30, 2020 was approximately RMB871 million, compared to an adjusted net profit of RMB343 million for the same period last year.

Despite the unprecedented challenges and uncertainties arising from COVID-19, the social activities as well as the sales of China auto industry were gradually resuming in the second quarter. The total sales of new and used passenger vehicle for the second quarter increased by approximately 73% quarter-on-quarter. At the same time, we also saw gradual improvement in our business since the second quarter. Yixin's total financed automobile transactions, including new and used, for the second quarter increased by 33% quarter-on-quarter to approximately 69,000 and our new core services revenues for the second quarter increased by 15% quarter-on-quarter.



CHAIRMAN'S STATEMENT



Starting from the second quarter of 2020, along with the work resumption and economic recovery, the repayment cash flow on a daily basis has been improved. As of June 30, 2020, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratios for all financed transactions through both our self-operated financing lease services and our loan facilitation services were 1.40% and 2.46%, respectively, compared to 1.55% and 2.60% as of March 31, 2020, respectively.

As you may all know, on June 12, 2020, Bitauto, one of the Controlling Shareholders of the Company, announced that it has entered into an agreement and plan of merger, pursuant to which Bitauto will be acquired by an investor consortium led by Tencent (through its wholly-owned subsidiary Morespark) and Hammer Capital. Upon the Merger becoming effective, there will be a change in statutory control in Bitauto and as a result the Consortium or their affiliates will acquire control of Yixin. Further details of the Merger and the possible unconditional mandatory cash offers are set out in the announcement of the Company dated June 15, 2020. After the close of the cash offers (if materialised), while Yixin will remain as a Hong Kong Main Board listed company with an independent management team, it is expected that we could utilize more resources to solidify our leadership position.

Looking ahead, we believe that the challenges arising from COVID-19 will continue and the business will take some time for a full recovery. We will work closely with our partners to further improve our financing products and services. Meanwhile, we will continue to adopt stricter risk assessments to ensure the healthy development of Yixin.

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 24, 2020

MANAGEMENT DISCUSSION AND ANALYSIS



SIX MONTHS ENDED JUNE 30, 2020 COMPARED TO SIX MONTHS ENDED JUNE 30, 2019

The following table sets forth the comparative figures for the six months ended June 30, 2020 and 2019.

	Six months ended June 30,		
	2020 RMB'000	2019 RMB'000	Year-on-year %
Revenues	1,623,834	3,161,739	-49%
Cost of revenues	(888,734)	(1,629,783)	-45%
Gross profit	735,100	1,531,956	-52%
Selling and marketing expenses	(401,885)	(578,829)	-31%
Administrative expenses	(223,700)	(206,550)	8%
Research and development expenses	(82,023)	(103,578)	-21%
Credit impairment losses	(1,488,568)	(529,997)	181%
Other gains, net	88,772	50,636	75%
Operating (loss)/profit	(1,372,304)	163,638	N/A
Finance (cost)/income, net	(2,898)	25,355	N/A
Share of loss of an investment accounted for using the equity method	(833)	(712)	17%
(Loss)/profit before income tax	(1,376,035)	188,281	N/A
Income tax expense	323,123	(65,140)	N/A
(Loss)/profit for the period	(1,052,912)	123,141	N/A
<i>Non-IFRSs measure (unaudited)</i>			
Adjusted operating (loss)/profit (unaudited)	(1,189,854)	383,743	N/A
Adjusted net (loss)/profit (unaudited)	(870,545)	343,164	N/A



REVENUES

Our total revenues decreased by 49% year-on-year to RMB1,624 million for the six months ended June 30, 2020, compared to RMB3,162 million for the same period last year, mainly due to the decrease in our loan facilitation services and financing lease 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, decreased by 57% year-on-year to RMB476 million, compared to RMB1,100 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2020 and 2019.

	Six months ended June 30,				
	2020			2019	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>Year-on-year</i>	<i>RMB'000</i>	<i>% of total revenues</i>
Revenues					
Transaction platform business					
Loan facilitation services	462,085	29%	-45%	839,049	27%
Advertising and other services	33,738	2%	-20%	42,389	1%
Subtotal	495,823	31%	-44%	881,438	28%
Self-operated financing business					
Financing lease services	1,111,166	68%	-47%	2,080,712	66%
From new transactions during the period	13,777	1%	-95%	261,182	8%
From existing transactions in prior periods	1,097,389	67%	-40%	1,819,530	58%
Other self-operated services ⁽¹⁾	16,845	1%	-92%	199,589	6%
Subtotal	1,128,011	69%	-51%	2,280,301	72%
Total	1,623,834	100%	-49%	3,161,739	100%

Note:

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



Transaction platform business

Revenues from our transaction platform business decreased by 44% year-on-year to RMB496 million for the six months ended June 30, 2020, compared to RMB881 million for the same period last year, mainly due to the decrease in revenues from our loan facilitation services. Our transaction platform business contributed 31% of total revenue for the six months ended June 30, 2020, increased from 28% for the same period last year.

Revenues from our loan facilitation services decreased by 45% year-on-year to RMB462 million for the six months ended June 30, 2020, compared to RMB839 million for the same period last year. For the six months ended June 30, 2020, we facilitated approximately 103 thousand financed transactions, through loan facilitation services, representing a 37% year-on-year decrease in volume. Revenue contribution from our loan facilitation services increased to 29% during the six months ended June 30, 2020, compared to 27% for the same period last year.

Revenues from our advertising and other services decreased by 20% year-on-year to RMB34 million for the six months ended June 30, 2020, compared to RMB42 million for the same period last year, mainly due to our strategy to de-emphasize such services.

Self-operated financing business

Revenues from our self-operated financing business decreased by 51% year-on-year to RMB1,128 million for the six months ended June 30, 2020, compared to RMB2,280 million for the same period last year, primarily due to the decrease in revenues from financing lease services. During the six months ended June 30, 2020, we facilitated approximately 18 thousand financed transactions through self-operated financing business, representing a 85% year-on-year decrease in volume, mainly due to our strategy to focus on loan facilitation services.

Revenues from our financing lease services decreased by 47% year-on-year to RMB1,111 million for the six months ended June 30, 2020, compared to RMB2,081 million for the same period last year, due to the decrease in revenues from both existing financing lease transactions in prior periods and new financing lease transactions during the six months ended June 30, 2020. During the six months ended June 30, 2020, we generated RMB1,097 million revenues from existing financing lease transactions in prior periods and RMB14 million revenues from new financing lease transactions, compared to RMB1,820 million and RMB261 million, respectively, for the same period last year. The average yield of our net finance receivables⁽¹⁾ was 9.7% for the six months ended June 30, 2020, compared to 11.7% for the same period last year, primarily due to our sales promotion and offering of more products with lower interest rate to stimulate the recovery of financed automobile transactions.

Note:

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



Revenues from our other self-operated services decreased by 92% year-on-year to RMB17 million for the six months ended June 30, 2020, compared to RMB200 million for the same period last year, primarily due to the decrease in automobile sales. Revenue from automobile sales was RMB11 million for the six months ended June 30, 2020, compared to RMB171 million for the same period last year.

COST OF REVENUES

Cost of revenues decreased by 45% year-on-year to RMB889 million for the six months ended June 30, 2020, compared to RMB1,630 million for the same period last year, primarily due to the decrease in commissions associated with our loan facilitation services, the decrease in funding costs associated with our self-operated financing business and the decrease in costs associated with automobile sales.

Cost of revenues of our transaction platform business decreased by 40% year-on-year to RMB207 million for the six months ended June 30, 2020, compared to RMB344 million for the same period last year. The decrease was primarily due to the decrease in commissions associated with our loan facilitation services. Loan facilitation commissions were RMB193 million for the six months ended June 30, 2020, compared to RMB314 million for the same period last year.

