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

2023 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 *(Joint President)*

Non-executive Directors

Mr. Qing Hua Xie
Mr. Qin Miao
Ms. Amanda Chi Yan Chau

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
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PRINCIPAL BANKERS

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Bank of Communications
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Postal Savings Bank of China

COMPANY WEBSITE

www.yixincars.com

STOCK CODE

2858

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am delighted to present the interim report of the Group for the Reporting Period.

With the impact of the COVID-19 pandemic gradually tapering off since the beginning of the year, China's economy has been restored and is currently in recovery. In the Reporting Period, under the combined effect of the release of accumulated demands, the policy support and the low base effect, China's macro economy clearly demonstrated the momentum for restorative growth. According to the National Statistics Bureau of the PRC, China's GDP in the first half of 2023 grew by 5.5%, as compared to the same period last year.

At the beginning of 2023, China's automobile market did not experience a flying start, reflecting a relatively significant pressure on the demand side. To promote the rapid economic recovery and give full play to the pillar role of automobile consumption in the national economy, the Chinese government rolled out a number of policies to support the development of the new and used automobile industry as well as the NEV industry during the Reporting Period, including "subsidies on vehicle purchases and encouragement of automobile consumption in rural areas", "registration of used automobiles according to the policy of one permit (license) for all services" and "extension of purchase tax exemption and reduction for NEV". Since the second quarter, the prosperity of the industry has improved significantly, and the economic operation of the automobile industry has gradually recovered. According to China Association of Automobile Manufacturers ("**CAAM**") and China Automobile Dealers Association ("**CADA**"), the total number of passenger cars sold in China (including new and used vehicles) increased by 11% year-on-year. According to China Passenger Car Association ("**CPCA**"), NEVs continued to maintain its strong growth momentum, with a penetration rate in new vehicles reaching 32% in the Reporting Period.

Amid the complex and volatile macro environment and the slightly sluggish industry conditions, the Group demonstrated its strength and maintained steady growth which surpassed the industry average. As the industry became more regulated and mature, Yixin, as a leading third-party player is gradually expanding our market share. We realized a total of 312 thousand financing transactions during the Reporting Period, representing a 17% growth as compared to the same period last year. The financing amount was RMB30.4 billion, representing a 21% growth compared to the same period last year. Driven by the growth of the Group's business volume, our new core services revenues for the Reporting Period increased to RMB1,821 million as compared to the same period last year. Our adjusted net profit for the Reporting Period reached RMB413 million, which increased by 25% as compared to RMB330 million for the first half of 2022.

High-quality automobile assets are relatively scarce, while the Group is becoming increasingly popular in financing as we have continued to maintain solid asset quality. During the Reporting Period, the Group successfully launched our asset-backed notes with multiple oversubscription from onshore and offshore investors. Our super short-term commercial paper projects also enjoyed a favorable interest rate. We bear in mind our social responsibility and actively responded to the government's call for "carbon peaking and carbon neutrality". In March 2023, our first green asset-backed securities ("**ABS**") were offered and successfully issued.

The Group enhanced customer stickiness and explored customer value through after-market services. In the Reporting Period, the Group recorded a revenue of RMB104 million in after-market service business, representing an increase of 17% compared to the same period last year. During the Reporting Period, the Group seized the development trend of the NEV industry to introduce the battery GAP insurance business. In order to provide more services to existing customers and improve their car using experience, we provided insurance renewal services. In a nutshell, our after-market business continued to meet market needs, innovate products and services, optimize customer experience, and enhance customer lifetime value.

As for asset quality, the Group dynamically adjusted its risk management policy and balanced its portfolio to cope with the impact of the changes of the external environment on customers' repayment behaviors. The asset quality generally showed relatively strong resilience. As of June 30, 2023, 90+ days past due ratio was 1.91%.

The Group continued to regard the following two areas as the current key areas with significant development potential, and further increased its resource investment to promote strategy implementation:

1) Electric Vehicle (NEV)

In the Reporting Period, our financed NEV transactions increased by 236% year-on-year to 39 thousand. The proportion of our new energy business in new cars continued to increase, reaching 29% in June 2023. The Group has actively promoted strategic cooperation with NEV brands. As of June 30, 2023, the Group has established headquarters-to-headquarters cooperation with ten emerging NEV manufacturers and carried out in-depth cooperation and exploration with many established OEMs such as Changan and Toyota in the new energy sector to jointly promote industry development. With the NEV industry gradually becoming mature, along with relevant policy stimulus, the NEV market in lower-tier cities and rural areas is expanding. Leveraging our accumulated experience and industry position in lower-tier markets, the Group is able to take active strategic steps to ride the trend, and will further unleash growth potential in the future. We also strengthened our presence in the new energy sector through investments. During the Reporting Period, the Group completed an additional investment in a technology company providing "Vehicle-Road-Cloud" collaborative autonomous driving solution, and empowered it through supply chain finance. In addition, in respect of electric commercial vehicles, we planned to conduct business cooperation with an investee company to explore opportunities of financial leasing business under a battery swap model.

2) FinTech (SaaS)

The Group's FinTech business provides technology solutions covering the entire auto finance industry chain. The market demands have been validated through our initial development. In the Reporting Period, we facilitated transactions in the amount of more than RMB2 billion and recorded a revenue of approximately RMB86 million, representing a year-on-year increase of 101%. For SaaS business, we have adopted a multi-party alliance business model under which we can build a platform for cooperation with various institutions such as OEMs and financial institutions. Our FinTech business continues to expand in the following three aspects. Firstly, we seek to provide better service for NEV brands, as well as reaching high-end customers in automobile industry. In new car financing under our SaaS model, the penetration rate of NEV reached 36% for the Reporting Period. Secondly, we extend our SaaS model to used car sector. Lastly, we strive to enhance the localized service of our integrated solutions for regional banks. As regional banks normally lack industry know-how and specialized IT systems in automotive financing business in terms of customer acquisition and risk management, our technology-enabled system is able to assist them in bringing more high-quality automobile customer leads, strengthening their risk control capabilities and product experience in auto finance business, as well as driving the growth of their overall business scales. For example, we are promoting cooperation with Bank of Hebei, Bank of Suzhou and other city commercial banks to help them develop their service capability in auto finance sector within their local markets. In the long run, by leveraging on our well-established SaaS platform, not only are we able to serve the whole industry chain but we are also able to break through capital bottleneck, thus further expanding our market share in auto financing sector.

In the second half of the year, China's macro economy is expected to further recover. The Group will pay close attention to marginal improvements of micro-foundation and market expectations, and seize the opportunity in a timely manner. Looking forward, in the long run, the Group will continue to focus on auto financing service and actively expand its business based on market demands so as to achieve business diversification and enhance service quality.

Finally, on behalf of the Group, I would like to express our sincere gratitude to our clients and business partners. I would also like to thank our dedicated employees and management team for their contribution. I am grateful for the trust and support from our shareholders and stakeholders.

Andy Xuan Zhang
Chairman
Hong Kong
August 17, 2023

MACROECONOMICS

Since the beginning of 2023, there has been an escalation in geopolitical conflicts worldwide, coupled with the rapid evolution of the global economy landscape. China's economy and society have notably returned to normal, alleviating the pressures of shrinking demand, disruptive supply chain and weakening expectation to various degrees, and demonstrating the characteristics of "bottoming out". In the Reporting Period, China's GDP growth rate was 5.5%, which outperformed that of the same period of last year. However, it should also be noted that the internal driving force of the domestic economy is far from being robust and the consumption demand remains insufficient. As the policy of the monetary authorities continued to be tightened, the overseas demand might face challenge.

In the Reporting Period, from the perspective of China's macroeconomic structure, there was insufficient support for investment mainly due to the burden and restrictions of real estate investment; external demand played a supportive role in the economy with relatively favorable performance in net exports; and the retail consumption continued to show a mild recovery, among which the service industry and daily consumption experienced faster recoveries, while durable goods consumption has not yet returned to the pre-pandemic growth track. However, China's economy has demonstrated strong resilience, significant potential, and sufficient vitality, and has the advantage in terms of its huge market scale, comprehensive industrial system, and abundant human resources. The fundamentals of China's long-term economic improvement have remained unchanged and it is expected that the economy could continue to recover in the second half of the year. This year, China's industrial policy continues to tilt towards aspects such as people's livelihood on "automobile consumption and infrastructure construction in rural areas", green emission reduction on "new energy vehicles, power battery recycling" and sophisticated technology on "smart cars, autonomous driving", and China's economy is steadily advancing towards high-quality development amid ongoing supply-side structural reforms.

INDUSTRY DEVELOPMENT AND POLICY DYNAMICS

During the Reporting Period, China's automobile industry showed a stable and positive recovery trend. According to CAAM and CADA, the total sales volume of new and used passenger vehicles in China increased by 11% year-on-year in the Reporting Period. The industry faced pressure in the first quarter due to the subsequent impacts of COVID-19 outbreak and the changes in consumer psychology of the market under the price-war. However, the automobile industry experienced an accelerated recovery in the second quarter, with the effects of various stimulus and supportive policies gradually coming into light, leading to a steady growth in the sales volume.

In terms of new vehicles, the sales volume of new passenger vehicles in China during the Reporting Period was 11.3 million units, representing a year-on-year increase of 9%. Weak consumption of new automobiles was observed in the first quarter of 2023. On one hand, it was due to the consumption overdrafts at the end of last year which resulted from the discontinuation of the preferential purchase tax policies for traditional fuel vehicles and the cessation of new energy vehicle subsidies; on the other hand, the price competition among auto companies in March 2023 led to a strong wait-and-see sentiment among consumers. In the second quarter of 2023, the automobile market gradually became more predictable and local governments introduced robust stimulus policies to boost automobile consumption, including consumer coupons, automobile purchase subsidies, replacement subsidies and other forms of measures. In June 2023, the Ministry of Commerce issued the "Notice on Organizing and Carrying out Automobiles to Promote Consumption Activities" (《關於組織開展汽車促消費活動的通知》) (hereinafter referred to as the "**Notice**"). The Notice focused on the promotion of consumption in the entire automobile industry chain and enhanced market confidence. Consumer demand for new automobiles is expected to be further stimulated.

In terms of used cars, the transaction volume of used cars in China during the Reporting Period was 7.0 million units, representing a year-on-year increase of 16%. The challenges posed by the pandemic last year hindered the offline development of the used car business, contributing to a low base during the same period. This, in turn, served as one of the significant factors driving the notable market growth this year. In the first quarter of 2023, the price fluctuations in the new car market also weighted on the used car market to some extent. As the price competition faded and the used car market has undergone its price adjustment, the consumers' wait-and-see sentiment subsided and the market became more active in the second quarter of 2023. At the policy level, to address the inherent problem of information opacity in the used car market, the Ministry of Commerce announced that an information sharing platform for used cars will be established. In June 2023, the State Council executive meeting (the "**SCEM**") reiterated in the discussion of the general plan and recent arrangements for establishing a unified domestic market (研究落實建設全國統一大市場部署總體工作方案和近期舉措) that fully abolished the restrictions on the relocation of used cars to accelerate the construction of a unified domestic market. With the enhanced regulation for the industry and the implementation of relevant policies, the used car market is expected to continue to revive and grow faster in the future.

According to CAAM, 3.8 million units of NEV were sold in the first half of 2023, representing a year-on-year increase of 49% compared to the first half of 2022. China's NEV industry is leading the world, and the new era of exploration for NEVs brings great opportunities to the leading NEV brands in China. Statistics from CAAM showed that China's exports of NEV in the first half of 2023 increased by 160% year-on-year to 534 thousand units. In terms of domestic retail, the sales of NEVs still recorded a significant year-on-year growth despite the withdrawal of subsidy policy. With the popularity and improvements of infrastructure, including charging piles and battery swapping stations, NEVs are increasingly accepted by consumers. Statistics from the China CPCA showed that the penetration ratio of NEVs in China reached 35% in June 2023. In the long run, the government will continue to encourage and provide strong support to the development of new energy industries. In May 2023, the National Development and Reform Commission and the National Energy Administration promulgated "the Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support NEVs Going to Rural Areas and Rural Revitalization" (《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》) (the "**Implementation Opinions**"), proposing to build charging infrastructure in a moderately advance manner and provide stronger support to the construction and operation of charging networks. In June 2023, several departments, including Ministry of Finance, jointly issued "the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Relief Policies for NEVs" (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》), which optimizes the policies issued in September 2022 and conditionally extends the purchase tax policy for NEVs to the end of 2027. In June 2023, the SCEM proposed consolidating and expanding the development advantages of NEVs to promote the high-quality development of NEV industry by continuously expanding the consumer market, fostering innovation, optimizing industrial layout, and improving infrastructure.

During the Reporting Period, the launch of the supporting policies for auto financing allowed more consumers to enjoy better experience in buying and using cars facilitated by favorable financial services. The Implementation Opinions promulgated by the National Development and Reform Commission and the National Energy Administration in May 2023 proposed providing stronger support of financial services for auto consumption in rural areas, encouraging financial institutions to develop auto financing business on the basis of legal compliance and risk control. The Ministry of Finance also expressed its encouragement for financial institutions to introduce financial support measures for auto finance in the Notice issued in June 2023.

