YIXIN GROUP LIMITED
易鑫集团有限公司
(incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as "Yixin Automotive Technology Group Limited")
(Stock Code: 2858)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

The board of directors (the "**Board**") of Yixin Group Limited 易鑫集团有限公司 (the "**Company**", and together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2017. The results have been audited by PricewaterhouseCoopers, the Group's auditor, in accordance with International Standards on Auditing.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

KEY HIGHLIGHTS

	Year ended December 31,		
			Year on year
	2017	2016	change
	RMB'000	*RMB'000*	*%*
Revenues	**3,905,509**	1,487,897	162%
Transaction Platform Business	**963,900**	212,152	354%
Self-Operated Financing Business	**2,941,609**	1,275,745	131%
Gross profit	**2,189,913**	735,009	198%
Adjusted operating profit	**489,447**	150,622	225%
Adjusted net profit	**464,121**	99,665	366%
Margins			
Gross profit margin	**56%**	49%	
Adjusted operating profit margin	**13%**	10%	
Adjusted net profit margin	**12%**	7%	

- Total revenues for the year ended December 31, 2017 increased by 162% year on year to RMB3,906 million, mainly due to the increase in both the transaction platform business and the self-operated financing business.

- For the year ended December 31, 2017, revenue for the transaction platform business grew 354% year on year, much faster than revenue for the self-operated financing business, which grew 131% year on year.

- Adjusted net profit for the year ended December 31, 2017 increased significantly by 366% year on year to RMB464 million, mainly due to the growth in total revenues and the increase in margins.

- For the year ended December 31, 2017, we facilitated an aggregate of approximately 490 thousand automobile retail transactions and auto-related transactions, representing approximately 88% year on year increase.

BUSINESS REVIEW AND OUTLOOK

Leveraging our leading online automobile retail transaction platform, we are dedicated to developing and strengthening our ecosystem, the participants of which comprise consumers, automakers, auto dealers, auto finance partners, and aftermarket service providers. This ecosystem facilitates transactions throughout consumers' automobile transaction cycles and automobiles' life cycles.

We operate our business in two segments: (i) transaction platform business, where we primarily facilitate automobile purchase transactions by consumers, facilitate auto loans to consumers offered by our auto finance partners, provide value-added services, and provide advertising and subscription services for automakers, auto dealers, auto finance partners and insurance companies; and (ii) self-operated financing business, where we primarily provide consumers with auto finance solutions through financing leases and operating leases.

Business Highlights

On November 16, 2017 (the "**Listing Date**"), we were successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), marking a new milestone for us.

For the year ended December 31, 2017, we facilitated an aggregate of approximately 490 thousand automobile retail transactions and auto-related transactions, representing approximately 88% year on year increase.

An integral part of our online platform is our omni-channel operational capabilities, which seamlessly integrate our online channels, our transaction service teams, and dealership stores within our auto dealer cooperative network, to offer consumers a convenient and informative automobile transaction experience. As at December 31, 2017, our transaction service teams are comprised of over 3,000 employees and our auto dealer cooperative network is comprised of over 17,000 dealership stores across over 340 cities in over 30 provinces or equivalent regions in China, including 228 independently operated experience stores.

Operational Performance

For the year ended December 31, 2017, our automobile retail transactions and auto-related transactions increased by approximately 88% year on year to approximately 490 thousand, compared to over 260 thousand for the year ended December 31, 2016. Our accumulated total transactions reached over 770 thousand as at December 31, 2017.

For the year ended December 31, 2017, our financed automobile transactions increased by approximately 82% year on year to approximately 400 thousand, compared to over 220 thousand for the year ended December 31, 2016. Our accumulated financed automobile transactions reached over 630 thousand as at December 31, 2017.

Financial Performance

Total revenues for the year ended December 31, 2017 increased by 162% year on year to RMB3,906 million, mainly due to the increase in both the transaction platform business and the self-operated financing business.

Among our two business segments, our transaction platform business is growing at a faster pace, while our self-operated financing business currently accounts for most of our revenues. For the year ended December 31, 2017, the revenue of our transaction platform business was RMB964 million, contributing 25% of our total revenues, representing a 354% increase over the same period in 2016; while the revenue of our self-operated financing business was RMB2,942 million, contributing 75% of our total revenues, representing a 131% increase over the same period in 2016.

Adjusted net profit for the year ended December 31, 2017 increased significantly by 366% year on year to RMB464 million, mainly due to the growth in total revenues and the increase in margins.

Outlook and Strategies

In 2018, we will continue to build on our leading online automobile retail transaction platform and strengthen our ecosystem to better serve our consumers and business partners, as well as bring value to our shareholders. Our strategies mainly include the following:

- We will continue to promote our brand awareness through marketing campaigns and execute our omni-channel consumer acquisition strategy to grow our user base;

- We plan to expand and enhance cooperation with our business partners to strengthen our ecosystem;

- We are dedicated to constantly improving our IT systems and our data analytics capabilities, to improve our operational efficiencies; and

- We may invest in or acquire businesses that are complementary to our business across the automobile value chain.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table sets forth the comparative figures for the years ended December 31, 2017 and 2016.