Cost of revenues of our self-operated financing business decreased by 47% year-on-year to RMB681 million for the six months ended June 30, 2020, compared to RMB1,285 million for the same period last year, primarily due to the decrease in funding costs associated with our self-operated financing business and the decrease in costs associated with automobile sales. Funding costs decreased by 37% year-on-year to RMB637 million for the six months ended June 30, 2020, compared to RMB1,012 million for the same period last year. The average funding cost of our net finance receivables⁽¹⁾ was 5.6% for the six months ended June 30, 2020, slightly decreased from 5.7% 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,			
	2020		2019	
	RMB'000	Margin	RMB'000	Margin
Segment gross profit and gross profit margins				
Transaction platform business	288,396	58%	537,071	61%
Self-operated financing business	446,704	40%	994,885	44%
Total	735,100	45%	1,531,956	48%

Our total gross profit decreased by 52% year-on-year to RMB735 million for the six months ended June 30, 2020, compared to RMB1,532 million for the same period last year, primarily due to the decrease in total revenues. Our overall gross profit margin decreased to 45% for the six months ended June 30, 2020, compared to 48% for the same period last year.

Gross profit of our transaction platform business decreased by 46% year-on-year to RMB288 million for the six months ended June 30, 2020, compared to RMB537 million for the same period last year, mainly due to the revenue decrease in our loan facilitation services. Gross profit margin of our transaction platform business decreased to 58% for the six months ended June 30, 2020, compared to 61% for the same period last year, primarily due to the change of revenue mix in our transaction platform business.

Gross profit of our self-operated financing business decreased by 55% year-on-year to RMB447 million for the six months ended June 30, 2020, compared to RMB995 million for the six months ended June 30, 2019, mainly due to the revenue decrease in financing lease services. Gross profit margin of our self-operated financing business decreased to 40% for the six months ended June 30, 2020, compared to 44% for the same period last year, primarily due to the decrease in revenues from financing lease services. The average spread of our net finance receivables⁽¹⁾ was 4.1% for the six months ended June 30, 2020, compared to 6.0% for the same period last year, primarily due to our sales promotion which offered more products with lower interest rate.

Note:

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



SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased by 31% year-on-year to RMB402 million for the six months ended June 30, 2020, compared to RMB579 million for the same period last year, primarily due to the decrease in salary, employee benefit, share-based compensation expenses and professional service fees. Share-based compensation expenses for our sales and marketing personnel were RMB9 million for the six months ended June 30, 2020, compared to RMB30 million for the same period last year.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 8% year-on-year to RMB224 million for the six months ended June 30, 2020, compared to RMB207 million for the same period last year, primarily due to the increase of provision for impairment of other non-current assets, and partially offset by the decrease of salary, employee benefit and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB47 million for the six months ended June 30, 2020, compared to RMB88 million for the same period last year.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses decreased by 21% year-on-year to RMB82 million for the six months ended June 30, 2020, compared to RMB104 million for the same period last year, primarily due to the decrease in salary, employee benefit and share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB8 million for the six months ended June 30, 2020, compared to RMB23 million for the same period last year.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses include provision for expected credit losses of finance receivables, provision for expected credit losses of risk assurance liabilities, and provision for impairment of trade receivables and other receivables. It increased by approximately 181% year-on-year to RMB1,489 million for the six months ended June 30, 2020, compared to RMB530 million for the same period last year, primarily due to the increase in provision for expected credit losses of finance receivables. Provision for expected credit losses of finance receivables was RMB1,381 million for the six months ended June 30, 2020, compared to RMB256 million for the same period last year, primarily due to the outbreak of COVID-19 and the reduced consumer's repayment capability.

OTHER GAINS, NET

Our other gains, net increased by 75% year-on-year to RMB89 million for the six months ended June 30, 2020, compared to RMB51 million for the same period last year. The increase was primarily attributable to the increase in gains associated with business cooperation agreements with Yusheng and the decrease in bank fees and charges.

OPERATING (LOSS)/PROFIT

Our operating loss for the six months ended June 30, 2020 was RMB1,372 million, compared to an operating profit of RMB164 million for the same period last year, mainly due to the decrease in gross profit and the increase in credit impairment losses.



FINANCE (COST)/INCOME, NET

Our finance cost, net for the six months ended June 30, 2020 was RMB3 million, compared to a finance income, net of RMB25 million for the same period last year, mainly due to the decrease in interest income from our bank deposits.

INCOME TAX EXPENSE

Our income tax benefit was RMB323 million for the six months ended June 30, 2020, compared to an income tax expense of RMB65 million for the same period last year, mainly due to operating loss incurred during the period.

(LOSS)/PROFIT FOR THE PERIOD

Our loss was RMB1,053 million for the six months ended June 30, 2020, compared to a profit of RMB123 million for the same period last year due to the decrease in gross profit and the increase in credit impairment losses.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2020 (2019: nil).

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



In light of the foregoing limitations for Adjusted Operating (Loss)/Profit and Adjusted Net (Loss)/Profit, when assessing our operating and financial performance, you should not view Adjusted Operating (Loss)/Profit in isolation or as a substitute for our operating (loss)/profit, nor should you view Adjusted Net (Loss)/Profit in isolation or as a substitute for our (loss)/profit 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 (Loss)/Profit and Adjusted Net (Loss)/Profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs. Adjusted Operating (Loss)/Profit and Adjusted Net (Loss)/Profit are not required by, or presented in accordance with, IFRSs.

	Six months ended June 30,	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Operating (loss)/profit	(1,372,304)	163,638
Add:		
Amortization of intangible assets resulting from asset and business acquisitions	119,041	78,925
Share-based compensation expenses	63,409	141,180
Adjusted operating (loss)/profit	(1,189,854)	383,743

	Six months ended June 30,	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net (loss)/profit	(1,052,912)	123,141
Add:		
Amortization of intangible assets resulting from asset and business acquisitions	118,958	78,843
Share-based compensation expenses	63,409	141,180
Adjusted net (loss)/profit	(870,545)	343,164

ADJUSTED OPERATING (LOSS)/PROFIT

Our adjusted operating loss was RMB1,190 million for the six months ended June 30, 2020, compared to an adjusted operating profit of RMB384 million for the same period last year. The decrease was mainly due to the decrease in gross profit and the increase in credit impairment losses.



ADJUSTED NET (LOSS)/PROFIT

Our adjusted net loss was RMB871 million for the six months ended June 30, 2020, compared to an adjusted net profit of RMB343 million for the same period last year. The decrease was mainly due to the decrease in gross profit and the increase in credit impairment losses.

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at		Year-on-year change %
	June 30, 2020 RMB'000	December 31, 2019 RMB'000	
Carrying amount of finance receivables	17,744,509	26,904,149	-34%
Cash and cash equivalent	2,168,000	1,586,817	37%
Total borrowings	13,957,206	19,840,169	-30%
Current assets	18,903,908	22,409,003	-16%
Current liabilities	14,121,706	18,890,005	-25%
Net current assets	4,782,202	3,518,998	36%
Total equity	14,749,409	15,713,054	-6%

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 RMB17.7 billion as at June 30, 2020, compared to RMB26.9 billion as at December 31, 2019, mainly due to our strategy to focus on loan facilitation services.

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, 2020 (RMB' 000, except for percentage)	December 31, 2019
Finance receivables, net (ending balance)	18,530,669	27,583,876
Provision for expected credit losses (ending balance)	(786,160)	(679,727)
Provision to net finance receivables ratio ⁽¹⁾	4.24%	2.46%

Note:

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



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 assess the overall quality of our financed transactions:

	As at	
	June 30, 2020	December 31, 2019
(RMB' 000, except for percentage)		
Past due ratio:		
180+ days ⁽¹⁾	1.40%	0.33%
90+ days (including 180+ days) ⁽²⁾	2.46%	1.30%

Notes:

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

As at June 30, 2020, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions including both our self-operated financing lease services and loan facilitation services were 1.40% and 2.46% respectively (December 31, 2019: 0.33% and 1.30% respectively).

CASH AND CASH EQUIVALENTS

As at June 30, 2020, we had cash and cash equivalents of RMB2,168 million, compared to RMB1,587 million as at December 31, 2019. The increase in cash and cash equivalent was mainly due to the collection of interest and principal from our financing lease services.