BUSINESS REVIEW

Despite the challenges posed by the sluggish economic recovery and tumultuous industry's environment, the Group has steadfastly focused on our core business areas and demonstrated robust growth in the automotive financing business. In addition, we have made significant progress in our vision to provide full life cycle services for customers, with the launch of several innovative products designed to enrich our service scope and enhance the overall customer experience. This enabled us to maintain a loyal and expanding customer base. In order to optimize operational efficiency and upgrade our technology platform, we continued to invest effectively in digitalization and cultivate our FinTech business. Overall, we are proud of the accomplishments we have achieved in the Reporting Period, and we will remain committed to building on this momentum in the months to come.

AUTO FINANCING TRANSACTIONS

	Six months ended June 30,					
	2023		2022		Year-on-year	
	Number of financing transactions	**Financing amount**	Number of financing transactions	Financing amount	Number of financing transactions	Financing amount
	'000	***'000***	*'000*	*'000*	*%*	*%*
	Unaudited	***Unaudited***	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
New vehicles	**180**	**18,101,694**	116	10,890,685	55%	66%
Used vehicles	**132**	**12,282,978**	150	14,131,538	-12%	-13%
Total	**312**	**30,384,672**	266	25,022,223	17%	21%
NEV	**39**	**4,351,414**	12	1,185,585	236%	267%

Our total financing transactions increased by 17% year-on-year to 312 thousand for the Reporting Period, compared to 266 thousand for the same period last year. The total financing amount increased by 21% year-on-year to RMB30.4 billion for the Reporting Period, compared to RMB25.0 billion for the same period last year.

Our new vehicle financing transactions increased by 55% year-on-year to 180 thousand for the Reporting Period, compared to 116 thousand for the same period last year. The financing amount increased by 66% year-on-year to RMB18.1 billion for the Reporting Period, compared to RMB10.9 billion for the same period last year. The noteworthy growth of new vehicle financing business in the Reporting Period was mainly due to two factors: firstly, more OEMs have been adopting direct price reductions or discounts instead of traditional interest subsidies in price competition, which has leveled the playing field for third-party players like Yixin, enabling us to compete on equal footing with OEM finance; secondly, we have proactively expanded our risk appetite to serve a broader range of customers in the new car market.

Our used vehicle financing transactions decreased by 12% year-on-year to 132 thousand for the Reporting Period, compared to 150 thousand for the same period last year. Typically, customers in the used car market exhibit a comparatively weaker ability to withstand risk. Given the relatively sluggish macroeconomic situation, their repayment ability may be significantly impacted. Therefore, we have proactively reduced our risk exposure in the used car business in the past few months. As a result, the proportion of our used vehicle financing business in our total vehicle financing transactions decreased to 42%. The used vehicle market is generally underserved in China. However, with the support of a sound policy environment, the long-term positive fundamentals of the used car market remained unchanged. Leveraging our experience and strengths in the lower-tier markets, the Group will continue to develop our used vehicle financing business in a reasonable manner, taking into account the market conditions and customer needs.

Our NEV financing transactions significantly increased by 236% year-on-year to 39 thousand for the Reporting Period, compared to 12 thousand for the same period last year. The financing amount increased by 267% year-on-year to RMB4,351 million for the Reporting Period, compared to RMB1,186 million for the same period last year. In the Reporting Period, our NEV financing amount accounted for 22% of our total new vehicle financing amount. The Group actively seizes the strategic initiative within the new energy industry trends by establishing partnerships with more new energy brands. As of June 30, 2023, we have built partnerships with ten emerging electric vehicle manufacturers. Also, we are exploring to deepen cooperation with traditional OEMs such as Changan Auto and Audi in the new energy sector. Furthermore, we believe that with the rapid growth of the ownership of electric vehicles, there are emerging opportunities for the used electric vehicle market. The Group has opened up new frontiers through collaboration with NIO in the field of used electric vehicles.

AFTER-MARKET SERVICES

Our after-market services have been on track of stable development. Our after-market services recorded revenue of RMB104 million in the Reporting Period, representing an increase of 17% compared to the same period of 2022. The penetration rate of after-market service for used cars reached 70%, remained above that for new cars in the Reporting Period. We launched two types of new services in the Reporting Period. The battery GAP insurance provides guarantees for power battery performance attenuation, helping our electric vehicle customers address concerns regarding battery depreciation and residual value. In addition, our insurance renewal service offers seamless auto insurance service experience for both current and historical customers. In the future, we will continue to tap the whole life cycle value of customers by providing various derivative services based on our data assets and analytic capability.

SAAS SERVICES

Our FinTech platform provides technology applications and technology-enabled business solutions. In general, we have made expected progress in terms of this strategy. During the Reporting Period, we engaged in cooperative negotiations with various types of OEMs, including new energy brands and traditional joint venture high-end brands, targeting the high-end customers within auto finance industry. Additionally, we held cooperative discussions with regional commercial banks, such as Bank of Suzhou, to enhance their ability to provide auto finance services in their respective local markets.

In the Reporting Period, the Group has deepened cooperation with our existing SaaS partners, optimizing service solution and enhancing customer experience. For example, we assisted Bank of Hebei in establishing its own automotive finance solution and expanding its used car financing business. The Group recorded promising results with a revenue of RMB86 million during the Reporting Period, representing a 101% increase compared to the same period of 2022. Based on our assessment of the progress of current projects and the growing potential market, we are highly optimistic about the prospects of FinTech business in the second half of this year.

NON-IFRSs FINANCIAL MEASURES

To supplement the interim condensed consolidated financial information of the Group prepared in accordance with the IFRSs, certain additional non-IFRSs financial measures (in terms of adjusted operating profit and adjusted net profit) have been presented in this interim report. These unaudited non-IFRSs financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRSs. We believe that these non-IFRSs measures provide additional information to investors and others in understanding and evaluating our interim condensed consolidated financial information 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. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

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

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

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

	Six months ended June 30,	
	2023 ***RMB'000*** ***Unaudited***	2022 *RMB'000* *Unaudited*
Operating profit	**253,962**	150,005
Add:		
Fair value changes arising from investee companies	**107,673**	11,797
Amortization of intangible assets resulting from asset and business acquisitions	**25,849**	137,001
Share-based compensation expenses	**43,597**	80,467
Adjusted operating profit	**431,081**	379,270

	Six months ended June 30,	
	2023 ***RMB'000*** ***Unaudited***	2022 *RMB'000* *Unaudited*
Net profit	**266,395**	123,901
Add:		
Fair value changes arising from investee companies	**85,458**	7,610
Amortization of intangible assets resulting from asset and business acquisitions	**25,803**	136,899
Share-based compensation expenses	**35,261**	61,353
Adjusted net profit	**412,917**	329,763

ADJUSTED OPERATING PROFIT

Our adjusted operating profit was RMB431 million for the Reporting Period, compared to RMB379 million for the same period last year. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

Our adjusted net profit was RMB413 million for the Reporting Period, compared to RMB330 million for the same period last year. The increase was mainly due to the increase in revenue.

SIX MONTHS ENDED JUNE 30, 2023 COMPARED TO SIX MONTHS ENDED JUNE 30, 2022

The following table sets forth the comparative figures for the six months ended June 30, 2023 and 2022.

	Six months ended June 30,		
	2023	2022	Year-on-year
	RMB'000	*RMB'000*	*%*
	Unaudited	*Unaudited*	
Revenues	**2,844,190**	2,452,343	16%
Cost of revenues	**(1,420,736)**	(1,095,434)	30%
Gross profit	**1,423,454**	1,356,909	5%
Selling and marketing expenses	**(513,896)**	(609,477)	-16%
Administrative expenses	**(201,624)**	(230,708)	-13%
Research and development expenses	**(93,343)**	(93,349)	0%
Credit impairment losses	**(332,654)**	(337,909)	-2%
Other income and other (losses)/gains, net	**(27,975)**	64,539	-143%
Operating profit	**253,962**	150,005	69%
Finance cost, net	**(1,375)**	(13,305)	-90%
Share of profits of investments accounted for using the equity method	**26,271**	10,520	150%
Profit before income tax	**278,858**	147,220	89%
Income tax expense	**(12,463)**	(23,319)	-47%
Profit for the period	**266,395**	123,901	115%
Non-IFRSs measure			
Adjusted operating profit	**431,081**	379,270	14%
Adjusted net profit	**412,917**	329,763	25%

REVENUES

Our total revenues increased by 16% year-on-year to RMB2,844 million for the Reporting Period, compared to RMB2,452 million for the same period last year. Both self-operated financing business and transaction platform business have grown. Our new core services revenues, which include revenues from loan facilitation services, SaaS services and new self-operated financing lease transactions facilitated by us during the Reporting Period, increased by 8% year-on-year to RMB1,821 million, compared to RMB1,690 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2023 and 2022.

	Six months ended June 30,				
	2023			2022	
	RMB'000 *Unaudited*	*% of total revenues*	*Year-on-year*	*RMB'000* *Unaudited*	*% of total revenues*
Revenues					
Transaction platform business					
Loan facilitation services	1,539,863	54%	1%	1,518,033	62%
SaaS services	86,277	3%	101%	42,911	2%
Other platform services	518,285	18%	65%	314,565	12%
Guarantee services	414,147	14%	83%	225,776	8%
After-market services	104,138	4%	17%	88,789	4%
Subtotal	2,144,425	75%	14%	1,875,509	76%
Self-operated financing business					
Financing lease services	699,540	25%	24%	566,028	23%
From new transactions during the period	194,500	7%	51%	128,788	5%
From existing transactions in prior periods	505,040	18%	16%	437,240	18%
Other self-operated services[1]	225	0%	-98%	10,806	1%
Subtotal	699,765	25%	21%	576,834	24%
Total	2,844,190	100%	16%	2,452,343	100%

Note:

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

Transaction platform business

Revenues from our transaction platform business increased by 14% year-on-year to RMB2,144 million for the Reporting Period, compared to RMB1,876 million for the same period last year, mainly due to the increase in revenue of our SaaS services and guarantee services. Our transaction platform business contributed 75% of total revenues for the Reporting Period, compared to 76% for the same period last year.

Revenues from our loan facilitation services increased by 1% year-on-year to RMB1,540 million for the Reporting Period, compared to RMB1,518 million for the same period last year, mainly due to the increase in total transaction amounts.

Revenues from our SaaS services increased by 101% year-on-year to RMB86 million for the Reporting Period compared to RMB43 million for the same period last year, and contributed 3% of total revenue. Through SaaS services, we assisted financial institutions to strengthen their risk control capabilities and product experience in auto finance business. Given that we have deployed more resources for our FinTech business, we have facilitated transactions in the amount of more than RMB2 billion through SaaS model for the Reporting Period.

Revenues from our other platform services increased by 65% to RMB518 million for the Reporting Period, compared to RMB315 million for the same period last year, mainly due to the increase in revenue from guarantee services. Our revenue from guarantee services was RMB414 million for the Reporting Period, increased by 83% from RMB226 million for the same period last year, mainly due to the increase in the number of customers with guarantees. During the Reporting Period, the revenue generated from after-market services reached RMB104 million, representing a 17% increase from RMB89 million for the same period last year.

Self-operated financing business

Revenues from our self-operated financing business increased by 21% year-on-year to RMB700 million for the Reporting Period, compared to RMB577 million for the same period last year, primarily due to the increase in revenues from financing lease services.

Revenues from our financing lease services increased by 24% year-on-year to RMB700 million for the Reporting Period, compared to RMB566 million for the same period last year, due to the increase in finance receivables. The average yield of our net finance receivables(1) was 8.4% for the Reporting Period, compared to 9.4% for the same period last year. In view of the current economy and overwhelming competition in automotive industry, the Group conducted more new vehicle transactions, which were generally from higher tiered customers with lower loss rates, in order to achieve a better post-loan performance of the portfolio. During the Reporting Period, the proportion of new car business in our self-operated financing business increased, and the interest rates for new car business were generally lower than those for used car business. As a result, the average yield of our total net finance receivables decreased.

Note:

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

COST OF REVENUES

For the Reporting Period, the Group's cost of revenues was RMB1,421 million, representing an increase of 30% compared to the same period last year of RMB1,095 million, primarily due to the increase in commissions associated with loan facilitation services, and funding costs associated with self-operated financing services. Loan facilitation commissions increased to RMB1,026 million from RMB818 million in the same period last year, mainly due to the rising competition in the industry. Funding costs increased to RMB340 million from RMB229 million in the same period last year, resulting from increasing borrowings to support the growth of our self-operated financing business. The following table sets out the cost details of each business type during the period shown:

	Six months ended June 30,				
	2023			2022	
	RMB'000 Unaudited	***% of total cost***	***Year-on-year***	*RMB'000 Unaudited*	*% of total cost*
Cost of revenues:					
Transaction platform business	**1,061,030**	**75%**	**24%**	852,444	78%
Self-operated financing business	**359,706**	**25%**	**48%**	242,990	22%
Total	**1,420,736**	**100%**	**30%**	1,095,434	100%

GROSS PROFIT AND MARGIN

	Six months ended June 30,			
	2023		2022	
	RMB'000 Unaudited	***Margin***	*RMB'000 Unaudited*	*Margin*
Segment gross profit and gross profit margins				
Transaction platform business	**1,083,395**	**51%**	1,023,065	55%
Self-operated financing business	**340,059**	**49%**	333,844	58%
Total	**1,423,454**	**50%**	1,356,909	55%

For the Reporting Period, the Group's gross profit was RMB1,423 million, representing an increase of RMB66 million compared to RMB1,357 million in the same period last year. For the Reporting Period and the first half of 2022, the Group's gross profit margin was 50% and 55% respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 51%, which decreased from 55% in the same period last year, mainly due to the pressure from customers' deleveraging behavior and increased loan facilitation commissions during the Reporting Period.