	Year ended December 31,		
	2017	2016	Year on year change
	RMB'000	*RMB'000*	*%*
Revenues	**3,905,509**	1,487,897	162%
Cost of revenues	**(1,715,596)**	(752,888)	128%
Gross profit	**2,189,913**	735,009	198%
Selling and marketing expenses	**(1,171,112)**	(360,098)	225%
Administrative expenses	**(1,428,069)**	(225,330)	534%
Research and development expenses	**(217,710)**	(71,351)	205%
Other gains, net	**22,392**	17,411	29%
Operating (loss)/profit	**(604,586)**	95,641	-732%
Finance income	**50,081**	15,755	218%
Finance expenses	**(17,353)**	(29,250)	-41%
Fair value loss of convertible redeemable preferred shares	**(17,698,484)**	(1,428,141)	1,139%
Share of profit of investment accounted for using the equity method	**118**	—	N/A
Loss before income tax	**(18,270,224)**	(1,345,995)	1,257%
Income tax expense	**(66,330)**	(58,343)	14%
Loss for the year	**(18,336,554)**	(1,404,338)	1,206%
Non-IFRSs measures (unaudited)			
Adjusted operating profit	**489,447**	150,622	225%
Adjusted net profit	**464,121**	99,665	366%

Revenues

Our revenues increased by 162% to RMB3,906 million for the year ended December 31, 2017, compared to RMB1,488 million for the year ended December 31, 2016, due to the increase in both our transaction platform business and our self-operated financing business. The following table sets forth the comparative figures for the years ended December 31, 2017 and 2016.

	Year ended December 31,			
	2017		2016	
	RMB'000	***% of total revenues***	*RMB'000*	*% of total revenues*
Revenues				
Transaction Platform Business				
Facilitation and Value-Added Services	**475,445**	**12%**	12,825	1%
Advertising and Subscription Services	**488,455**	**13%**	199,327	13%
Subtotal	**963,900**	**25%**	212,152	14%
Self-Operated Financing Business				
Financing Lease Services	**2,653,071**	**68%**	767,250	52%
Operating Lease Services	**163,640**	**4%**	12,223	1%
Others[(1)]	**124,898**	**3%**	496,272	33%
Subtotal	**2,941,609**	**75%**	1,275,745	86%
Total	**3,905,509**	**100%**	1,487,897	100%

Note:

(1) Include revenues from automobile sales and other revenues.

Transaction platform business

The transaction platform business is comprised of: (i) facilitation and value-added services which include (a) transaction facilitation services, whereby we primarily earn service fees from consumers or auto dealers that have completed transactions through our platform, (b) loan facilitation services, whereby we primarily earn service fees from consumer borrowers or banks that have extended auto loans to consumers, and (c) value-added services, where we primarily generate revenues from auto dealers for sales of vehicle telematics systems, and (ii) advertising and subscription services, whereby we primarily earn advertising fees from automakers, auto dealers, auto finance partners, and insurance companies that have advertised on our platform, services fees from auto dealers for promotional services, and earn subscription fees from those that have subscribed to our membership services.

Revenues from our transaction platform business increased by 354% to RMB964 million for the year ended December 31, 2017, compared to RMB212 million for the year ended December 31, 2016, mainly due to the rapid expansion of our facilitation and value-added services as well as the growth of our advertising and subscription services.

Revenues from our facilitation and value-added services increased by 36 times to RMB475 million for the year ended December 31, 2017, compared to RMB13 million for the year ended December 31, 2016. The increase was primarily due to the fast growth of our transaction facilitation services and the launch of loan facilitation services and sales of vehicle telematics systems.

Revenues from our advertising and subscription services increased by 145% to RMB488 million for the year ended December 31, 2017, compared to RMB199 million for the year ended December 31, 2016, mainly driven by the fast growth of our online consumer base, the increase in our advertising services and promotional services.

Self-operated financing business

The self-operated financing business is comprised of (i) financing lease services, whereby we primarily generate interest revenues from consumers, (ii) operating lease services, whereby we primarily generate rental revenues from consumers, and (iii) others, whereby we primarily generate revenues from sales of automobiles to auto dealers.

Revenues from our self-operated financing business increased by 131% to RMB2,942 million for the year ended December 31, 2017, compared to RMB1,276 million for the year ended December 31, 2016. The growth was primarily due to the growth of our financing lease services, revenues generated from existing financing lease contracts prior to 2017, and to a lesser degree the increase in our operating lease services.

Revenues from our financing lease services increased by 246% to RMB2,653 million for the year ended December 31, 2017 compared to RMB767 million for the year ended December 31, 2016. For the year ended December 31, 2017, we generated RMB1,220 million revenues from new financing lease contracts and RMB1,433 million revenues from existing financing lease contracts prior to 2017. The average yield of our net finance receivables(1) was 11.6% in 2017, compared to 11.8% in 2016.