As at June 30, 2020, RMB2,121 million of cash and cash equivalents were denominated in RMB, compared to RMB1,530 million as at December 31, 2019.

Our net cash inflow generated from operating activities was RMB7.4 billion for the six months ended June 30, 2020, compared to RMB3.9 billion for the same period last year.

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 14 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 banks and other financial institutions.



As at June 30, 2020, our total borrowings were RMB14.0 billion, compared to RMB19.8 billion as at December 31, 2019. The decrease was mainly due to the Company's reduced direct lending and strategy to focus on loan facilitation services. Total borrowings comprised of (i) asset backed securities and notes of RMB4.4 billion as at June 30, 2020; and (ii) bank loans and borrowings from other institutions of RMB9.6 billion. Asset backed securities and notes as a percentage of our total borrowings was 31% as at June 30, 2020.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 23 to the interim condensed consolidated financial statements.

Yixin is a seasoned and highly recognized issuer in China's asset backed securities market. As at June 30, 2020, Yixin has offered accumulatively 24 asset backed securities and notes publicly with a total issuance amount of over RMB34.6 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 RMB4,782 million as at June 30, 2020, compared to RMB3,519 million as at December 31, 2019. Our current assets were RMB18.9 billion as at June 30, 2020, compared to RMB22.4 billion as at December 31, 2019, primarily due to the decrease of finance receivables as a result of our strategy to focus on loan facilitation services. Our current liabilities were RMB14.1 billion as at June 30, 2020, compared to RMB18.9 billion as at December 31, 2019, primarily due to the repayment of borrowings due.

TOTAL EQUITY

Our total equity was RMB14.7 billion as at June 30, 2020, compared to RMB15.7 billion as at December 31, 2019, primarily due to the net loss occurred for the six months ended June 30, 2020 and the increase in share premium.

KEY FINANCIAL RATIOS

	As at	
	June 30, 2020	December 31, 2019
Current ratio (times) ⁽¹⁾	1.34	1.19
Gearing ratio ⁽²⁾	39%	51%
Debt to equity ratio (times) ⁽³⁾	0.95	1.28

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 is calculated as total borrowings (including loans payable to Bitauto, its subsidiaries and consolidated affiliated entities) plus lease liabilities, 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 (including loans payables to Bitauto, its subsidiaries and consolidated affiliated entities) plus lease liabilities divided by total equity at the end of each financial period.



Current Ratio

Our current ratio increase to 1.34 as at June 30, 2020, compared to 1.19 as at December 31, 2019, mainly due to the decrease in current liabilities of the Group.

Gearing Ratio

Our gearing ratio decreased to 39% as at June 30, 2020, compared to 51% as at December 31, 2019, mainly due to the decrease in net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio decreased to 0.95 as at June 30, 2020, compared to 1.28 as at December 31, 2019, mainly due to the decrease in total borrowings.

CAPITAL EXPENDITURE AND INVESTMENTS

	Six months ended June 30,	
	2020 RMB'000	2019 RMB'000
Purchase of property and equipment and non-current assets	9,656	11,831
Purchase of intangible assets	–	2,999
Investments in financial assets at fair value through profit or loss	–	120,927
Investments in associates and subsidiaries in the form of ordinary shares	75,000	500
Total	84,656	136,257

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, 2020 and 2019.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 18 and Note 23 to the interim condensed consolidated financial statements, respectively.



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 Yusheng 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.

In November, 2019, the Company subscribed another convertible note issued by Yusheng with a cash consideration of US\$43 million (equivalent to approximately HK\$335 million) to further strength our cooperation relationship with Yusheng in used automobile business.

Yusheng is determined to be a leading China online used automobile transaction platform. As of June 30, 2020, Yusheng had approximately 1,700 employees with a wide dealership network covering approximately 10,000 dealers across more than 100 cities nationwide. Yusheng has 20 self-operated offline stores, while it provides high quality services to approximately 3,000 paying members, including online traffic, inventory of used automobiles, operation management platform and other value-added services. As of June 30, 2020, Yusheng has become not only an important distributor, but also a reliable and respected partner of the Group.

As at June 30, 2020, fair value of our investment in Yusheng was RMB2,150,285,000 (December 31, 2019: RMB2,118,909,000) which constituted 6.8% of total assets (December 31, 2019: 5.4%). The Company did not recognize any realized or unrealized gain or loss from the investment nor did the Company receive any dividend for the six months ended June 30, 2020 and June 30, 2019.

Save as disclosed above, we did not hold any significant investments in the equity interests of any other companies for the six months ended June 30, 2020.

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, 2020, we had 2,987 full-time employees (December 31, 2019: 4,177). 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 Note 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, 2020 was RMB356 million, compared to RMB539 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, 2020.

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, 2020, we did not have any material contingent liabilities (December 31, 2019: 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, 2020, 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*

Name of Director	Number of Shares			Approximate percentage of issued Shares ⁽⁶⁾
	Personal interest	Number of underlying Shares interested ⁽⁵⁾	Total interests	
Mr. Andy Xuan Zhang	–	257,601,260(L) ⁽¹⁾	257,601,260	4.04%
Mr. Dong Jiang	38,519,810(L) ⁽²⁾	2,450,000(L) ⁽³⁾	40,969,810	0.64%
Ms. Lily Li Dong	–	337,848(L) ⁽⁴⁾	337,848	0.01%
Mr. Chester Tung Ho Kwok	–	675,697(L) ⁽⁴⁾	675,697	0.01%
Mr. Tin Fan Yuen	–	675,697(L) ⁽⁴⁾	675,697	0.01%

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 were held by the Xindu Limited with Yidu PTC Limited as trustee ("**Xindu Trust**"). Until June 30, 2020, the Xindu Trust has transferred all 38,519,810 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 2,450,000 Shares been vested as at June 30, 2020.
- (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 168,924 Shares, 337,847 Shares and 337,847 Shares been vested respectively as at June 30, 2020.
- (5) The letter "L" denotes long position in such underlying Shares.
- (6) The percentages are calculated on the basis of 6,374,961,548 Shares in issue as at June 30, 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONTINUED)

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

Name of Director	Beneficiary of a trust (other than a discretionary interest)	Number of ordinary shares in Bitauto			Total interests	Approximate percentage of issued shares ⁽³⁾
		Personal interest	Number of underlying shares interested ⁽²⁾			
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, 2020.

Save as disclosed above, as at June 30, 2020, 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, 2020, 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 ⁽⁹⁾	Approximate percentage of issued share capital of the Company ⁽¹⁰⁾
Bitauto	Beneficial owner	496,544,440(L)	7.79%
Bitauto ¹	Interest of controlled corporation	2,290,292,130(L)	35.93%
Bitauto ²	Interest of a party to an agreement regarding interest in the Company	637,334,205(L)	10.00%
Bitauto HK ¹	Beneficial owner	2,290,292,130(L)	35.93%
THL H Limited ³	Beneficial owner	931,604,940(L)	14.61%
Morespark ^{3, 6}	Beneficial owner	267,603,350(L)	4.20%
Morespark ^{4, 6}	Interest of controlled corporation	3,424,170,775(L)	53.71%
Yiche Holding ⁴	Interest of controlled corporation	3,424,170,775(L)	53.71%
Tencent ³	Interest of controlled corporation	4,098,895,850(L)	64.30%
JD Financial Investment Limited ⁵	Beneficial owner	684,283,320(L)	10.73%
JD.com Investment Limited ⁵	Interest of controlled corporation	684,283,320(L)	10.73%
JD.com ⁵	Interest of controlled corporation	684,283,320(L)	10.73%
Max Smart Ltd ⁵	Interest of controlled corporation	684,283,320(L)	10.73%
UBS Trustees (B.V.I.) Limited ⁵	Trustee	684,283,320(L)	10.73%
劉強東	Beneficiary of a trust	684,283,320(L)	10.73%
Hammer Capital ⁶	A concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	3,691,774,125(L)	57.91%
Hammer Capital Asset Management Limited ⁷	Investment manager	3,691,774,125(L)	57.91%
Hammer Capital Partners Ltd. ⁷	Interest of controlled corporation	3,691,774,125(L)	57.91%
Hammer Capital Opportunities General Partner ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Silver Oryx Limited ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Avantua Investments Limited ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Go Winner Investments Limited ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Woodbury Capital Management Limited ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Cheng Chi Kong ⁶	Interest of controlled corporation	3,691,774,125(L)	57.91%
Cheung Siu Fai ⁷	Interest of controlled corporation	3,691,774,125(L)	57.91%
Tsang Ling Kay Rodney ^{6, 7, 8}	Interest of controlled corporation	3,786,119,985(L)	59.39%