Self-operated financing business

The gross profit margin of our self-operated financing business was affected by the change of net interest income and net interest margin. The following table sets forth the interest income, funding costs, net interest income, and net interest margin during the periods indicated below.

	2023 *Unaudited*	2022 *Unaudited*	*Change %*
Interest income	**699,540**	566,028	24%
Funding costs	**340,151**	228,735	49%
Net interest income	**359,389**	337,293	7%
Net interest margin[(1)]	**4.3%**	5.6%	-23%

For the Reporting Period, the net interest margin of the Group's self-operated financing business decreased to 4.3%, compared to 5.6% for the same period last year. The decrease was primarily due to the decrease of the average yield of our net finance receivables, and the increase of the average funding cost of our net finance receivables which was driven by a rising financial leverage of our self-operated financing business. The average cost rate[(2)] of the Group decreased to 5.0% for the Reporting Period, compared to 5.3% for the same period last year, mainly due to an upgrade in the Group's credit rating attributed to the continuous improvement of asset quality.

Note:

(1) Calculated by dividing net interest income by quarterly average balance of net finance receivables.

(2) Calculated by dividing funding costs by quarterly average balance of interest-bearing liabilities.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased by 16% year-on-year to RMB514 million for the Reporting Period, compared to RMB609 million for the same period last year, primarily due to the decrease in amortization of intangible assets resulting from asset and business acquisitions, salaries and share-based compensation expenses, and partially offset by the increase in professional service fees. Share-based compensation expenses for our sales and marketing personnel were RMB15 million for the Reporting Period, compared to RMB28 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the selling and marketing expenses increased by 7% year-on-year to RMB474 million for the Reporting Period, compared to RMB444 million for the same period last year, which was in line with the increase in the number of financing transactions.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by 13% year-on-year to RMB202 million for the Reporting Period, compared to RMB231 million for the same period last year, primarily due to the decrease in provision for impairment of vehicles collected from financing lease customers and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB18 million for the Reporting Period, compared to RMB32 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the administrative expenses decreased by 8% year-on-year to RMB183 million for the Reporting Period, compared to RMB199 million for the same period last year.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses was RMB93 million for the Reporting Period, compared to RMB93 million for the same period last year. Share-based compensation expenses for our research and development personnel were RMB11 million for the Reporting Period, compared to RMB20 million for the same period last year. By eliminating the effect of certain non-cash item, namely share-based compensation expenses, the research and development expenses increased by 12% year-on-year to RMB83 million for the Reporting Period, compared to RMB74 million for the same period last year, primarily due to the increase of research and development input in respect of the FinTech team.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses include (i) provision for expected credit losses of finance receivables; (ii) provision for expected credit losses of risk assurance liabilities and loans recognized as a result of payment under risk assurance, and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses decreased by approximately 2% year-on-year to RMB333 million for the Reporting Period, compared to RMB338 million for the same period last year, which was primarily contributed by the decrease in provision for expected credit losses of finance receivables. The decrease in provision for expected credit losses of finance receivables is mainly due to the improvement of post-loan performance of finance receivables.

OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Our other income and other losses, net was RMB28 million for the Reporting Period, compared to other income and other gains, net of RMB65 million for the same period last year. The change was primarily due to the increase in fair value loss on financial assets.

OPERATING PROFIT

Our operating profit for the Reporting Period increased by 69% year-on-year to RMB254 million for the Reporting Period, compared to RMB150 million for the same period last year, mainly due to the increase in gross profit and the decrease in selling and marketing expenses.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB1 million, compared to RMB13 million for the same period last year, mainly due to the increase of finance income.

INCOME TAX EXPENSE

Our income tax expense was RMB12 million for the Reporting Period, compared to RMB23 million for the same period last year. Income tax expense did not increase with profit before income tax, primarily due to the tax preference enjoyed by the subsidiaries established in Xinjiang.

PROFIT FOR THE PERIOD

Our profit increased by 115% year-on-year to RMB266 million for the Reporting Period, compared to RMB124 million for the same period last year, mainly due to the increase in gross profit and the decrease in selling and marketing expenses.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (2022: nil).

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at		
	June 30, 2023 ***RMB'000*** ***Unaudited***	December 31, 2022 *RMB'000* *Audited*	Year-on-year change *%*
Carrying amount of finance receivables	**18,814,695**	13,742,013	37%
Cash and cash equivalents	**3,780,201**	3,433,182	10%
Total borrowings	**18,437,045**	12,512,272	47%
Current assets	**19,374,614**	16,852,216	15%
Current liabilities	**14,128,390**	11,116,350	27%
Net current assets	**5,246,224**	5,735,866	-9%
Total equity	**15,517,392**	15,326,213	1%

FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment, and in return, customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables increased to RMB18.8 billion as at June 30, 2023, compared to RMB13.7 billion as at December 31, 2022.

The following table sets forth our net finance receivables and the amount of provision for expected credit losses and the corresponding provision to net finance receivables ratios as at the dates indicated:

	As at	
	June 30, 2023	December 31, 2022
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**19,458,092**	14,356,423
Provision for expected credit losses (ending balance)	**(643,397)**	(614,410)
Provision to net finance receivables ratio[1]	**3.31%**	4.28%

Note:

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

Maturity Profile

Reference is made to the annual report (the "**2022 Annual Report**") of the Company for the year ended December 31, 2022. Further information is provided in relation to the maturity profile of the finance leases granted for its self-operated financing business as disclosed in the section headed "Finance Receivables" on page 19 of the 2022 Annual Report and the interim report of the Group for the Reporting Period to be sent to the Shareholders.

The following table sets forth the maturity profile of the net finance receivables as of the dates indicated:

	June 30, 2023		December 31, 2022	
	RMB'000	*% of total*	*RMB'000*	*% of total*
Maturity date				
Within 1 year	8,097,582	41.62%	6,688,699	46.59%
1 to 2 years	5,815,695	29.89%	4,783,210	33.32%
2 to 3 years	3,464,480	17.80%	2,109,692	14.70%
3 years and beyond	2,080,335	10.69%	774,822	5.39%
Total	19,458,092	100.00%	14,356,423	100.00%

Net finance receivables due within one year represent net finance receivables which the Group will receive within one year as of the reporting dates indicated. As of June 30, 2023, net finance receivables due within one year as set forth in the table above represented 41.62% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the increase of finance receivables with longer financing terms. In addition, with the stimulus and supportive policies of the auto industry, we facilitated approximately 88 thousand financed transactions through self-operated financing business for the Reporting Period, representing a 127% year-on-year increase in volume, which contributes to the increase of net finance receivables due after one year and beyond. The evenly distributed maturity of the Group's net finance receivables could provide the Group with healthy liquidity and sustainable cash inflows.

OFF BALANCE-SHEET LOANS

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. The total outstanding balance of loans funded by financial institutions under such arrangements increased to RMB45.8 billion as at June 30, 2023, compared to RMB44.6 billion as at December 31, 2022.

	As at	
	June 30, 2023	December 31, 2022
	(RMB'000, except for percentage)	
Loans with potential repurchase obligations, net (ending balance)	**45,766,807**	44,637,563
Risk assurance liabilities ("**RAL**"; net, ending balance)	**(1,319,220)**	(1,137,788)
RAL ratio[1]	**2.88%**	2.55%

Note:

(1) Risk assurance liability divided by loan balance with repurchase obligations.

The asset performance of our financed transactions depends on our customer's repayment capability and willingness to pay. However, it is also affected by the uncertainties of the macro environment, which may change customer income status. The quality of the portfolio as well as the expected volatility ahead have been taken into consideration in our provision of finance receivables and risk assurance liabilities.

DAY PAST DUE RATIO

The following table sets forth past due ratios for all financed transactions through both our self-operated financing lease business and our transaction platform business to assess the overall quality of our financed transactions:

	As at	
	June 30, 2023	December 31, 2022
Past due ratio:		
180+ days[(1)]	**1.52%**	1.49%
90+ days (including 180+ days)[(2)]	**1.91%**	1.92%

Notes:

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

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

As at June 30, 2023, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions through both our self-operated financing lease business and transaction platform business were 1.52% and 1.91%, respectively (December 31, 2022: 1.49% and 1.92%, respectively).

Internal Control

The Company has developed comprehensive risk management and internal control systems to address the credit risks that the Company is exposed to, being the Company's principal exposure. The Company has implemented the credit assessment process, which focuses on a consumer's ability and willingness to pay its financial obligations, and developed our data-driven credit assessment system, which is tailored to our business model. Our credit assessment and approval policies are similar across our service categories or product lines. While applicants may choose different financing product offerings based on their different financing needs, all applicants go through a similar credit assessment and approval process governed by similar policies and receive credit decisions, regardless of the product lines being applied for. We implement similar credit risk management measures across our service categories or product lines, by actively monitoring historical past due ratio and continuously improving our data analytics capabilities, as well as executing post-financing management and loss recovery measures by leveraging the vehicle telematics systems installed on all automobiles financed by us. For details, please refer to "Business – Risk Management and Internal Control – Credit Risk Management" of the Prospectus.

Further, the Group implemented classification management of finance receivables that accurately reveals the asset risk profile and tracks the quality of assets primarily by obtaining information on the qualification of assets. On such basis, we have deployed management resources and efforts in a focused manner to effectively implement measures on classification management, and have strengthened risk anticipation and the relevance of risk prevention to improve the ability to control asset risks.

We also continue to monitor and review the operation and performance of our risk management and internal control systems, and adapt to the changes in market conditions, our product and service offerings, and the regulatory environment. Since the listing of the Company on November 16, 2017, the Company has adopted a series of internal policies to further set out detailed procedures in relation to credit assessment and approval procedures, post-financing management and loss recovery.

Credit Assessment and Approval Procedures

Our credit assessment and approval procedures include: assessment and approval, request of settlement, and settlement.

Assessment and Approval

We use a holistic approach to implement our assessment and approval procedures, which consist of automatic preliminary assessment, screening, and manual assessment.

When an applicant submits an application through our online channels, we perform automated preliminary assessment based on the applicant's key information such as ID card and cell phone number through our anti-fraud system and credit scoring system. In the meantime, we will also check the applicant's credit report through the PBC Credit Reference Center and investigate any criminal track record from the public security system. The automatic assessment will yield a preliminary result on the creditworthiness of the applicant, based on which we will decide whether further manual assessment process is required. Our anti-fraud system and the credit scoring system collectively encompass over 40 models that analyze massive data including user profile, behavior data, credit data, consumption data and other information relating to the credit worthiness of applicants, as well as the specifics and valuation of the automobiles that the applicant is purchasing and the amount of down payment.

When an applicant submits an application through our network dealer, a service consultant will meet and communicate with the applicant face to face to form a preliminary judgment on the creditworthiness of the applicant, collect key information and required documents, and submit them to the Risk Management Center of the Company for assessment. We would conduct an automatic preliminary assessment based on the information and documents provided, as screening is not a standalone procedure during which we make credit assessment decisions.

After evaluating the results of automatic preliminary assessment, we will decide if additional information is needed to further assess the creditworthiness of the applicant. The information and documents we may need cover (i) information of the related automobile, (ii) the credit profile of the applicant or the guarantor(s), if necessary, (iii) the key leasing term including proper down-payment ratio, and (iv) the completeness of the requested supporting documents and certificates. In addition, we may conduct telephone interviews or home visits in the manual assessment process, if necessary.

Request of Draw-down

We will not process the request of draw-down from an applicant unless each of the following requirements has been fulfilled:

- The automobile purchase agreement must be duly executed by the parties named in the approved application package.

- The invoice must be duly stamped. The transaction amount and the VIN on the invoice must be consistent with our records in the system.

- A valid repayment account must be available.

Draw-down of Loans

After a request of draw-down that satisfies our requirements has been duly processed, we will initiate the procedures for draw-down of the loan. We will not settle for an applicant unless each of the following requirements has been fulfilled:

- All the legal documents and agreements must have been duly signed with the witness by our own staff or the staff of the relevant dealership store and a photo of the onsite signing has been uploaded to our system.
- The underlying automobiles have been properly pledged to us, where appropriate.
- The required insurance policy and the vehicle telematics systems are in place.

Post-Financing Management

Our post-financing management process includes the following steps:

- Our post-financing management team will make welcome calls to our new consumers within 15 days after settlement in order to understand their customer experience as well as identify early stage of potential risk of delinquency.
- Our post-financing management team monitors the status of GPSs installed on the subject automobiles on a daily basis.
- In order to ensure that the consumers' repayments are on schedule, the post-financing service team will send reminders via text messages three days prior to the repayment due dates.

If any delinquency arises or any abnormal behavior in consumers is observed by us, we will initiate our collection process, which includes the following:

- our customer service team or outsourced call center team will remind the consumer of the repayment and send a collection notice to the said consumer within 10 days after the due date;
- our outsourced local collection specialists may conduct an on-site collection if there is any further delay;
- in the case of serious delinquency, based on the terms of the contract, we may investigate, monitor and track the automobile to re-possess the automobile directly and implement other necessary measures within the legal boundaries; and
- ultimately, we reserve the right to take legal action against the delinquent consumer.

Loss Recovery

Our asset management center is responsible for repossessing automobiles arising from overdue payments and disposing of such automobile via auction, consignment or re-acquisition. We will recover, minimise or mitigate our losses through such measures.