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 and Tencent on November 15, 2019, Tencent granted to Bitauto a voting proxy over 637,334,205 Shares representing approximately 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 which holds 267,603,350 Shares and deemed to be interested in 3,424,170,775 Shares (as detailed in (4) below), 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 and Tencent Mobility Limited are interested under the SFO. To avoid double counting, the voting proxy over 637,334,205 Shares granted to Bitauto from Tencent as detailed in (2) above are excluded from the number of Shares held by Tencent.
- (4) Morespark has 100% control of Yiche Holding, which entered into the merger agreement with Merger Sub and Bitauto on June 12, 2020. If the merger in relation to Bitauto completes in accordance with the merger agreement, Morespark's control of Yiche Holding Limited will fall to around 68.17%. As such, Morespark is deemed to be interested in the same number of Shares in which Yiche Holding is interested under the SFO.
- (5) 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 73.3% 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.
- (6) Morespark (an entity controlled by Tencent) and Hammer Capital (a corporation controlled by Silver Oryx Limited, Avantua Investments Limited, Go Winner Investments Limited, Woodbury Capital Management Limited, Cheng Chi Kong, Hammer Capital Opportunities General Partner and Tsang Ling Kay Rodney) entered into the consortium agreement dated June 15, 2020 under section 317 of the SFO relating to, amongst others, the possible unconditional mandatory general offer to be made for all the issued Shares of the Company. By virtue of the SFO, each of Hammer Capital, its controlling corporations and controlling persons is deemed to be interested in the same number of shares in which Morespark is interested.
- (7) Hammer Capital Asset Management Limited, being a corporation controlled by Hammer Capital Partners Ltd., Tsang Ling Kay Rodney and Cheung Siu Fai, is the investment manager of Hammer Capital which has become a member of the concert party group with interest in the Company (details refer to (6) above). By virtue of the SFO, each of Hammer Capital Asset Management Limited, its controlling corporation and controlling persons is deemed to be interested in the same number of shares in which Hammer Capital is interested.
- (8) Hammer Capital Management Limited which is interested in 94,345,860 Shares is a corporation controlled by Tsang Ling Kay Rodney. By virtue of the SFO, Tsang Ling Kay Rodney is deemed to be interested in the same number of shares in which Hammer Capital Management Limited is interested.
- (9) The letter "L" denotes the substantial Shareholder's long position in such Shares.
- (10) The percentages are calculated on the basis of 6,374,961,548 Shares in issue as at June 30, 2020.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Save as disclosed above, as at June 30, 2020, 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 2019 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, 2020 are as follows:

Name or category of option holders	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2020	Number of options		Outstanding as at June 30, 2020
					Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	
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	6,982,506	(1,276,500)	(7)	5,705,999
Total				265,283,766	(1,276,500)	(7)	264,007,259

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, 2020, 102,352,427 Shares had been granted or agreed to be granted under the First Share Award Scheme and the trustee has applied shares held under the First Share Award Scheme which were unallocated or forfeited pursuant to the First Share Award Scheme to partly satisfy the awards granted.

SHARE AWARD SCHEMES (CONTINUED)

1. First Share Award Scheme (Continued)

Details of the awarded Shares granted under the First Share Award Scheme and their movements during the six months ended June 30, 2020 are set out below:

Name	Date of grant	Held at January 1, 2020	Number of Awards			Held at June 30, 2020	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
Other grantees								
In aggregate	17-Jul-18	7,849,993	-	(7,688,619)	(161,374)	-	31-Mar-20	3.14
	17-Jul-18	142,800	-	-	-	142,800	31-Aug-20	3.14
	17-Jul-18	91,000	-	-	(70,000)	21,000	30-Sep-20	3.14
	17-Jul-18	572,500	-	-	(52,500)	520,000	31-Dec-20	3.14
	17-Jul-18	7,793,268	-	-	(1,390,892)	6,402,376	31-Mar-21	3.14
	17-Jul-18	91,000	-	-	(70,000)	21,000	30-Sep-21	3.14
	17-Jul-18	572,500	-	-	(52,500)	520,000	31-Dec-21	3.14
	17-Jul-18	7,336,658	-	-	(1,390,892)	5,945,766	31-Mar-22	3.14
Sub-total		24,449,719	-	(7,688,619)	(3,188,158)	13,572,942		
In aggregate	20-Dec-18	9,215,100	-	(9,065,100)	(150,000)	-	31-Mar-20	1.83
	20-Dec-18	1,768,229	-	-	(265,750)	1,502,479	31-Aug-20	1.83
	20-Dec-18	232,500	-	-	(67,500)	165,000	30-Nov-20	1.83
	20-Dec-18	9,215,100	-	-	(533,815)	8,681,285	31-Mar-21	1.83
	20-Dec-18	1,768,229	-	-	(265,750)	1,502,479	31-Aug-21	1.83
	20-Dec-18	232,500	-	-	(67,500)	165,000	30-Nov-21	1.83
	20-Dec-18	9,215,096	-	-	(533,815)	8,681,281	31-Mar-22	1.83
	20-Dec-18	1,768,292	-	-	(265,750)	1,502,542	31-Aug-22	1.83
	20-Dec-18	232,500	-	-	(67,500)	165,000	30-Nov-22	1.83
Sub-total		33,647,546	-	(9,065,100)	(2,217,380)	22,365,066		
In aggregate	24-Jul-19	831,143	-	(831,143)	-	-	31-Mar-20	1.82
	24-Jul-19	1,365,500	-	-	-	1,365,500	31-Aug-20	1.82
	24-Jul-19	645,905	-	-	-	645,905	31-Mar-21	1.82
	24-Jul-19	1,365,500	-	-	-	1,365,500	31-Aug-21	1.82
	24-Jul-19	485,232	-	-	-	485,232	31-Mar-22	1.82
	24-Jul-19	1,365,500	-	-	-	1,365,500	31-Aug-22	1.82
	24-Jul-19	300,000	-	-	-	300,000	31-Mar-23	1.82
	24-Jul-19	1,365,500	-	-	-	1,365,500	31-Aug-23	1.82
Sub-total		7,724,280	-	(831,143)	-	6,893,137		
Total		65,821,545	-	(17,584,862)	(5,405,538)	42,831,145		

SHARE AWARD SCHEMES (CONTINUED)

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, 2020, 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, 2020 are set out below:

Name	Date of grant	Held at January 1, 2020	Number of Awards			Held at June 30, 2020	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
Directors								
Mr. Dong Jiang	20-Sep-18	2,450,000 ⁽¹⁾	-	(2,450,000)	-	-	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-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-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-20	2.34
	20-Sep-18	168,924	-	-	-	168,924	16-Nov-21	2.34
Sub-total		6,589,242	-	(2,450,000)	-	4,139,242		
Other grantees								
In aggregate	20-Sep-18	1,000,000 ⁽²⁾	-	(1,000,000)	-	-	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)	-	-	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		3,200,000	-	(1,600,000)	-	1,600,000		
Total		9,789,242	-	(4,050,000)	-	5,739,242		



SHARE AWARD SCHEMES (CONTINUED)

2. Second Share Award Scheme (Continued)

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 FROM THE LISTING

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.

As at June 30, 2020, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to June 30, 2020		Utilization during the six months ended June 30, 2020		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	631,203	535,904	87,019	73,881	670,316	569,112
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	1,301,519	1,105,016	-	-	-	-
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	-	-	-	-
Total	6,507,595	5,525,077	5,837,279	4,955,965	87,019	73,881	670,316	569,112

We will gradually apply the unutilised net proceeds in the manner set out in the Prospectus. Subject to further review as and when appropriate, the unutilised net proceeds for research and technology capabilities enhancement are expected to be fully used up by the end of 2023.



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, Domestic multi-party communication services, Store-and-forward business, and Call center business) in the PRC up to 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must satisfy the Qualification Requirements. Foreign investors that meet these requirements must obtain approvals from the MIIT or its 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.



QUALIFICATION REQUIREMENTS (CONTINUED)

Efforts and actions undertaken to comply with the Qualification Requirements (Continued)

We, the Joint Sponsors, our PRC Legal Advisor, the Joint Sponsors' Hong Kong and U.S. law legal advisor and the Joint Sponsors' PRC legal advisor conducted an interview with the Beijing Municipal Communications Administration on June 14, 2017, 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, 2020, 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 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, 2020.

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, 2020, 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, 2020, 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, 2020.

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, 2020, and considered that such systems are effective and adequate. The 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, 2020, 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, 2020. 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, 2020.

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 2019 annual report of the Company are set out below:

Directors' Updated Biographical Details

Name of Director	Details of Change	Effective Date/Period
Mr. Jimmy Chi Ming Lai	Ceased to act as a director of Haomai Asset Management Co., Ltd. (好買財富管理股份有限公司)	December 2019
	Ceased to act as non-executive director of ZhongAn Online P & C Insurance Co., Ltd.* (眾安在綫財產保險股份有限公司)	March 23, 2020
	Appointed as a member of the Financial Infrastructure and Market Development Sub-Committee (FIMC) under the Exchange Fund Advisory Committee (EFAC)	May 2020
Mr. Huan Zhou	Appointed as vice president of MEG Development Unit of Baidu, Inc.	April 2020

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, 2020 and up to the date of this interim report.

* for identification purposes only



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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 36 to 72, which comprises the interim condensed consolidated balance sheet of Yixin Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2020 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 24, 2020

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended June 30,

	Note	2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
Revenues	6		
Transaction platform business		495,823	881,438
Self-operated financing business		1,128,011	2,280,301
		1,623,834	3,161,739
Cost of revenues	8	(888,734)	(1,629,783)
Gross profit		735,100	1,531,956
Selling and marketing expenses	8	(401,885)	(578,829)
Administrative expenses	8	(223,700)	(206,550)
Research and development expenses	8	(82,023)	(103,578)
Credit impairment losses	8	(1,488,568)	(529,997)
Other gains, net	7	88,772	50,636
Operating (loss)/profit		(1,372,304)	163,638
Finance (cost)/income, net	9	(2,898)	25,355
Share of loss of an investment accounted for using the equity method		(833)	(712)
(Loss)/profit before income tax		(1,376,035)	188,281
Income tax expense	10	323,123	(65,140)
(Loss)/profit for the period		(1,052,912)	123,141
(Loss)/profit attributable to:			
– Owners of the Company		(1,052,912)	123,141
– Non-controlling interests		–	–
		(1,052,912)	123,141
Earnings per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
– Basic		(0.17)	0.02
– Diluted		(0.17)	0.02

The notes on pages 44 to 72 are an integral part of this interim condensed consolidated financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
(Loss)/profit for the period	(1,052,912)	123,141
Other comprehensive income, net of tax: <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	31,998	4,766
Total comprehensive (loss)/income for the period	(1,020,914)	127,907
Attributable to:		
– Owners of the Company	(1,020,914)	127,907
– Non-controlling interests	–	–
	(1,020,914)	127,907

The notes on pages 44 to 72 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET



	Note	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
ASSETS			
Non-current assets			
Property and equipment	12	505,163	108,380
Right-of-use assets	13	31,337	34,958
Intangible assets	12	1,866,960	1,990,078
Investment in an associate		14,713	15,546
Financial assets at fair value through profit or loss	14	2,582,494	2,550,085
Deferred income tax assets	24	743,302	423,679
Prepayments, deposits and other assets	17	1,223,261	1,707,953
Finance receivables	15	5,796,143	10,192,954
Restricted cash	18(b)	181,858	114,318
		12,945,231	17,137,951
Current assets			
Finance receivables	15	11,948,366	16,711,195
Trade receivables	16	1,107,513	1,056,213
Prepayments, deposits and other assets	17	1,519,882	1,261,769
Cash and cash equivalents	18(a)	2,168,000	1,586,817
Restricted cash	18(b)	2,160,147	1,793,009
		18,903,908	22,409,003
Total assets		31,849,139	39,546,954
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	4,176	4,148
Share premium	19	34,854,037	34,739,193
Other reserves		1,112,765	1,138,370
Accumulated losses		(21,221,569)	(20,168,657)
Total equity		14,749,409	15,713,054

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET



	Note	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Liabilities			
Non-current liabilities			
Borrowings	23	1,555,302	3,431,524
Lease liabilities	13	16,336	17,101
Deferred income tax liabilities	24	2,655	2,737
Other non-current liabilities	25	1,403,731	1,492,533
		2,978,024	4,943,895
Current liabilities			
Trade payables	21	346,518	472,328
Other payables and accruals	22	1,177,242	1,758,995
Current income tax liabilities		183,601	237,758
Borrowings	23	12,401,904	16,408,645
Lease liabilities	13	12,441	12,279
		14,121,706	18,890,005
Total liabilities		17,099,730	23,833,900
Total equity and liabilities		31,849,139	39,546,954

The notes on pages 44 to 72 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, 2020		4,148	34,739,193	1,138,370	(20,168,657)	15,713,054
Comprehensive income						
Loss for the period		-	-	-	(1,052,912)	(1,052,912)
Currency translation differences		-	-	31,998	-	31,998
Total comprehensive income for the period		-	-	31,998	(1,052,912)	(1,020,914)
Transactions with owners in their capacity as owners						
Share-based compensation	20	-	-	63,409	-	63,409
Release of ordinary shares from Share Scheme Trusts	19, 20	14	71,613	(71,429)	-	198
Shares issued upon exercise of employee share options	19, 20	1	4,576	(4,564)	-	13
Vesting of restricted awarded shares	19, 20	13	38,655	(38,668)	-	-
Purchase of restricted shares under share award scheme		-	-	(6,351)	-	(6,351)
Total transactions with owners in their capacity as owners		28	114,844	(57,603)	-	57,269
Balance at June 30, 2020		4,176	34,854,037	1,112,765	(21,221,569)	14,749,409

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		-	-	4,766	123,141	127,907
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		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

The notes on pages 44 to 72 are an integral part of this interim condensed consolidated financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Note	Six months ended June 30,	
		2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
Cash flows from operating activities			
Cash generated from operations		7,466,518	3,942,618
Income tax paid		(51,187)	(83,742)
Net cash generated from operating activities		7,415,331	3,858,876
Cash flows from investing activities			
Interest received		16,105	37,542
Proceeds from disposal of property and equipment and intangible assets		8,709	2,498
Purchase of property and equipment and other non-current assets		(13,253)	(13,815)
Prepayment for property		–	(222,536)
Purchase of intangible assets		–	(2,649)
Loans to a related party		–	(22,000)
Loans to third parties		(30,000)	(263,000)
Repayments from loans to third parties		–	103,000
Prepayment for an investment		(75,000)	–
Investments in financial assets at fair value through profit or loss	14	–	(120,927)
Payments to acquire a subsidiary		–	(500)
Placements of restricted cash		(997,974)	(2,765,876)
Maturity of restricted cash		1,062,322	3,617,220
Net cash (used in)/generated from investing activities		(29,091)	348,957

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Note	Six months ended June 30,	
		2020	2019
		RMB' 000	RMB' 000
		Unaudited	Unaudited
Cash flows from financing activities			
Proceeds from borrowings		4,189,252	13,196,135
Repayment of borrowings		(10,116,903)	(16,403,144)
Deposits for borrowings		105,809	(57,489)
Proceeds of loans from Bitauto Group	27(c)	300,000	–
Repayment of loans from Bitauto Group	27(c)	(600,000)	(366,010)
Principal elements of lease payments		(3,161)	(17,621)
Proceeds from exercise of share options		13	5
Purchase of restricted shares under share award scheme		(6,351)	(2,581)
Interest paid		(684,182)	(970,714)
Net cash used in financing activities		(6,815,523)	(4,621,419)
Net increase/(decrease) in cash and cash equivalents		570,717	(413,586)
Cash and cash equivalents at beginning of the period	18(a)	1,586,817	2,116,197
Exchange gains on cash and cash equivalents		10,466	8,923
Cash and cash equivalents at end of the period	18(a)	2,168,000	1,711,534

The notes on pages 44 to 72 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, Uglan 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 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, 2020, 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.