After our asset management center collects the automobile with the support of outsourced local collection specialists, it will assess the automobile condition and obtain proper third-party appraisal reports with respect to the automobile. We will enter into direct negotiation with the consumer to ascertain the possibility of re-acquisition of the automobile by the consumer. If the consumer waives the re-acquisition or does not respond in time, the asset management center may assess the disposal value based on the relevant materials such as the used automobile appraisal reports. After the licenses and compliance status and the residual lease have been confirmed, the asset management center will initiate bidding for the repossessed automobile.

In the event that the financing receivable is overdue for 180 days, we may consider writing off the relevant receivable according to our leased assets impairment policy. Based on our past experience, we believe that financing receivables overdue for less than 180 days have viable likelihood of being collected, and we believe it is within industry practice to assess and consider writing off finance receivables that are past due for over 180 days.

CASH AND CASH EQUIVALENTS

As at June 30, 2023, our cash and cash equivalents amounted to RMB3,780 million, compared to RMB3,433 million as at December 31, 2022. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at June 30, 2023, RMB3,431 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,793 million as at December 31, 2022.

Our net cash used in operating activities was RMB4,332 million for the Reporting Period, compared to RMB109 million for the same period last year, mainly due to the increase in cash outflow from new self-operated financing transactions.

BORROWINGS AND SOURCE OF FUNDS

By leveraging our leading industry position as well as prudent risk management track record, we obtained more recognition by financial institutions, and further expanded funding channels to support the funding needs of the Group.

As at June 30, 2023, our total borrowings were RMB18.4 billion, compared to RMB12.5 billion, as at December 31, 2022. The increase was mainly due to the increase in scale of business. Total borrowings were comprised of (i) asset-backed securities and asset-backed notes of RMB5.5 billion as at June 30, 2023; and (ii) bank loans and borrowings from other institutions of RMB12.9 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 30% as at June 30, 2023.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 25 to the interim condensed consolidated financial statements.

As at June 30, 2023, Yixin, as the original owner and sponsor, has issued in aggregate 43 standardized products, totaling RMB47.7 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc. In response to the government's call of "Carbon Peaking" and "Carbon Neutrality", in March 2023, the first green ABS of the Group was successfully launched.

NET CURRENT ASSETS

Our net current assets decreased by 9% to RMB5,246 million as at June 30, 2023, compared to RMB5,736 million as at December 31, 2022. Our current assets were RMB19.4 billion as at June 30, 2023, compared to RMB16.9 billion as at December 31, 2022, primarily due to the increase of cash and cash equivalents and current portion of finance receivables. Our current liabilities were RMB14.1 billion as at June 30, 2023, compared to RMB11.1 billion as at December 31, 2022, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB15.5 billion as at June 30, 2023, compared to RMB15.3 billion as at December 31, 2022, primarily due to the net profit incurred during the Reporting Period.

	As at	
	June 30, 2023	December 31, 2022
Current ratio (times)[(1)]	**1.37**	1.52
Gearing ratio[(2)]	**44%**	31%
Debt to equity ratio (times)[(3)]	**1.19**	0.82

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 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 plus lease liabilities divided by total equity at the end of each financial period.

Current Ratio

Our current ratio decreased to 1.37 as at June 30, 2023, compared to 1.52 as at December 31, 2022, mainly due to the increase in the current liabilities of the Group.

Gearing Ratio

Our gearing ratio increased to 44% as at June 30, 2023, compared to 31% as at December 31, 2022, mainly due to the increase in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio increased to 1.19 as at June 30, 2023, compared to 0.82 as at December 31, 2022, mainly due to the increase in total borrowings. The Group continues to maintain a good debt-paying ability, and has further improved financial leverage while raising the return on assets.

CAPITAL EXPENDITURE AND INVESTMENTS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**6,513**	97,219
Purchase of intangible assets	**2,079**	432
Investments in financial assets at fair value through profit or loss	**90,000**	12,500
Investments in associates measured at fair value through profit or loss	**24,000**	–
Total	**122,592**	110,151

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 committed to receive foreign currencies from, or when paying or committed to pay foreign currencies to, overseas business partners. A forward contract was in place during the Reporting Period for hedging purpose, although hedge accounting was not applied.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 19 and Note 25 to the interim condensed consolidated financial statements, respectively.

SIGNIFICANT INVESTMENTS HELD

On June 13, 2018, the Company and 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 and December 2020, the Company subscribed for additional convertible note issued by Yusheng with a cash consideration of US$43 million (equivalent to approximately HK$335 million) and a cash consideration of US$12 million (equivalent to approximately HK$95 million), respectively, to further strength our cooperation relationship with Yusheng in used automobile business.

Yusheng achieved significant growth during the Reporting Period with a year-on-year increase in the volume of its B2C self-operated transactions of more than 78%. The number of Yusheng's self-operated used car retail stores reached 62, making Yusheng the operator of the most used car retail stores in China. Yusheng also takes the lead in cooperation with NEV automobile manufacturers such as NIO, XPeng, Li Auto, Zeekr, SAIC Feifan (RISING AUTO), AITO, and AVATR and started collaborating with Smart, Nezha Auto, Leap Motor, Stellantis and dealer group of BYD in the Reporting Period.

As at June 30, 2023, the fair value of our investment in Yusheng was RMB2,421,510,000 (December 31, 2022: RMB2,333,977,000) which constituted 6.3% of the total assets of the Group (December 31, 2022: 7.3%). 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, 2023 and 2022.

Save as disclosed above, we did not hold any significant investments in the equity interests of any other companies for the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at June 30, 2023, we did not have any 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 with 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, 2023, we had 3,947 full-time employees (December 31, 2022: 4,106). 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 21 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 courses are provided to our employees.

The total remuneration cost (including share-based compensation expenses) incurred by the Group for the Reporting Period was RMB470 million, compared to RMB537 million for the same period last year.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 29 to the interim condensed consolidated financial statements, the Group did not have any other material acquisitions and disposals of subsidiaries or associated companies for the Reporting Period.

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 19 and 25 to the interim condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at June 30, 2023, we did not have any material contingent liabilities (December 31, 2022: nil).

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, 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the underlying Shares

	Number of Shares			
Name of Director	**Personal interest[3]**	**Number of underlying Shares interested[3]**	**Total interests**	**Approximate percentage of issued Shares[4]**
Mr. Andy Xuan Zhang	–	233,466,189(L)[1]	233,466,189	3.58%
Mr. Dong Jiang	28,657,810(L)	10,000,000(L)[2]	38,657,810	0.59%

Notes:

(1) Mr. Andy Xuan Zhang's entitlement to receive up to 233,466,189 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) Such interest represents the award Shares granted to Mr. Dong Jiang under the Second Share Award Scheme adopted by the Company.

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

(4) The percentages are calculated on the basis of 6,524,013,012 Shares in issue as at June 30, 2023.

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

	Number of ordinary shares in Yiche Holding				
Name of Director	Beneficiary of a trust (other than a discretionary interest)	Personal interest	Number of underlying shares interested[2]	Total interests	Approximate percentage of issued shares[3]
Mr. Andy Xuan Zhang	–	–	1,680,000(L)[1]	1,680,000	2.33%

Notes:

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

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

(3) The percentage is calculated on the basis of 72,208,453 ordinary shares of Yiche Holding in issue as at June 30, 2023.

Save as disclosed above, as at June 30, 2023, 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, 2023, 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 interested(6)	Approximate percentage of issued Shares(7)
Tencent Mobility Limited(1)	Beneficial owner	489,922,607(L)	7.51%
THL H Limited(1)	Beneficial owner	931,604,940(L)	14.28%
Morespark(1)	Beneficial owner	2,093,833,612(L)	32.09%
	Beneficial owner	21,106,272(S)	0.32%
Tencent(1)	Interest of controlled corporation	3,515,361,159(L)	53.88%
	Interest of controlled corporation	21,106,272(S)	0.32%
JD.com Global Investment Limited(2)	Beneficial owner	406,675,101(L)	6.23%
JD Financial Investment Limited(2)	Beneficial owner	620,747,320(L)	9.51%
JD.com Investment Limited(2)	Interest of controlled corporation	1,027,422,421(L)	15.75%
JD.com(2)	Interest of controlled corporation	1,027,422,421(L)	15.75%
Max Smart Limited(2)	Interest of controlled corporation	1,027,422,421(L)	15.75%
UBS Trustees (B.V.I.) Limited(2)	Trustee	1,027,422,421(L)	15.75%
Liu Qiangdong Richard(3)	Beneficiary of a trust	1,027,422,421(L)	15.75%
Hammer Capital Holdco 1 Limited(4)	Beneficial owner	422,125,440(L)	6.47%
Hammer Capital(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Hammer Capital Asset Management Limited(4)	Investment manager	516,393,344(L)	7.92%
Hammer Capital Partners Ltd.(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Hammer Capital Opportunities General Partner(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Silver Oryx Limited(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Avantua Group Limited(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Go Winner Investments Limited(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Woodbury Capital Management Limited(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Cheng Chi Kong(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Cheung Siu Fai(4)	Interest of controlled corporation	516,393,344(L)	7.92%
Tsang Ling Kay Rodney(4),(5)	Beneficial owner	68,871,952(L)	1.06%
	Interest of controlled corporation	581,819,092(L)	8.92%

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

Notes:

(1) Tencent Mobility Limited which holds 489,922,607 Shares, THL H Limited which holds 931,604,940 Shares, and Morespark which holds 2,093,833,612 Shares in long position and 21,106,272 Shares in short position, are wholly-owned subsidiaries of Tencent. Accordingly, Tencent is deemed to be interested in the same number of Shares in which Tencent Mobility Limited, THL H Limited and Morespark are interested under the SFO. Tencent has granted a voting proxy to Proudview Limited in relation to 573,885,842 Shares, representing approximately 8.80% of the issued share capital of the Company as at June 30, 2023.

(2) JD.com Global Investment Limited which holds 406,675,101 Shares and JD Financial Investment Limited which holds 620,747,320 Shares are wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is controlled in terms of voting power as to 70.40% by Max Smart Limited as of February 28, 2023. Max Smart Limited, a British Virgin Islands company, is 100% owned by UBS Nominees Limited on behalf of The Max Smart Trust, with UBS Trustees (BVI) Ltd.as the trustee.

(3) Liu Qiangdong Richard holds 1,027,422,421 Shares as a beneficiary of a private trust.

(4) Hammer Capital Holdco 1 Limited which holds 422,125,440 Shares and Hammer Capital Offerco 1 Limited which holds 94,267,904 Shares are wholly-owned subsidiaries of Hammer Capital. Accordingly, Hammer Capital is deemed to be interested in the same number of Shares in which Hammer Capital Holdco 1 Limited and Hammer Capital Offerco 1 Limited are interested under the SFO.

(a) Silver Oryx Limited, being the sole limited partner of Hammer Capital, is wholly-owned by Splendid Sun LLC. Splendid Sun LLC is wholly-owned by Avantua Group Limited (formerly known as Avantua Investments Limited). Avantua Group Limited is wholly-owned by Ace Trend Investment Limited. Ace Trend Investment Limited is owned as to 70% by Go Winner Investments Limited, which in turn is wholly-owned by Woodbury Capital Management Limited, and Woodbury Capital Management Limited is wholly-owned by Cheng Chi Kong.

(b) (i) Hammer Capital Asset Management Limited, being the investment manager of Hammer Capital, is wholly-owned by Hammer Capital Partners Ltd.. Hammer Capital Partners Ltd. is owned by each of Cheung Siu Fai and Tsang Ling Kay Rodney as to 50%; (ii) Hammer Capital Opportunities General Partner, being general partner of Hammer Capital, is wholly-owned by Tsang Ling Kay Rodney.

Accordingly, each of Hammer Capital's general partners, controlling corporations and controlling persons is deemed to be interested in the same number of Shares in which Hammer Capital is interested under the SFO.

(5) Hammer Capital Management Limited, which holds 65,425,748 Shares, is wholly-owned by Tsang Ling Kay Rodney. Accordingly, Tsang Ling Kay Rodney is deemed to be interested in the same number of Shares in which Hammer Capital Management Limited is interested under the SFO.

(6) The letter "L" and "S" denote the Substantial Shareholder's long position and short position in such Shares, respectively.

(7) The percentages are calculated on the basis of 6,524,013,012 Shares in issue as at June 30, 2023.

Save as disclosed above, as at June 30, 2023, 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 2022 Annual Report of the Company. Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 24(a) to the consolidated financial statements of the 2022 Annual Report of the Company.

Details of the options granted under the Pre-IPO Share Option Scheme and their movements during the Reporting Period are as follows:

Name or category of option holders	Date of grant	Exercise period	Exercise price	Number of options Outstanding as at January 1, 2023	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2023	Weighted average closing price immediately before the exercise date (HK$)
Director and senior management								
Mr. Andy Xuan Zhang	July 3, 2017	10 years from the date of grant	US$0.0014	168,464,000	–	–	168,464,000	N/A
	October 1, 2017	10 years from the date of grant	US$0.0014	65,002,189	–	–	65,002,189	N/A
Mr. Zhifeng Jia (賈志峰)	July 3, 2017	10 years from the date of grant	US$0.0014	700,000	–	–	700,000	N/A
Sub-total				234,166,189	–	–	234,166,189	N/A
Other grantees-Employees								
In aggregate	Between July 3, 2017 and October 1, 2017	10 years from the date of grant	US$0.0014	1,190,159	(140,000)	–	1,050,159	1.11
Total				**235,356,348**	**(140,000)**	**-**	**235,216,348**	**1.1**

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 May 6, 2021 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, 2023, 339,137,576 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.