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, 2020 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, 2019 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) by the Group.

The ultimate impact of the Coronavirus (“COVID-19”) pandemic on the Group is uncertain at the date on which the interim condensed consolidated financial information was authorised for issue. Management has assessed the future business operation and cash flow of the Group. On the basis of these assessments, the Group have determined that the use of the going concern basis of accounting to prepare the interim condensed consolidated financial information is appropriate.



3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2019, 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 amended standards are mandatory for the first time for the Group's financial year beginning on January 1, 2020 and are applicable for the Group:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of Business – Amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

Amendments to IFRS effective for the financial year beginning on January 1, 2020 do not have a material impact on the Group's interim financial information.

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. The Group has made estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the COVID-19 pandemic is not a long-term norm. Although such estimates and assumptions contemplate current and expected future conditions that the Group considers are relevant and reasonable, it is reasonably possible that actual conditions could differ significantly from current expectations. As there remain challenges and uncertainties arising from COVID-19 pandemic, our accounting estimates and assumptions may change over time in response to how market conditions develop.

Other than the aforementioned consideration, 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, 2019.



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, 2019.

There have been no significant changes in the Group's risk management department or in any risk management policies since December 31, 2019.

(a) *Impairment of financial assets – Finance receivables*

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage I'.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage II'. The Group considers a financial instrument to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage III'. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, if the borrower is more than 90 days past due on its contractual payments.
- Financial instruments in Stage I have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Instruments in Stage II or III have their ECL measured based on ECL on a lifetime basis.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (Continued)

(a) *Impairment of financial assets – Finance receivables (Continued)*

Provision for expected credit losses as at June 30, 2020 and December 31, 2019 was determined as follows for finance receivables:

June 30, 2020	Stage I RMB' 000	Stage II RMB' 000	Stage III RMB' 000	Total RMB' 000
Expected loss rate	1.41%	29.17%	42.47%	4.24%
Gross carrying amount (Note 15)	16,890,600	1,116,260	523,809	18,530,669
Provision for expected credit losses	238,064	325,632	222,464	786,160
<hr/>				
December 31, 2019	Stage I RMB' 000	Stage II RMB' 000	Stage III RMB' 000	Total RMB' 000
Expected loss rate	0.68%	23.35%	40.31%	2.46%
Gross carrying amount (Note 15)	25,912,302	1,000,376	671,198	27,583,876
Provision for expected credit losses	175,605	233,587	270,535	679,727

Finance receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan after the completion of legal proceedings and execution, and a failure to make contractual payments for a certain period of time past due.

(b) *Off balance-sheet items*

Under our arrangements with certain financial institutions in loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As at June 30, 2020, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB11,030 million (December 31, 2019: 6,374 million).

(c) *Other financial risk*

Towards the end of 2019, the Group found itself facing a stricter regulatory environment following the release of some regulations which could adversely affected its loan facilitation services if proper actions are not adopted. In response the Group has commenced a number of actions to address this matter. Management has assessed that in all likelihood the financial impact of these actions will not be significant for the Group, and does not believe that it is probable there will be a material outflow of financial resources during the process of complying with the new regulations. Management will continue to assess the financial impact of these regulations on its business.

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, 2020 and as at December 31, 2019, 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, 2020:

	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)	-	-	2,582,494	2,582,494

The following table presents the Group's assets and liabilities that are measured at fair value as at December 31, 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	-	-	2,550,085	2,550,085

(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.

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

(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.

(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, 2020 and 2019.

	Financial assets at fair value through profit or loss	
	2020	2019
	RMB' 000	RMB' 000
At January 1	2,550,085	2,098,200
Additions	–	120,927
Currency translation differences	32,409	3,502
At June 30	2,582,494	2,222,629
Total unrealized gains and change in fair value for the period	–	–



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

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 other direct costs. The segment operating profit is calculated as segment gross profit minus selling and marketing expenses, administrative expenses, research and development expenses, credit impairment losses and other gains, net associated with the respective segment.

Finance (cost)/ 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.

6 SEGMENT INFORMATION (continued)

The segment results for the six months ended June 30, 2020 are as follows:

	Unaudited Six months ended June 30, 2020		
	Transaction Platform Business RMB' 000	Self-operated Financing Business RMB' 000	Total RMB' 000
Revenues	495,823	1,128,011	1,623,834
– Recognized at a point in time	462,085	12,867	474,952
– Recognized over time	33,738	1,115,144	1,148,882
Gross profit	288,396	446,704	735,100
Operating loss	(18,530)	(1,353,774)	(1,372,304)

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

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, 2020 and 2019.

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, 2020 and December 31, 2019, substantially all of the non-current assets of the Group were located in the PRC.

6 SEGMENT INFORMATION (continued)

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

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Financing lease services	1,111,166	2,080,712
Loan facilitation services	462,085	839,049
Sales of automobiles	11,109	170,508
Advertising and other services	33,738	42,389
Operating lease services	3,979	14,598
Others	1,757	14,483
	1,623,834	3,161,739

7 OTHER GAINS, NET

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Other income from business cooperation arrangements with Yusheng Holdings Limited	69,484	53,270
Government grants	15,132	11,975
Foreign exchange gains/(losses), net	3,827	(914)
Gains/(losses) on disposal of property and equipment and intangible assets	453	(1,519)
Bank fees and charges	(4,695)	(12,916)
Others, net	4,571	740
	88,772	50,636

8 EXPENSES BY NATURE

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Provision for expected credit losses of finance receivables (Note 15)	1,380,614	255,799
Funding costs	637,438	1,011,682
Employee benefit expenses	355,507	539,397
Loan facilitation commission fees	193,322	314,317
Depreciation and amortization charges	149,722	123,459
Provision for expected credit losses of risk assurance liabilities (Note 22)	59,380	–
Provision for impairment of other non-current assets (Note 17)	51,462	–
Leasing related expenses	43,339	116,654
Marketing and advertising expenditures	42,979	53,610
Office and administrative expenses	35,192	30,559
Provision for impairment of trade receivables (Note 16)	27,861	273,687
Provision for impairment of other receivables	20,713	511
Cost of automobiles sold	9,789	203,167
Other expenses	77,592	125,895
Total	3,084,910	3,048,737

9 FINANCE (COST)/INCOME, NET

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Finance income:		
– Interest income	15,004	50,509
Finance cost:		
– Interest expenses	(17,902)	(25,154)
Net finance (cost)/income	(2,898)	25,355

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended June 30, 2020 and 2019 is analysed as follows:

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Current income tax	(3,418)	166,726
Deferred income tax (Note 24)	(319,705)	(101,586)
Income tax expense	(323,123)	65,140

(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, 2020 and June 30, 2019.

(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, 2020 and June 30, 2019, 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, 2020 and June 30, 2019, 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 PER SHARE

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

	Six months ended June 30,	
	2020	2019
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	6,282,872,600	6,235,178,268
Less: shares held for restricted share scheme	(1,553,630)	(3,446,901)
Weighted average number of issued ordinary shares for calculating basic earnings per share	6,281,318,970	6,231,731,367
Basic (loss)/profit attributable to owners of the Company (RMB' 000)	(1,052,912)	123,141
Diluted impact on (loss)/profit (RMB' 000)	–	–
Diluted (loss)/profit attributable to owners of the Company (RMB' 000)	(1,052,912)	123,141
Numbers of restricted shares with potential dilutive effect (Note(b)(c))	–	235,464,699
Weighted average number of issued ordinary shares for calculating diluted earnings per share (Note(c))	6,281,318,970	6,470,642,967
Earnings per share		
– Basic (RMB per share)	(0.17)	0.02
– Diluted (RMB per share)	(0.17)	0.02

Notes:

- (a) 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. For the periods ended June 30, 2020 and 2019, 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).
- (b) As the Group incurred loss for the period ended June 30, 2020, the potential ordinary shares were not included in the calculation of dilutive earnings per share, as their inclusion would be anti-dilutive. Accordingly, dilutive earnings per share for the period ended June 30, 2020 were the same as basic earnings per share.
- (c) For the period ended June 30, 2019, 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, 2020		
Opening net book amount	108,380	1,990,078
Additions	428,406	–
Disposals	(10,258)	(266)
Depreciation/amortization charge	(21,365)	(122,852)
Closing net book amount	505,163	1,866,960
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

13 LEASES

(a) Amounts recognized in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	As at June 30, 2020 Unaudited	As at December 31, 2019 Audited
Right-of-use assets		
Properties	31,337	34,958
Lease liabilities		
Current	12,441	12,279
Non-current	16,336	17,101
	28,777	29,380

Additions to the right-of-use assets during the period ended June 30, 2020 were RMB1,884,000.

13 LEASES (continued)

(b) Amounts recognized in the interim condensed consolidated income statement

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
Depreciation charge of right-of-use assets		
Properties	5,505	10,513
Interest expense (included in finance cost)	624	1,478
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	4,900	2,555

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended June 30,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
At beginning of the period	2,550,085	2,098,200
Additions	–	120,927
Currency translation differences	32,409	3,502
At end of the period	2,582,494	2,222,629

15 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at June 30, 2020 and December 31, 2019 are as below:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Finance receivables		
– Finance receivables, gross	20,158,989	32,182,783
– Unearned finance income	(1,628,320)	(4,598,907)
Finance receivables, net	18,530,669	27,583,876
Less: provision for expected credit losses	(786,160)	(679,727)
Carrying amount of finance receivables	17,744,509	26,904,149
Finance receivables, gross		
– Within one year	13,849,322	19,493,382
– After one year but not more than five years	6,309,667	12,689,401
	20,158,989	32,182,783
Finance receivables, net		
– Within one year	12,501,716	17,130,749
– After one year but not more than five years	6,028,953	10,453,127
Total	18,530,669	27,583,876

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

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Finance receivables:		
– Individual customers	17,429,467	26,766,625
– Auto dealers	315,042	137,524
	17,744,509	26,904,149

15 FINANCE RECEIVABLES (continued)

The following table sets forth an aging analysis of the gross carrying amount of finance receivables:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Not past due	16,095,843	25,095,848
Past due		
– Up to 3 months	1,911,017	1,816,830
– 3 to 6 months	303,789	527,688
– Over 6 months	220,020	143,510
Finance receivables, net	18,530,669	27,583,876
Less: provision for expected credit losses	(786,160)	(679,727)
Carrying amount of finance receivables	17,744,509	26,904,149

As at June 30, 2020 and December 31, 2019, carrying amounts of the finance receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The following table sets forth movements on the Group's provision for expected credit losses of finance receivables:

	Provision for expected credit losses 2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
At January 1	679,727	514,897
Recovery of finance receivables written off in previous year	8,471	–
Charge for the period		
– Impairment allowance on finance receivables charged (a)	1,389,085	255,799
– Reversal of impairment for the period	(8,471)	–
Write off	(1,282,652)	(190,391)
At June 30	786,160	580,305

Note:

- (a) The estimated impact of the COVID-19 outbreak was incorporated in the determination of provision for expected credit losses, including the deterioration in economic forecasts, such as national per capita disposable income and total retail sales of consumer goods, and changes in stages of finance receivables (Note 5.1(a)) during the six months ended June 30, 2020. There remains significant uncertainty over the ECL charge for the year given the ongoing impact of the COVID-19 outbreak, including further waves.

16 TRADE RECEIVABLES

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Trade receivables	1,232,772	1,153,611
Less: provision for impairment	(125,259)	(97,398)
Trade receivables, net	1,107,513	1,056,213

- (a) An aging analysis of trade receivables (net of provision for impairment) based on invoice date is as follows:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Up to 3 months	1,099,708	1,001,303
3 to 6 months	1,395	382
Over 6 months	6,410	54,528
	1,107,513	1,056,213

As at June 30, 2020 and December 31, 2019, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

	Provision for impairment 2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
At January 1	97,398	241,989
Charge for the period	27,861	273,687
At June 30	125,259	515,676

17 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Included in non-current assets:		
Prepayment for a capital investment	475,000	400,000
Vehicles collected from financing lease customers	373,649	323,351
Long-term receivables from loan facilitation services	334,092	373,711
Deposits	152,774	235,401
Vehicles purchased for future leases	20,143	31,532
Prepayment for vehicles	14,878	10,957
Property not available for use	–	422,207
Others	8,948	15,555
	1,379,484	1,812,714
Less: provision for impairment of vehicles collected from financing lease customers	(156,223)	(104,761)
	1,223,261	1,707,953
Included in current assets:		
Deposits	340,281	369,865
Loans recognized as a result of payment under risk assurance	258,899	69,186
Other receivables from disposal of assets	242,345	157,459
Other receivables from related parties (Note 27(b)(iii))	207,958	1,588
Other receivables from third parties	149,429	287,373
Prepaid taxes	131,505	181,194
Loans to third parties	114,290	83,980
Prepayments	50,597	22,841
Loans to related parties	41,000	41,000
Others	115,880	98,522
	1,652,184	1,313,008
Less: provision for impairment of other receivables	(132,302)	(51,239)
	1,519,882	1,261,769
Total	2,743,143	2,969,722

As at June 30, 2020 and December 31, 2019, 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.



18 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Cash and cash equivalents	2,168,000	1,586,817

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
RMB	2,120,613	1,529,980
US\$	30,209	44,985
HK\$	17,178	11,852
	2,168,000	1,586,817

(b) Restricted cash

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

18 CASH AND BANK BALANCES (continued)

(b) Restricted cash (continued)

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Term deposits pledged for bank borrowings (a)	1,172,855	1,101,478
Cash pledged for loan facilitation services (b)	813,409	494,460
Cash deposited for borrowings (c)	17,483	142,986
Others	338,258	168,403
	2,342,005	1,907,327
Of which are:		
Current restricted cash	2,160,147	1,793,009
Non-current restricted cash	181,858	114,318

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 deposits placed with banks and used as pledged assets for the Group's loan facilitation services.
- (c) 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.

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
RMB	1,291,079	875,987
US\$	155,758	153,476
HK\$	895,168	877,864
	2,342,005	1,907,327

As at June 30, 2020, the applicable interest rates per annum on restricted cash ranged from 0.30% to 2.75% (December 31, 2019: 0.30% to 2.75%).

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, 2020		15,000,000,000	1,500	–	–
As at January 1 and June 30, 2019		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, 2020		6,373,685,048	625	4,148	34,739,193
Release of ordinary shares from Share Scheme Trusts	(a)	–	2	14	71,613
Shares issued upon exercise of employee share options	(b)	1,276,500	–	1	4,576
Vesting of restricted awarded shares	(c)	–	2	13	38,655
As at June 30, 2020		6,374,961,548	629	4,176	34,854,037
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



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, 2020, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834. During the six months ended June 30, 2020, 19,979,217 ordinary shares held by Share Scheme Trusts were issued and outstanding.
- (b) During the six months ended June 30, 2020, 1,276,500 pre-IPO share options with an exercise price of US\$0.0014 were exercised.
- (c) During the six months ended June 30, 2020, 21,634,862 ordinary shares of the Company were transferred 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 RMB63,409,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB141,180,000).