Details of the awarded Shares granted under the First Share Award Scheme and their movements during the Reporting Period are set out below:

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2023	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Other grantees- Employees											
In aggregate	24-Jul-19	365,500	-	-	-	-	365,500	31-Aug-23	-	1.80	N/A
In aggregate	27-May-21	550,000	-	(550,000)	-	-	-	31-Mar-23	-	2.52	1.04
	27-May-21	550,000	-	-	-	-	550,000	31-Mar-24	-	2.52	N/A
Sub-total		1,100,000	-	(550,000)	-	-	550,000				1.04
In aggregate	14-Sep-21	6,945,928	-	-	-	(35,000)	6,910,928	31-Aug-23	-	1.69	N/A
	14-Sep-21	6,945,928	-	-	-	(35,000)	6,910,928	31-Aug-24	-	1.69	N/A
	14-Sep-21	6,945,928	-	-	-	(35,000)	6,910,928	31-Aug-25	-	1.69	N/A
Sub-total		20,837,784	-	-	-	(105,000)	20,732,784				N/A

SHARE AWARD SCHEMES (CONTINUED)

1. First Share Award Scheme (Continued)

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2023	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
In aggregate	22-Dec-21	1,307,859	–	–	–	(750,000)	557,859	31-Aug-23	–	1.24	N/A
	22-Dec-21	1,307,859	–	–	–	(750,000)	557,859	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,307,860	–	–	–	(750,000)	557,860	31-Aug-25	–	1.24	N/A
Sub-total		3,923,578	–	–	–	(2,250,000)	1,673,578				N/A
In aggregate	19-Apr-22	1,145,000	–	–	–	–	1,145,000	31-Aug-23	–	0.82	N/A
	19-Apr-22	1,145,000	–	–	–	–	1,145,000	31-Aug-24	–	0.82	N/A
	19-Apr-22	1,145,000	–	–	–	–	1,145,000	31-Aug-25	–	0.82	N/A
Sub-total		3,435,000	–	–	–	–	3,435,000				N/A
In aggregate	20-Sep-22	21,400,000	–	(21,400,000)	–	–	–	31-Mar-23	–	0.92	1.04
	20-Sep-22	2,377,500	–	–	–	–	2,377,500	31-Aug-23	–	0.92	N/A
	20-Sep-22	21,400,000	–	–	–	–	21,400,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	1,777,500	–	–	–	–	1,777,500	31-Aug-24	–	0.92	N/A
	20-Sep-22	21,000,000	–	–	–	–	21,000,000	31-Mar-25	–	0.92	N/A
	20-Sep-22	827,500	–	–	–	–	827,500	31-Aug-25	–	0.92	N/A
Sub-total		68,782,500	–	(21,400,000)	–	–	47,382,500				1.04
In aggregate	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-23	–	1.1	N/A
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-24	–	1.1	N/A
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-25	–	1.1	N/A
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-26	–	1.1	N/A
Sub-total		–	4,400,000	–	–	–	4,400,000				N/A
Total		**98,444,362**	**4,400,000**	**(21,950,000)**	**-**	**(2,355,000)**	**78,539,362**				**1.04**

Details of the fair value of the awarded Shares granted under the First Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 21 to the interim condensed consolidated financial statements.

Further details of the First Share Award Scheme are set out in the Prospectus and the 2022 Annual Report of the Company published on March 13, 2023.

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, 2023, 87,976,956 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 Reporting Period are set out below:

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2023	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Director											
Mr. Dong Jiang	20-Sep-22	5,000,000	-	(5,000,000)	-	-	-	31-Mar-23	-	0.92	1.04
	20-Sep-22	5,000,000	-	-	-	-	5,000,000	31-Mar-24	-	0.92	N/A
	20-Sep-22	5,000,000	-	-	-	-	5,000,000	31-Mar-25	-	0.92	N/A
Sub-total		15,000,000	-	(5,000,000)	-	-	10,000,000				1.04

SHARE AWARD SCHEMES (CONTINUED)

2. Second Share Award Scheme (Continued)

Name or category of share awardee	Date of grant	Number of Awards: Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2023	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Other grantees -Employees											
In aggregate	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-23	–	1.69	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-24	–	1.69	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-25	–	1.69	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-23	–	1.24	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-25	–	1.24	N/A
	20-Sep-22	4,500,000	–	(4,500,000)	–	–	–	31-Mar-23	–	0.92	1.04
	20-Sep-22	4,500,000	–	–	–	–	4,500,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	4,500,000	–	–	–	–	4,500,000	31-Mar-25	–	0.92	N/A
Sub-total		17,835,000	–	(4,500,000)	–	–	13,335,000				1.04
Total		**32,835,000**	**-**	**(9,500,000)**	**-**	**-**	**23,335,000**				**1.04**

Details of the fair value of the awarded Shares granted under the Second Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 21 to the interim condensed consolidated financial statements.

Further details of the Second Share Award Scheme are set out in the Prospectus and the 2022 Annual Report of the Company published on March 13, 2023.

ADDITIONAL INFORMATION OF THE SHARE SCHEMES

In respect of the First Share Award Scheme, which is the current share scheme of the Company involving the issue of new Shares, the number of share awards available for grant under the scheme mandate of the Company was 71,358,798 Shares as at January 1, 2023 and 69,533,798 Shares as at June 30, 2023.

The number of Shares that may be issued in respect of awards granted under the First Share Award Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is 0.07%.

During the Reporting Period, the Company did not make any grants of options or awards to its directors and/or senior managers as set out in Rule 17.03F and Rules 17.06B(7) and (8) of the Listing Rules.

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, 2023, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilisation up to June 30, 2023		Utilisation during the Reporting Period		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	1,143,686	971,012	99,131	84,164	157,833	134,004
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**	**6,349,762**	**5,391,073**	**99,131**	**84,164**	**157,833**	**134,004**

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 2024.

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, pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises promulgated by the State Council on December 11, 2001 and amended on February 6, 2016 (the **"FITE Regulation (2016 Version)"**), for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must satisfy the Certain 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 such 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 for a new value-added telecommunications business operating license from the MIIT. The MIIT will have discretion as to whether to grant the license. On March 29, 2022, the Decision of the State Council on Revising and Repealing Certain Administrative Regulations, which took effect on May 1, 2022, was promulgated to amend certain provisions of regulations including the FITE Regulation (2016 Version). Pursuant to the revised Provisions on Administration of Foreign Invested Telecommunications Enterprises (the "**FITE Regulation (2022 Version)**"), the foreign investor contemplating to acquire equity interests in a value-added telecommunications services provider in China will not be required to demonstrate good track records and experience in operating a value-added telecommunication business overseas. Given the recency of the issuance of the FITE Regulation (2022 Version), there is a general lack of guidance and substantial uncertainties exist as to whether in practice the Certain Qualification Requirements will still be applied to, and whether and what other qualification requirements will be imposed on or applied to, a foreign investor with respect to holding equity interests in a value-added telecommunications services provider in China, as well as with the interpretation and implementation of existing and future regulations in this regard. If it is determined in the future that there is no substantial restriction on issuance of value-added telecommunications business operating licenses to foreign-invested companies, it is uncertain whether we can, or how long it will take us to, reorganize the equity structure of Beijing Yixin and obtain a new value-added telecommunications business operating license from the MIIT.

Efforts and actions undertaken to comply with Certain Qualification Requirements

Despite the lack of clear guidance or interpretation on the Certain Qualification Requirements and the cancellation of such Certain Qualification Requirements under the FITE Regulation (2022 Version), 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 Certain 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 operation of mobile apps and the provision of online information services overseas;

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

QUALIFICATION REQUIREMENTS (CONTINUED)

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

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 a case-by-case basis on whether the Group has fulfilled the Certain Qualification Requirements and other qualification requirements (if any), 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 Certain 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 (2016 Version). In addition, we will remain abreast of any regulatory developments and continuously assess whether we meet all qualification requirements, with a view to unwinding the New Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws.

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 New Contractual Arrangements between Tianjin Kars, the Company's wholly-owned subsidiary in the PRC, on the one hand, and Beijing Yixin and its respective shareholders, on the other hand. The New 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 IFRSs as if they were wholly-owned subsidiaries of our Group.

On July 6, 2021, certain PRC regulatory authorities issued the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) which further emphasized the need to strengthen cross-border collaboration on law enforcement and regulation of securities law in three ways: (i) strengthening joint regulatory oversight, including improving relevant laws and regulations on data security, cross-border data flow, classified information management etc. and strengthening the standardized management of cross-border data transmission mechanism and process; (ii) strengthening the supervision of China-based overseas-listed companies, including promoting the construction of relevant regulatory systems to deal with the risks and emergencies of China-based overseas-listed companies; (iii) establishing a comprehensive overseas regulatory system for overseas capital markets, including formulating the judicial interpretation and supplementary rules for provisions of the securities law that are applicable overseas.

QUALIFICATION REQUIREMENTS (CONTINUED)

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

Subsequently, on February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), and the relevant five guidelines, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the existing regulatory regime for overseas securities offering and listing activities by PRC domestic companies and regulate both direct and indirect overseas securities offering and listing activities by PRC domestic companies by adopting a filing-based regulatory regime. On the same day, the CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that those domestic companies that fall within the scope to fulfil the filing procedure and have been listed overseas before March 31, 2023 shall be regarded as "existing issuers". Such existing issuers are not required to perform the filing procedures immediately but shall fulfill the filing procedures as required if they conduct follow-on financing or are involved in other activities which require filing with the CSRC in the future. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. In addition, on February 24, 2023, the CSRC, together with other PRC government authorities, released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions require, among others, that PRC domestic enterprises seeking to offer and list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials which may adversely affect national security or public interests, and accounting files or copies of important preservation value to the state and society shall be subject to corresponding procedures in accordance with relevant laws and regulations. Given that the Overseas Listing Trial Measures and the Confidentiality and Archives Administration Provisions were recently promulgated, there remain uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions.

QUALIFICATION REQUIREMENTS (CONTINUED)

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

In addition, on December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and several other administrations jointly issued the Measures for Cybersecurity Review《網絡安全審查辦法》(the "**Measures**"), which became effective on February 15, 2022. According to the Measures, among others, if an "online platform operator" that is in possession of personal data of more than one million users intends to list in a foreign country, it must report to the relevant cybersecurity review office for a cybersecurity review. In addition, the Measures also provide that if the relevant authorities consider that certain network products and services, data processing activities and overseas listing activities affect or may affect national security, the authorities may initiate a cybersecurity review even if the companies do not have an obligation to report for a cybersecurity review under such circumstances. On November 14, 2021, the CAC published Regulations on Network Data Security Management (Draft for Comments)《(網絡數據安全管理條例(徵求意見稿)》(the "**Draft Regulations**"), which set out general guidelines for the protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, supervision and management, and legal liabilities. The Draft Regulations stipulate that data processors that process important data or that are listed overseas shall conduct an annual data security review by itself or by a data security service provider commissioned by it, and submit the annual data security review report for the prior year to the municipal cybersecurity department by January 31 each year. If the Draft Regulations are enacted in the current form eventually, we, as an overseas listed company, must carry out the above annual data security review and comply with the relevant reporting obligations. As the Measures were newly issued and Draft Regulations have not been adopted, it is uncertain how the foregoing regulations will be enacted (if not enacted yet), interpreted or implemented, whether such regulations may have retroactive effect and how they will affect us. Furthermore, if there would be any approval, filings and/or other administration procedures to be obtained from or completed with the CSRC, the CAC or other PRC regulatory authorities as required by any new laws and regulations, while we will use our best endeavors to comply with the requirements of such new laws and regulations and avoid or mitigate any related adverse effects, we cannot assure that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC, the CAC or other PRC regulatory authorities, which may have material adverse effect on our business, operation or financial conditions.

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 Reporting Period, 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 C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Andy Xuan Zhang is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Andy Xuan Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, 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 the 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 its own code of conduct regarding securities transactions (the "**Company's Securities Dealing Code**"), regarding Directors' and relevant employees' dealings in the Company's securities on terms no less exacting than those set out in the Model 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 Reporting Period.

The Company's Securities Dealing Code also applies to all relevant employees of the Company 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 the relevant employees was noted by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, 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 reviews 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 of the Company. 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 senior management, the internal control department and the internal audit department;

RISK MANAGEMENT (CONTINUED)

- The internal control department and 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 Corporate Governance Code and Appendix 16 Disclosure of Financial Information of the Listing Rules.

The 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 the authorisations 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 of the Company 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 the management of the Company, ensures that the 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 Reporting Period, the risk management and internal control systems of the Group were 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 receives 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 Reporting Period.

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 Reporting Period, 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 put 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 Reporting Period, 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 Reporting Period in conjunction with the Company's auditor. 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 Reporting Period.

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 2022 Annual Report of the Company and up to the date of this interim report are set out below:

Name of Director	Details of Change	Effective Date
Mr. Qing Hua Xie	Appointed as a director and the chairman of the compensation committee of Huya Inc. (a company listed on NYSE (stock code: HUYA),	April 10, 2023
	Appointed as a non-executive director and a member of the audit committee of Tongcheng Travel Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 0780),	April 18, 2023
	Appointed as a non-executive director and a member of the audit committee of China Literature Limited (a company listed on the Main Board of the Stock Exchange (stock code: 772))	May 22, 2023
Mr. Qin Miao	Appointed as the president of auto business division, and ceased to act as the president of life and service business group of JD retail.	June 2023
Ms. Lily Li Dong	Re-designated from an independent non-executive director to an executive director, appointed as the chief financial officer, and ceased to act as the chairwoman of the audit committee and a member of each of the nomination committee and the remuneration committee of Angelalign Technology Inc. (a company listed on the Main Board of the Stock Exchange (stock code: 6699))	April 3, 2023

Save as 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 Note 29 to the interim condensed consolidated financial statements, from July 1, 2023 and up to the date of this interim report, there was no important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders.

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 47 to 88, which comprises the interim condensed consolidated balance sheet of Yixin Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 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 selected 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, 17 August 2023

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Revenues	6		
Transaction Platform Business		**2,144,425**	1,875,509
Self-operated Financing Business		**699,765**	576,834
		2,844,190	2,452,343
Cost of revenues	8	**(1,420,736)**	(1,095,434)
Gross profit		**1,423,454**	1,356,909
Selling and marketing expenses	8	**(513,896)**	(609,477)
Administrative expenses	8	**(201,624)**	(230,708)
Research and development expenses	8	**(93,343)**	(93,349)
Credit impairment losses	8	**(332,654)**	(337,909)
Other income and other (losses)/gains, net	7	**(27,975)**	64,539
Operating profit		**253,962**	150,005
Finance cost, net	9	**(1,375)**	(13,305)
Share of profits of investments accounted for using the equity method	14(a)	**26,271**	10,520
Profit before income tax		**278,858**	147,220
Income tax expense	10	**(12,463)**	(23,319)
Profit for the period		**266,395**	123,901
Profit attributable to:			
– Owners of the Company		**266,395**	123,901
– Non-controlling interests		**–**	–
		266,395	123,901
Profit per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
– Basic		**0.04**	0.02
– Diluted		**0.04**	0.02

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit for the period	**266,395**	123,901
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**80,116**	109,924
Total comprehensive income for the period	**346,511**	233,825
Attributable to:		
– Owners of the Company	**346,511**	233,825
– Non-controlling interests	**–**	–
	346,511	233,825

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
ASSETS			
Non-current assets			
Property and equipment	12	**445,306**	450,305
Right-of-use assets	13	**19,329**	18,463
Intangible assets	12	**1,131,926**	1,160,102
Associates and joint ventures using equity accounting	14(a)	**683,340**	660,155
Associates measured at fair value through profit or loss	14(b)	**80,000**	56,000
Financial assets at fair value through profit or loss	15	**3,364,671**	3,204,387
Deferred income tax assets	26	**668,964**	708,558
Prepayments, deposits and other assets	18	**151,417**	292,121
Finance receivables	16	**11,119,171**	7,359,576
Trade receivables	17	**1,120,220**	1,288,399
Restricted cash	19(b)	**54,110**	114,110
		18,838,454	15,312,176
Current assets			
Finance receivables	16	**7,695,524**	6,382,437
Trade receivables	17	**3,604,909**	2,948,923
Prepayments, deposits and other assets	18	**1,985,946**	2,071,940
Restricted cash	19(b)	**2,308,034**	2,015,734
Cash and cash equivalents	19(a)	**3,780,201**	3,433,182
		19,374,614	16,852,216
Total assets		**38,213,068**	32,164,392
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	**4,253**	4,238
Share premium	20	**34,947,668**	35,080,671
Other reserves		**1,252,854**	1,195,082
Accumulated losses		**(20,687,383)**	(20,953,778)
Total equity		**15,517,392**	15,326,213

	Note	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	25	7,580,193	4,686,125
Lease liabilities	13	5,758	5,985
Deferred income tax liabilities	26	44,857	89,594
Other non-current liabilities	27	936,478	940,125
		8,567,286	5,721,829
Current liabilities			
Trade payables	22	772,940	841,351
Risk assurance liabilities	23	1,332,374	1,150,498
Other payables and accruals	24	992,648	1,143,024
Current income tax liabilities		162,708	145,697
Borrowings	25	10,856,852	7,826,147
Lease liabilities	13	10,868	9,633
		14,128,390	11,116,350
Total liabilities		22,695,676	16,838,179
Total equity and liabilities		38,213,068	32,164,392

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

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 1 January 2023		4,238	35,080,671	1,195,082	(20,953,778)	15,326,213
Comprehensive income						
Profit for the period		–	–	–	266,395	266,395
Currency translation differences		–	–	80,116	–	80,116
Total comprehensive income for the period		–	–	80,116	266,395	346,511
Transactions with owners in their capacity as owners						
Share-based compensation	21	–	–	43,597	–	43,597
Shares issued upon exercise of employee share options	20, 21	–	502	(501)	–	1
Vesting of restricted awarded shares	20, 21	15	53,951	(53,966)	–	–
Purchase of restricted shares under share award scheme		–	–	(11,474)	–	(11,474)
Dividends declared		–	(187,456)	–	–	(187,456)
Total transactions with owners in their capacity as owners		15	(133,003)	(22,344)	–	(155,332)
Balance at 30 June 2023		4,253	34,947,668	1,252,854	(20,687,383)	15,517,392

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2022		4,204	34,976,080	967,386	(21,305,459)	14,642,211
Comprehensive income						
Profit for the period		–	–	–	123,901	123,901
Currency translation differences		–	–	109,924	–	109,924
Total comprehensive income for the period		–	–	109,924	123,901	233,825
Transactions with owners in their capacity as owners						
Share-based compensation	21	–	–	80,467	–	80,467
Release of ordinary shares from Share Scheme Trusts	20, 21	1	2,007	(2,002)	–	6
Shares issued upon exercise of employee share options	20, 21	–	220	(220)	–	–
Vesting of restricted awarded shares	20, 21	22	80,839	(80,861)	–	–
Purchase of restricted shares under share award scheme		–	–	(15,469)	–	(15,469)
Total transactions with owners in their capacity as owners		23	83,066	(18,085)	–	65,004
Balance at 30 June 2022		4,227	35,059,146	1,059,225	(21,181,558)	14,941,040

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Cash flows from operating activities			
Cash used in operations		**(4,330,932)**	(107,067)
Income tax paid		**(595)**	(1,827)
Net cash used in operating activities		**(4,331,527)**	(108,894)
Cash flows from investing activities			
Interest received		**19,974**	20,338
Proceeds from disposal of property and equipment and intangible assets		**1,580**	991
Purchase of property and equipment and other non-current assets		**(6,513)**	(17,219)
Purchase of intangible assets		**(2,079)**	(432)
Loans to third parties		**(34,000)**	(12,000)
Collection of loans to third parties		**244,551**	24,127
Prepayment for an investment	18	**–**	(80,000)
Investments in financial assets at fair value through profit or loss		**(90,000)**	(12,500)
Proceeds from financial assets		**1,943**	–
Investment in an associate	14(b)	**(24,000)**	–
Placements of restricted cash		**(573,053)**	(141,045)
Maturity of restricted cash		**1,141**	257,008
Net cash (used in)/generated from investing activities		**(460,456)**	39,268
Cash flows from financing activities			
Proceeds from borrowings		**14,314,413**	6,296,107
Repayment of borrowings		**(8,464,150)**	(4,833,446)
Release of deposits for borrowings		**(6,862)**	24,316
Principal elements of lease payments		**(7,832)**	(7,008)
Proceeds from exercise of share options		**1**	–
Purchase of restricted shares under share award scheme		**(11,474)**	(15,469)
Dividends paid to company's shareholders		**(191,963)**	–
Interest paid		**(509,862)**	(289,420)
Net cash generated from financing activities		**5,122,271**	1,175,080
Net increase in cash and cash equivalents		**330,288**	1,105,454
Cash and cash equivalents at beginning of the period		**3,433,182**	3,051,720
Exchange gain on cash and cash equivalents		**16,731**	11,049
Cash and cash equivalents at end of the period		**3,780,201**	4,168,223

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 November 2017.

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, guarantee services, after-market services 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").

As at the date of the interim condensed consolidated financial information, there is no ultimate parent of the Company. Tencent Holdings Limited ("Tencent", collectively with its subsidiaries, the "Tencent Group") is the largest shareholder of the Company.

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

United States Dollars are defined as "USD". Hong Kong Dollars are defined as "HKD" and Singapore Dollars are defined as "SGD".

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") by the Group.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the adoption of new and amended standards as set out below. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(a) 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 1 January 2023 and are applicable for the Group:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

Amendments to IFRS effective for the financial year beginning on 1 January 2023 do not have a material impact on the Group's interim financial information.

(b) New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	**Effective for annual periods beginning on or after**
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – Amendments to IFRS 16	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

4 ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2022.

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, interest 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 31 December 2022.

There have been no significant changes in the Group's risk management department or in any risk management policies since 31 December 2022.

(a) Expected credit loss measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent with the models applied in the consolidated financial statements for the year ended 31 December 2022.

Finance receivables

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that the risk exposures within a group are homogeneous. The Group determines groupings by product type, namely consumption loan, automobile mortgage loan and commercial vehicle loan.

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) Expected credit loss measurement (Continued)

Finance receivables (Continued)

Provision for expected credit losses as at 30 June 2023 and 31 December 2022 was determined as follows for finance receivables:

30 June 2023	**Stage I RMB'000 Unaudited**	**Stage II RMB'000 Unaudited**	**Stage III RMB'000 Unaudited**	**Total RMB'000 Unaudited**
Expected loss rate	**1.97%**	**40.55%**	**53.30%**	**3.31%**
Gross carrying amount (Note 16)	**18,934,626**	**70,601**	**452,865**	**19,458,092**
Provision for expected credit losses	**373,407**	**28,631**	**241,359**	**643,397**

31 December 2022	Stage I RMB'000 Audited	Stage II RMB'000 Audited	Stage III RMB'000 Audited	Total RMB'000 Audited
Expected loss rate	2.21%	41.88%	54.27%	4.28%
Gross carrying amount (Note 16)	13,747,497	155,889	453,037	14,356,423
Provision for expected credit losses	303,249	65,291	245,870	614,410

The most significant assumptions used for the ECL estimate as at 30 June 2023 are Consumer Price Index ("CPI") and Producer Price Index ("PPI") (31 December 2022: CPI and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables.

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.

Provision for expected credit losses on finance receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) Expected credit loss measurement (Continued)

Trade receivables and other receivables other than loans recognized as a result of payment under risk assurance

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on the days past due. For other receivables other than loans recognized as a result of payment under risk assurance, the expected credit losses are assessed individually. The Company considers the counterparties with good credit worthiness with reference to external credit rating and historical observed default rates over the expected life. The Company has identified the Total Retail Sales of Consumer Goods and PPI to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and other 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 with the group.

Provision for impairment of trade receivables and other receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Off balance-sheet items and loans recognized as a result of payment under risk assurance

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 30 June 2023, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB45,767 million (31 December 2022: RMB44,638 million). As at 30 June 2023, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,319.2 million (31 December 2022: RMB1,137.8 million).

Expected credit loss provisions of related risk assurance liabilities are modelled on a collective basis. A grouping of exposures is performed on the basis of shared risk characteristics, such that the risk exposures within a group are homogeneous. The Group determines groupings by product type, namely consumption loan and automobile mortgage loan.

The most significant assumptions used for the expected credit loss estimate as at 30 June 2023 are PPI and USD/CNY exchange rate (31 December 2022: are CPI and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) *Expected credit loss measurement (Continued)*

Off balance-sheet items and loans recognized as a result of payment under risk assurance (Continued)

Under the guarantee agreement signed between Chetaotao (Ningbo) E-commerce Co., Ltd. ("Chetaotao") and Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), an indirectly wholly-owned subsidiary of the Company, Xinche should pay the redemption price on behalf of Chetaotao to Yuyao Yangming Equity Investment Fund Co., Ltd. ("Yangming"), an investor of Chetaotao, if Chetaotao and its parent Company fails to complete certain redemption obligations on the conditions and in a period pre-determined with Yangming. As of 30 June 2023, the total outstanding redemption price under the guarantee agreement was RMB605 million (31 December 2022: RMB605 million). As at 30 June 2023, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB13.2 million (31 December 2022: RMB12.7 million).

Risk assurance liabilities and loans recognized as a result of payment under risk assurance 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.

Provision for expected credit losses on risk assurance liabilities and loans recognized as a result of payment under risk assurance is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial risk

China Banking and Insurance Regulatory Commission, jointly with other regulatory authorities, issued the Circular on Issuing Supplementary Provisions on Supervision of Financing Guarantee Companies (the "Circular") on 24 October 2019 to further regulate certain financial guarantee activities. Following the release of the Circular the Company noted that the guarantee services provided through the Transaction Platform Business could be subject to penalties and/or be required to change its current business model.

In response, the Group has continued to worked with certain lending institutions to transfer its existing guarantee obligations to financing guarantee companies, with proper license, of the Group.

Management has assessed that in all likelihood the future 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 resources during the process of complying with the Circular. Management will continue to assess the impact of the Circular on its business and take further actions if deemed necessary.

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 30 June 2023 and as at 31 December 2022, 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:

- level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023:

	As at 30 June 2023			
	Level 1 RMB'000 Unaudited	Level 2 RMB'000 Unaudited	Level 3 RMB'000 Unaudited	Total RMB'000 Unaudited
Assets:				
Financial assets at fair value through profit or loss (Note 15)	–	15,560	3,349,111	3,364,671
Associates measured at fair value through profit or loss (Note 14(b))	–	–	80,000	80,000
Total financial assets	–	15,560	3,429,111	3,444,671

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022:

	As at 31 December 2022			
	Level 1 RMB'000 Audited	Level 2 RMB'000 Audited	Level 3 RMB'000 Audited	Total RMB'000 Audited
Assets:				
Financial assets at fair value through profit or loss (Note 15)	–	6,386	3,198,001	3,204,387
Associates measured at fair value through profit or loss (Note 14(b))	–	–	56,000	56,000
Total financial assets	–	6,386	3,254,001	3,260,387

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(a) *Financial instruments in level 1*

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

(b) *Financial instruments in level 2*

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(c) *Financial instruments in level 3*

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss and investment to associates measured at fair value through profit or loss for the six months ended 30 June 2023 and 2022.