(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	
	2020	2019
Outstanding as at January 1	303,617,740	333,228,714
Exercised during the period	(21,255,717)	(18,093,181)
Forfeited during the period	(7)	(1,428,000)
Outstanding as at June 30	282,362,016	313,707,533
Exercisable as at June 30	226,392,705	210,039,397



20 SHARE-BASED PAYMENTS (continued)

(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, 2020	75,610,787	0.29
Vested and sold during the period	(21,634,862)	0.30
Forfeited during the period	(5,405,538)	0.33
Outstanding as at June 30, 2020	48,570,387	0.29
Vested as at June 30, 2020	48,581,134	0.31
Outstanding as at January 1, 2019	99,737,126	0.30
Vested and sold during the period	(21,983,804)	0.31
Forfeited during the period	(3,313,317)	0.34
Outstanding as at June 30, 2019	74,440,005	0.30
Vested as at June 30, 2019	24,605,056	0.31

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.

(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, 2020, 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, 2019: 100%, 100% and 91%).

21 TRADE PAYABLES

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Trade payables	346,518	472,328

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

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Up to 3 months	189,340	227,743
3 to 6 months	2,678	24,909
6 months to 1 year	5,316	68,431
Over 1 year	149,184	151,245
	346,518	472,328

22 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Deposits payable	201,308	219,654
Advance from customers	145,800	152,912
Other payables to related parties	113,803	245,659
Risk assurance liabilities (a)	109,944	65,593
Deferred revenue – current	92,713	109,564
Interests payable	89,809	145,986
Accrued expenses	68,269	80,289
Staff costs and welfare accruals	52,146	81,110
Tax payable	50,048	49,069
Loans payable to Bitauto Group (Note 27(c))	–	301,295
Others	253,402	307,864
	1,177,242	1,758,995

22 OTHER PAYABLES AND ACCRUALS (continued)

Note:

(a) The following table sets forth the movement on the Group's risk assurance liabilities:

	2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
At January 1	65,593	–
Addition	62,959	20,288
Settlement	(60,350)	–
Revenue generated from risk assurance contracts	(17,638)	(841)
Impairment losses	59,380	–
At June 30	109,944	19,447

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's other payables and accruals, excluding advance 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, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Included in non-current liabilities:		
Pledge borrowings	253,129	304,134
Asset-backed securitization debt	466,487	1,167,910
Other secured borrowings	763,036	1,868,180
Unsecured borrowings	72,650	91,300
	1,555,302	3,431,524
Included in current liabilities:		
Pledge borrowings	1,093,245	1,022,882
Asset-backed securitization debt	3,884,712	6,201,021
Other secured borrowings	6,029,808	7,659,628
Unsecured borrowings	1,394,139	1,525,114
	12,401,904	16,408,645
Total borrowings	13,957,206	19,840,169

23 BORROWINGS (continued)

The borrowings are repayable as follows:

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Within 1 year	12,401,904	16,408,645
Between 1 and 2 years	1,350,573	3,044,209
Between 2 and 5 years	112,329	283,315
Over 5 years	92,400	104,000
	13,957,206	19,840,169

As at June 30, 2020, the applicable interest rates per annum on long-term borrowings range from 4.75% to 9.50% (2019: 4.75% to 9.50%).

As at June 30, 2020, the applicable interest rates per annum on short-term borrowings range from 4.10% to 9.50% (2019: 4.35% to 9.50%).

As at June 30, 2020 and December 31, 2019, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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, 2020	(2,353)	(384)	(2,737)
Credited to interim condensed consolidated income statement	–	82	82
At June 30, 2020	(2,353)	(302)	(2,655)
At January 1, 2019	(2,353)	(549)	(2,902)
Credited to interim condensed consolidated income statement	–	82	82
At June 30, 2019	(2,353)	(467)	(2,820)

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, 2020	358,852	28,050	9,235	27,542	423,679
Credited to interim condensed consolidated income statement	248,259	30,093	9,001	32,270	319,623
At June 30, 2020	607,111	58,143	18,236	59,812	743,302
At January 1, 2019	179,383	32,165	4,507	488	216,543
Credited to interim condensed 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

25 OTHER NON-CURRENT LIABILITIES

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Deferred revenue	1,290,195	1,344,094
Liabilities related to financing leases	109,401	143,659
Long-term deposits payable	4,135	4,780
	1,403,731	1,492,533

26 COMMITMENTS

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

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Capital investment in a related party	–	75,000

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,	
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Unaudited
(i) Provision of transaction services to related parties		
Controlling shareholder and its subsidiaries	9	4,754
(ii) Purchases of other services from related parties		
Controlling shareholder and its subsidiaries	4,187	–
(iii) Purchases of used car valuation services from related parties		
Controlling shareholder and its subsidiaries	2,760	11,182
(iv) Purchases of vehicles from a related party		
An entity significantly influenced by the controlling shareholder	–	68,386

(b) Period end balances with related parties

	As at	As at
	June 30,	December 31,
	2020	2019
	RMB' 000	RMB' 000
	Unaudited	Audited
(i) Trade receivables due from related parties		
Controlling shareholder and its subsidiaries	138,017	138,017
(ii) Finance receivables due from a related party		
An entity significantly influenced by the controlling shareholder	27,694	27,694
(iii) Other receivables due from related parties		
Controlling shareholder and its subsidiaries	207,958	1,588
(iv) Trade and other payables due to related parties		
Controlling shareholder and its subsidiaries	116,148	248,106
(v) Prepayments made to related parties		
Entities significantly influenced by the controlling shareholder	12,092	12,092
(vi) Prepayment for investment in a related party		
Controlling shareholder and its subsidiaries	475,000	400,000

27 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loans from controlling shareholder and its subsidiaries

	2020 RMB' 000 Unaudited	2019 RMB' 000 Unaudited
Opening balance at January 1	301,295	1,129,590
Loans advanced	300,000	–
Loans repayment made	(600,000)	(366,010)
Interest charged	11,096	13,122
Interest paid	(12,391)	(1,176)
Currency translation differences	–	(7,996)
Ending balance at June 30	–	767,530
Including: principles of loans	–	756,218
Accrued interests	–	11,312

Bitauto Group provided financial assistance to the Group in the form of loans through certain subsidiaries of Bitauto. All loans are unsecured and payable on demand, with the applicable interest rate per annum 7.50% and ranging from 3.00% to 5.22% for period ended June 30, 2020 and 2019, respectively.

(d) Loan to a related party

	As at June 30, 2020 RMB' 000 Unaudited	As at December 31, 2019 RMB' 000 Audited
Associate	22,000	22,000

Note:

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

28 SUBSEQUENT EVENT

Except as disclosed elsewhere in this report, there are no material subsequent events undertaken by the Company or by the Group after June 30, 2020.



DEFINITIONS



“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 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 one of the Controlling Shareholders
“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
“Board”	the board of Directors
“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, excluding Hong Kong, Macau Special Administrative Region of the PRC 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



DEFINITIONS



“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
“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
“Hammer Capital”	Hammer Capital Opportunities Fund L.P., an exempted limited partnership organized under the laws of the Cayman Islands, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang
“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
“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 the Main Board of the Stock Exchange (stock code: 9618), and a substantial Shareholder
“Joint Sponsors”	Citigroup Global Markets Asia Limited and Credit Suisse (Hong Kong) Limited
“Listing”	the listing of the Shares on the Main Board



DEFINITIONS



“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 the GEM of the Stock Exchange
“Merger”	a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the Cayman Islands Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised), with Bitauto being the surviving company and becoming a wholly-owned subsidiary of Yiche Holding
“Merger Sub”	Yiche Mergersub Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, a wholly-owned subsidiary of Yiche Holding
“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
“Morespark”	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a substantial shareholder of the Company
“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, 2020
“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



DEFINITIONS



“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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) from time to time
“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
“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”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“United States dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Yiche Holding”	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is a wholly-owned subsidiary of Morespark
“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
“%”	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.

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