	Financial assets at fair value through profit or loss RMB'000 Unaudited	Associates measured at fair value through profit or loss RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2023	3,198,001	56,000	3,254,001
Additions	170,000	24,000	194,000
Change in fair value	(107,673)	–	(107,673)
Currency translation differences	88,783	–	88,783
As at 30 June 2023	3,349,111	80,000	3,429,111
Total unrealized gains and change in fair value for the period	(107,673)	–	(107,673)

	Financial assets at fair value through profit or loss RMB'000 Unaudited	Associates measured at fair value through profit or loss RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2022	2,995,871	56,000	3,051,871
Additions	12,500	–	12,500
Change in fair value	(6,958)	–	(6,958)
Currency translation differences	113,470	–	113,470
As at 30 June 2022	3,114,883	56,000	3,170,883
Total unrealized gains and change in fair value for the period	(6,958)	–	(6,958)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

There is no transfer from level 1 and level 2 instruments to level 3 for the six months ended 30 June 2023 (2022: nil).

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes 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 level 3 instruments mainly included investments in private companies and debt instruments. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques.

	Fair value at 30 June 2023 RMB'000	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Relationship of unobservable inputs to fair value
Unlisted securities	215,949	Discounted cash flow model	WACC (Weighted Average Cost of Capital)	14%-27%	The higher the expected WACC, the lower the fair value.
			Terminal growth rate	2.0%-2.3%	The higher the expected terminal growth rate, the higher the fair value.
	711,652	Market approach	LOMD (Lack of Marketability Discount)	15.8%-20.6%	The higher the expected LOMD, the lower the fair value.
Debt instruments	2,421,510	Market approach	LOMD	20.6%	The higher the expected LOMD, the lower the fair value.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, profit for the years ended 30 June 2023 and 2022 would have been approximately RMB313 million higher/lower and RMB290 million higher/lower, respectively.

6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the Chief Operating Decision Maker ("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 income 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.

The segment results for the six months ended 30 June 2023 are as follows:

	Six months ended 30 June 2023		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
Revenues	2,144,425	699,765	2,844,190
– Recognized at a point in time	1,730,278	–	1,730,278
– Recognized over time	414,147	699,765	1,113,912
Gross profit	1,083,395	340,059	1,423,454
Operating profit/(loss)	449,428	(195,466)	253,962

6 SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2022 are as follows:

	Six months ended 30 June 2022		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
Revenues	1,875,509	576,834	2,452,343
– Recognized at a point in time	1,649,733	–	1,649,733
– Recognized over time	225,776	576,834	802,610
Gross profit	1,023,065	333,844	1,356,909
Operating profit/(loss)	400,512	(250,507)	150,005

None of the customers of the Group have accounted for more than 10% of the Group's total revenues for the six months ended 30 June 2023 and 2022.

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 30 June 2023 and 31 December 2022, substantially all of the non-current assets of the Group were located in the PRC.

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

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Recognized at a point in time RMB'000 Unaudited	**Recognized over time RMB'000 Unaudited**	**Total RMB'000 Unaudited**	Recognized at a point in time RMB'000 Unaudited	Recognized over time RMB'000 Unaudited	Total RMB'000 Unaudited
Transaction Platform Business:	**1,730,278**	**414,147**	**2,144,425**	1,649,733	225,776	1,875,509
– Loan facilitation services	**1,539,863**	**–**	**1,539,863**	1,518,033	–	1,518,033
– Guarantee services	**–**	**414,147**	**414,147**	–	225,776	225,776
– After-market services	**104,138**	**–**	**104,138**	88,789	–	88,789
– SaaS services	**86,277**	**–**	**86,277**	42,911	–	42,911
Self-operated Financing Business	**–**	**699,765**	**699,765**	–	576,834	576,834
– Financing lease services	**–**	**699,540**	**699,540**	–	566,028	566,028
– Operating lease services and others	**–**	**225**	**225**	–	10,806	10,806
Total	**1,730,278**	**1,113,912**	**2,844,190**	1,649,733	802,610	2,452,343

7 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Fair value loss on financial assets	**(98,499)**	(6,958)
Other income from business cooperation arrangements with Yusheng Holdings Limited ("Yusheng")	**31,855**	74,071
Government grants	**13,428**	2,109
Bank fees and charges	**(4,698)**	(2,942)
Foreign exchange losses, net	**(3,311)**	(12,699)
Gains on disposal of property and equipment and intangible assets	**109**	130
Others, net	**33,141**	10,828
	(27,975)	64,539

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Commission fees	**1,026,478**	817,884
Employee benefit expenses	**470,029**	537,171
Provision for expected credit losses:		
– Other receivables	**185,045**	21,093
– Finance receivables (Note 16)	**109,285**	255,487
– Risk assurance liabilities	**36,649**	61,311
– Trade receivables (Note 17)	**1,675**	18
Funding costs	**340,151**	228,735
Service fee related to financing lease business	**114,857**	91,557
Office and administrative expenses	**65,045**	43,070
Depreciation and amortization charges	**52,896**	162,260
Marketing and advertising expenditures	**46,868**	2,414
Provision for impairment of other non-current assets	**29,472**	63,418
Other expenses	**83,803**	82,459
Total	**2,562,253**	2,366,877

9 FINANCE COST, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Finance income:		
– Interest income	**39,966**	27,609
Finance cost:		
– Interest expenses	**(41,341)**	(40,914)
Net finance cost	**(1,375)**	(13,305)

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2023 and 2022 is analysed as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax expense	**17,606**	11,472
Deferred income tax (Note 26)	**(5,143)**	11,847
Income tax expense	**12,463**	23,319

(a) Cayman Islands and British Virgin Islands ("BVI") Income Tax

The Company was incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

(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 six months ended 30 June 2023 and 2022.

10 INCOME TAX EXPENSE (Continued)

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

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the six months ended 30 June 2023 and 2022, 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 31 December 2017, followed by a 50% reduction in the applicable tax rates for the next three years. Effective for 3 years commencing from the year ended 31 December 2022, Shanghai Lanshu was accredited as a "High-tech enterprise", and is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws since 2022.

In accordance with relevant PRC laws and regulations, Xinjiang Wanhong Information Technology Co., Ltd. ("Xinjiang Wanhong") is exempted from EIT for five years, commencing from the first operation income-generating year. Xinjiang Yin'an Information Technology Co., Ltd. ("Xinjiang Yin'an") and Xinjiang Wanxing Information Technology Co., Ltd. ("Xinjiang Wanxing") are subjected to an EIT tax rate of 15% in 2023 as they complied with the requirements of the tax concession policies of the Western Development.

(d) PRC Withholding Tax ("WHT")

According to the PRC Enterprise Income Tax Law ("EIT Law"), distribution of profits earned by PRC companies 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.

11 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	**6,409,673,046**	6,368,619,679
Less: shares held for restricted share scheme	**(3,639,481)**	(7,527,401)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,406,033,565**	6,361,092,278
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**266,395**	123,901
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**266,395**	123,901
Numbers of restricted shares with potential dilutive effect (Note (b))	**278,715,131**	242,321,724
Weighted average number of issued ordinary shares for calculating diluted earnings per share (Note (b))	**6,684,748,696**	6,603,414,002
Earnings per share		
– Basic (RMB per share)	**0.04**	0.02
– Diluted (RMB per share)	**0.04**	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 six months ended 30 June 2023 and 2022, the Company's dilutive potential ordinary shares comprise share options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (Note 21).

(b) For the six months ended 30 June 2023, a calculation was 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 was 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 profit per share.

12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and Equipment RMB'000	Intangible Assets RMB'000
Unaudited		
Six months ended 30 June 2023		
Opening net book amount	**450,305**	**1,160,102**
Additions	**11,914**	**1,305**
Disposals	**(1,471)**	**–**
Depreciation/amortization charge	**(15,442)**	**(29,481)**
Closing net book amount	**445,306**	**1,131,926**
Unaudited		
Six months ended 30 June 2022		
Opening net book amount	454,114	1,374,318
Additions	3,664	757
Disposals	(960)	(2)
Depreciation/amortization charge	(14,963)	(140,436)
Closing net book amount	441,855	1,234,637

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 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Right-of-use assets		
Properties	**19,329**	18,463
Lease liabilities		
Current	**10,868**	9,633
Non-current	**5,758**	5,985
	16,626	15,618

Additions to the right-of-use assets during the six months ended 30 June 2023 were RMB8,839,000 (30 June 2022, RMB2,296,000).

13 LEASES (Continued)

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
Depreciation charge of right-of-use assets		
Properties	**7,973**	6,861
Interest expense (included in finance cost)	**669**	183
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**4,959**	2,044

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
	Unaudited	Audited
Investments in associates and joint ventures		
Associates and joint ventures using equity accounting (a)	**683,340**	660,155
Associates measured at fair value through profit or loss (b)	**80,000**	56,000
	763,340	716,155

(a) Associates and joint ventures using equity accounting

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
At the beginning of the period	**660,155**	605,103
Share of profits of associates and joint ventures	**26,271**	10,520
Currency translation differences	**11,384**	12,338
Dividends paid	**(14,470)**	–
At the end of the period	**683,340**	627,961

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Associates measured at fair value through profit or loss

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
At the beginning of the period	**56,000**	56,000
Addition	**24,000**	–
At the end of the period	**80,000**	56,000

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	Unaudited	Unaudited
At the beginning of the period	**3,204,387**	2,995,871
Additions (a)	**170,000**	12,500
Change in fair value	**(98,499)**	(6,958)
Currency translation differences	**88,783**	113,470
At the end of the period	**3,364,671**	3,114,883

(a) During the Reporting Period, the Group completed an additional investment in a technology company providing "Vehicle-Road-Cloud" collaborative autonomous driving solution for cash consideration of RMB160,000,000.

16 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 30 June 2023 and 31 December 2022 are as below:

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Finance receivables		
– Finance receivables, gross	**21,718,210**	15,851,025
– Unearned finance income	**(2,260,118)**	(1,494,602)
Finance receivables, net	**19,458,092**	14,356,423
Less: provision for expected credit losses	**(643,397)**	(614,410)
Carrying amount of finance receivables	**18,814,695**	13,742,013
Finance receivables, gross		
– Within one year	**9,359,175**	7,633,651
– After one year but not more than two years	**6,254,430**	5,220,387
– After two years but not more than three years	**3,759,569**	2,190,251
– After three years but not more than seven years	**2,345,036**	806,736
	21,718,210	15,851,025
Finance receivables, net		
– Within one year	**8,097,582**	6,688,699
– After one year but not more than two years	**5,815,695**	4,783,210
– After two years but not more than three years	**3,464,480**	2,109,692
– After three years but not more than seven years	**2,080,335**	774,822
Total	**19,458,092**	14,356,423

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

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Finance receivables:		
– Individual customers	**18,656,677**	13,358,163
– Auto dealers	**158,018**	383,850
	18,814,695	13,742,013

16 FINANCE RECEIVABLES (Continued)

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

	Six Months ended 30 June 2023			
	Stage I RMB'000 Unaudited	Stage II RMB'000 Unaudited	Stage III RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2023	303,249	65,291	245,870	614,410
Provision for impairment	135,952	(15,582)	23,285	143,655
Reversal of impairment	–	–	(34,370)	(34,370)
Transfer for the period:				
Conversion to Stage I	*1,701*	*(1,469)*	*(232)*	–
Conversion to Stage II	*(24,064)*	*24,222*	*(158)*	–
Conversion to Stage III	*(43,431)*	*(43,831)*	*87,262*	–
Asset derecognised (including final repayment)	–	–	34,370	34,370
Write-off	–	–	(114,668)	(114,668)
As at 30 June 2023	373,407	28,631	241,359	643,397

	Six Months ended 30 June 2022			
	Stage I RMB'000 Unaudited	Stage II RMB'000 Unaudited	Stage III RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2022	188,287	29,714	183,430	401,431
Provision for impairment	42,210	26,275	243,405	311,890
Reversal of impairment	–	–	(56,403)	(56,403)
Transfer for the period:				
Conversion to Stage I	*7,840*	*(2,231)*	*(5,609)*	–
Conversion to Stage II	*(10,102)*	*10,336*	*(234)*	–
Conversion to Stage III	*(17,586)*	*(24,291)*	*41,877*	–
Asset derecognised (including final repayment)	–	–	56,403	56,403
Write-off	–	–	(283,259)	(283,259)
As at 30 June 2022	210,649	39,803	179,610	430,062

As at 30 June 2023, the finance receivables amounting to RMB12,088 million are used as pledge for the borrowings and securitization transactions (31 December 2022: RMB10,530 million).

17 TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Trade receivables	4,748,771	4,276,820
Less: provision for impairment	(23,642)	(39,498)
Trade receivables, net	4,725,129	4,237,322
Trade receivables, net	4,725,129	4,237,322
– Within one year	3,604,909	2,948,923
– After one year but not more than five years	1,120,220	1,288,399

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

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Up to 3 months	4,683,556	4,171,063
3 to 6 months	9,627	7,800
Over 6 months	31,946	58,459
	4,725,129	4,237,322

As at 30 June 2023 and 31 December 2022, 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	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
At the beginning of the period	39,498	132,820
Charge for the period	1,675	18
Write-off	(17,531)	–
At the end of the period	23,642	132,838

18 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Included in non-current assets:		
Vehicles collected from financing lease customers	224,791	186,417
Prepayment for capital investments	–	80,000
Deposits	98,734	163,225
Long-term prepaid expense	1,041	1,851
Others	–	4,305
	324,566	435,798
Less: provision for impairment of vehicles collected from financing lease customers	(173,149)	(143,677)
	151,417	292,121
Included in current assets:		
Loans recognized as a result of payment under risk assurance	641,811	540,112
Other receivables from third parties	443,983	527,231
Deposits	440,008	393,894
Loans to third parties	253,900	384,451
Other receivables from disposal of assets	128,909	128,942
Prepaid taxes	88,251	103,190
Loans to related parties	40,000	59,000
Other receivables from related parties	28,191	3,022
Prepayments	19,209	23,368
Others	183,086	135,675
	2,267,348	2,298,885
Less: provision for impairment of other receivables	(281,402)	(226,945)
	1,985,946	2,071,940
Total	2,137,363	2,364,061

As at 30 June 2023 and 31 December 2022, 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.

19 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Cash and cash equivalents	3,780,201	3,433,182

As at 30 June 2023 and 31 December 2022, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
RMB	3,430,766	2,792,535
USD	287,157	252,755
SGD	53,999	9,596
HKD	8,279	378,296
	3,780,201	3,433,182

19 CASH AND BANK BALANCES (Continued)

(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.

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Cash pledged for loan facilitation services (a)	**1,622,395**	1,765,723
Cash deposited for borrowings (b)	**424,315**	65,228
Term deposits pledged for bank borrowings (c)	**315,152**	102,328
Others	**282**	196,565
	2,362,144	2,129,844
Of which are:		
Current restricted cash	**2,308,034**	2,015,734
Non-current restricted cash	**54,110**	114,110

Notes:

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

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

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

19 CASH AND BANK BALANCES (Continued)

(b) Restricted cash (Continued)

As at 30 June 2023 and 31 December 2022, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
RMB	2,178,326	2,040,517
USD	72,258	–
HKD	111,560	89,327
	2,362,144	2,129,844

As at 30 June 2023, the applicable interest rates per annum on restricted cash ranged from 0.00% to 4.50% (31 December 2022: 0.00% to 2.10%).

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Number of preferred shares	Nominal value of preferred shares USD'000
Authorized:				
As at 1 January and 30 June 2023	15,000,000,000	1,500	–	–
As at 1 January and 30 June 2022	15,000,000,000	1,500	–	–

20 SHARE CAPITAL AND SHARE PREMIUM (Continued)

	Note	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:					
At 1 January 2023		**6,523,873,012**	**636**	**4,238**	**35,080,671**
Release of ordinary shares from Share Scheme Trusts	(a)	–	–	–	–
Shares issued upon exercise of employee share options	(b)	140,000	–	–	502
Vesting of restricted awarded shares	(c)	–	2	15	53,951
Dividends declared		–	–	–	(187,456)
As at 30 June 2023		**6,524,013,012**	**638**	**4,253**	**34,947,668**
At 1 January 2022		6,519,050,012	632	4,204	34,976,080
Newly issued ordinary shares		4,660,000	–	–	–
Release of ordinary shares from Share Scheme Trusts	(a)	–	–	1	2,007
Shares issued upon exercise of employee share options	(b)	61,500	–	–	220
Vesting of restricted awarded shares	(c)	–	4	22	80,839
As at 30 June 2022		6,523,771,512	636	4,227	35,059,146

Notes:

(a) On 12 October 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 30 June 2023, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834.

(b) During the six months ended 30 June 2023, 140,000 pre-IPO share options with an exercise price of USD0.0014 were exercised.

(c) During the six months ended 30 June 2023, 31,450,000 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares.

21 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 RMB43,597,000 for the six months ended 30 June 2023 (2022: RMB80,467,000).

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

The exercise price of the granted options to employees is USD0.0014. 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	
	2023	2022
Outstanding as at 1 January	**235,356,348**	236,079,348
Exercised during the period	**(140,000)**	(621,500)
Forfeited during the period	**–**	–
Outstanding as at 30 June	**235,216,348**	235,457,848
Exercisable as at 30 June	**235,216,348**	235,317,848

21 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 (USD)
Outstanding as at 1 January 2023	**131,279,360**	USD0.31
Granted during the period	**4,400,000**	USD0.14
Vested and sold during the period	**(31,450,000)**	USD0.31
Forfeited during the period	**(2,355,000)**	USD0.16
Outstanding as at 30 June 2023	**101,874,360**	USD0.30
Vested as at 30 June 2023	**169,941,300**	USD0.30
Outstanding as at 1 January 2022	207,379,725	USD0.28
Granted during the period	4,660,000	USD0.10
Vested and sold during the period	(46,628,546)	USD0.31
Forfeited during the period	(4,691,512)	USD0.31
Outstanding as at 30 June 2022	160,719,667	USD0.29
Vested as at 30 June 2022	121,334,471	USD0.30

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 interim condensed consolidated income statement. As at 30 June 2023, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 94%, respectively (31 December 2022: 100%, 100% and 91%).

22 TRADE PAYABLES

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Trade payables	**772,940**	841,351

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

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Up to 3 months	**714,365**	785,384
3 to 6 moths	**9,999**	15,870
6 months to 1 year	**22,372**	15,355
Over 1 year	**26,204**	24,742
	772,940	841,351

23 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the 6 months ended 30 June 2023 and 2022 is presented below:

	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
As at 1 January	**1,150,498**	651,958
Addition arising from new business	**745,657**	504,269
Gains from risk assurance liabilities	**(438,995)**	(222,243)
ECL	**36,649**	61,311
Payouts during the period, net	**(161,435)**	(81,937)
As at 30 June	**1,332,374**	913,358

24 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Other payables to related parties	240,758	340,945
Accrued expenses	154,504	147,186
Deposits payable	140,838	144,796
Staff costs and welfare accruals	91,843	117,813
Advances from customers	85,517	93,855
Deferred other income – current	77,636	75,509
Tax payable	44,511	47,555
Others	157,041	175,365
	992,648	1,143,024

As at 30 June 2023 and 31 December 2022, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals, tax payable, deferred other income and other accruals, approximate their fair values at each of the reporting date.

25 BORROWINGS

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Included in non-current liabilities:		
Unsecured borrowings	3,138,732	863,681
Asset-backed securitization debt	2,346,332	1,585,582
Pledge borrowings	1,125,271	1,282,875
Other secured borrowings	969,858	953,987
	7,580,193	4,686,125
Included in current liabilities:		
Unsecured borrowings	3,808,231	1,648,549
Other secured borrowings	3,499,155	3,633,791
Asset-backed securitization debt	3,121,196	2,383,527
Pledge borrowings	428,270	160,280
	10,856,852	7,826,147
Total borrowings	18,437,045	12,512,272

25 BORROWINGS (Continued)

The borrowings are repayable as follows:

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Within 1 year	**10,856,852**	7,826,147
Between 1 and 2 years	**4,408,559**	3,119,517
Between 2 and 5 years	**3,148,834**	1,532,208
Over 5 years	**22,800**	34,400
	18,437,045	12,512,272

As at 30 June 2023, the applicable interest rates per annum on long-term borrowings range from 3.65% to 7.00% (2022: 3.01% to 9.00%).

As at 30 June 2023, the applicable interest rates per annum on short-term borrowings range from 3.01% to 7.73% (2022: 3.22% to 8.00%).

As at 30 June 2023 and 31 December 2022, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

26 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 Unaudited**	**Withholding tax on the earnings expected to be remitted by subsidiaries RMB'000 Unaudited**	**Others RMB'000 Unaudited**	**Total RMB'000 Unaudited**
As at 1 January 2023	**(88,896)**	**–**	**(698)**	**(89,594)**
Credited/(Charged) to interim condensed consolidated income statement	**19,394**	**(14,424)**	**46**	**5,016**
As at 30 June 2023	**(69,502)**	**(14,424)**	**(652)**	**(84,578)**
As at 1 January 2022	(95,994)	–	(844)	(96,838)
Credited to interim condensed consolidated income statement	2,976	–	101	3,077
As at 30 June 2022	(93,018)	–	(743)	(93,761)

26 DEFERRED INCOME TAXES (Continued)

Deferred income tax assets	Provision for expected credit losses of finance receivables RMB'000 Unaudited	Provision for impairment of trade receivables RMB'000 Unaudited	Tax losses RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2023	**292,336**	**22,544**	**209,222**	**184,456**	**708,558**
Credited/(Charged) to interim condensed consolidated income statement	**54,215**	**945**	**(107,343)**	**52,310**	**127**
As at 30 June 2023	**346,551**	**23,489**	**101,879**	**236,766**	**708,685**
As at 1 January 2022	332,225	42,298	156,801	217,997	749,321
Credited/(Charged) to interim condensed consolidated income statement	35,892	(6,290)	(61,918)	17,392	(14,924)
As at 30 June 2022	368,117	36,008	94,883	235,389	734,397

The above deferred income tax assets and liabilities disclosed separately on the interim condensed consolidated balance sheet based on different taxation authorities as follows:

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Gross deferred income tax assets	**708,685**	708,558
Set-off of deferred income tax assets	**(39,721)**	–
Net deferred income tax assets	**668,964**	708,558
Gross deferred income tax liabilities	**(84,578)**	(89,594)
Set-off of deferred income tax liabilities	**39,721**	–
Net deferred income tax liabilities	**(44,857)**	(89,594)

27 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Deferred other income	**931,484**	929,831
Long-term deposits payable	**4,079**	9,302
Other liabilities	**915**	992
	936,478	940,125

28 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 30 June 2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
(i) Purchases of data services and traffic support services from related parties		
Suqian Yunhan Information Technology Co., Ltd.	**13,461**	19,592
Shenzhen Tencent Computer Systems Company Limited	**2,683**	–
Tencent Cloud Computing(Beijing) Company Limited	**1,811**	1,450
	17,955	21,042
(ii) Purchases of used car valuation services in accordance with used auto services agreements		
Bitauto Holdings Limited and its subsidiaries ("Bitauto Group")	**9,987**	12,554
(iii) Provision of business support services in accordance with business cooperation framework agreement		
Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin")	**–**	15,000

28 RELATED PARTY TRANSACTIONS (Continued)

(b) Period end balances with related parties

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
(i) Other receivables due from related parties		
Dalian Rongxin	2,675	2,901
(ii) Trade and other payables due to related parties		
Bitauto Group	82,597	89,059
Suqian Yunhan Information Technology Co., Ltd.	1,942	3,616
	84,539	92,675

(c) Loan to Shanghai Shenlin Precision Advertising Co., Ltd.

	As at 30 June 2023 RMB'000 Unaudited	As at 31 December 2022 RMB'000 Audited
Shanghai Shenlin Precision Advertising Co., Ltd.	40,000	40,000

29 SUBSEQUENT EVENTS

On 29 May 2023, Xinche, Beijing Bitauto Internet Information Company Limited ("Beijing Bitauto") and Dalian Rongxin entered into an equity transfer agreement, pursuant to which Xinche has conditionally agreed to acquire and Beijing Bitauto has conditionally agreed to sell 67.7966% equity interest in Dalian Rongxin, with a total consideration of RMB640 million. The transaction has been approved by the extraordinary general meeting of the Company held on 17 July 2023 and is expected to close by the end of this year.

On 16 June 2023, Xinche and certain other investors entered into a securities purchase agreement, pursuant to which Yixin agreed to purchase from Yusheng, and Yusheng agreed to issue and sell to Yixin, a convertible promissory note in the principal amount of USD12,000,000, which shall be convertible into Series C2 preferred shares upon satisfaction of certain preconditions. The transaction was closed in July 2023.

"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
"Board"	the board of Directors
"Certain 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
"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, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our 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' and relevant employees' dealings in the securities of the Company on terms no less exacting than those set out in the Model Code
"Consolidated Affiliated Entity"	the entity we control through the New Contractual Arrangements, namely Beijing Yixin
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this interim report, refers to Tencent and Morespark and each of them shall be referred to as a controlling Shareholder
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company

"Eligible Person(s)"	any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group
"FinTech"	the financial technology
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme" in Appendix IV to 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
"GPS"	global positioning system
"Group", "our 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 New 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
"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
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	November 16, 2017, being the date the Shares 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 options market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Measures"	the Measures for Cybersecurity Review《網絡安全審查辦法》issued by the Cyberspace Administration of China
"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 Controlling Shareholder
"NEV"	new energy vehicle
"New Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, Beijing Yixin and its shareholders, details of which are described in the sections headed "Qualification Requirements" under "Other Information"
"OEM(s)"	the original equipment manufacturer(s)
"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
"Reporting Period"	the six months ended June 30, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SaaS"	the software as a service
"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
"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 the Company with a par value of US$0.0001
"Shareholder(s)"	holder(s) of Share(s) from time to time

"State Council"	the State Council of the PRC
"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), and a Controlling Shareholder
"Tianjin Kars"	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
"United States", "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
"VIN"	vehicle identification number
"Yiche Holding"	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is owned as to 61.45% by 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 direct 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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