Revenues from our operating lease services increased by 12 times to RMB164 million for the year ended December 31, 2017 compared to RMB12 million for the year ended December 31, 2016.

Revenues from sales of automobiles to auto dealers and others decreased from RMB496 million for the year ended December 31, 2016 to RMB125 million for the year ended December 31, 2017, primarily because of the increased scale of automobile retail transactions we facilitated.

Cost of revenues

Cost of revenues in our transaction platform business is mainly comprised of commissions associated with facilitation services, costs of vehicle telematics systems, costs associated with advertising and subscription services. Cost of revenues in our self-operated financing business is primarily comprised of funding costs associated with our borrowings, depreciation and other related costs associated with the automobiles used in our operating lease services, and costs of automobiles sold.

Note:

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

Cost of revenues increased significantly by 128% to RMB1,716 million for the year ended December 31, 2017 compared to RMB753 million for the year ended December 31, 2016.

Cost of revenues of our transaction platform business increased by 407% to RMB213 million in 2017 compared to RMB42 million in 2016. The increase was primarily due to the increase of commissions associated with facilitation services, costs of vehicle telematics systems following the commencement of the sales of vehicle telematics system in 2017, and the increase of costs associated with advertising and subscription services.

Cost of revenues of our self-operated financing business increased by 111% to RMB1,503 million in 2017 compared to RMB711 million in 2016, primarily due to the increase of funding costs and partly offset by the decrease of costs of automobiles sold. Funding costs increased to RMB1,138 million in 2017, compared to RMB187 million in 2016, as a result of the fast expansion of our self-operating financing business and the increase of average cost of the interest-bearing liabilities. The average cost of our interest-bearing liabilities[1] was 5.6% in 2017, compared to 4.3% in 2016, with the difference primarily due to the decrease in shareholder borrowings.

Gross Profit and Margins

	Year ended December 31,			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Segment gross profit and gross profit margins				
Transaction Platform Business	**751,223**	**78%**	170,218	80%
Self-Operated Financing Business	**1,438,690**	**49%**	564,791	44%
Total	**2,189,913**	**56%**	735,009	49%

Our total gross profit increased by 198% to RMB2,190 million for the year ended December 31, 2017, compared to RMB735 million for the year ended December 31, 2016; and our overall gross profit margin increased to 56% for the year ended December 31, 2017, compared to 49% for the year ended December 31, 2016.

Gross profit of our transaction platform business increased by 341% to RMB751 million in 2017, compared to RMB170 million in 2016, mainly due to revenue growth. Gross profit margin of our transaction platform business decreased slightly to 78% in 2017, compared to 80% in 2016, primarily because the revenue contribution of our facilitation and value-added services increased.

Gross profit of our self-operated financing business increased by 155% to RMB1,439 million in 2017, compared to RMB565 million in 2016, mainly due to the revenue growth and the increase in gross profit margin. Gross profit margin of our self-operated financing business increased to 49% in 2017, compared to 44% in 2016, primarily due to the decrease in revenue contribution of our sales of automobiles. The net interest spread of financing leases[1] was 6.0% in 2017, compared to 7.5% in 2016, primarily because of the increase in average cost of interest-bearing liabilities.

Notes:

(1) Sum of funding costs and finance expenses, excluding issuance costs of convertible redeemable preferred shares, divided by quarterly average balance of interest-bearing liabilities.

(2) Difference between the average yield of the net finance receivables and the average cost of the interest-bearing liabilities.

Selling and Marketing Expenses

Selling and marketing expenses increased by 225% to RMB1,171 million for the year ended December 31, 2017, compared to RMB360 million for the year ended December 31, 2016, primarily due to the increase in marketing and advertising expenses, the increase in amortization expenses associated with business cooperation agreements with Bitauto Holdings Limited ("**Bitauto**"), a company incorporated under the laws of the Cayman Islands on October 21, 2005 and currently listed on the New York Stock Exchange (NYSE: BITA), and our controlling shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) (the "**Listing Rules**"), and the expansion of sales and marketing personnel. Marketing and advertising expenses was RMB468 million in 2017, compared to RMB108 million in 2016. In 2017, share-based compensation expenses for our sales and marketing personnel were RMB13 million.

Administrative Expenses

Our administrative expenses increased by 534% to RMB1,428 million in 2017, compared to RMB225 million in 2016, primarily due to the increase in employee benefit expenses, and provision for credit losses of finance receivables. In 2017, share-based compensation expenses for our administrative personnel were RMB883 million; provision of credit losses of finance receivables was RMB196 million.

Research and Development Expenses

Our research and development expenses increased by 205% to RMB218 million for the year ended December 31, 2017, compared to RMB71 million for the year ended December 31, 2016, primarily due to the increase in our personnel and the development expenses of our IT systems. Share-based compensation expenses for our research and development personnel were RMB17 million in 2017.

Other Gains, Net

Other net gains increased by 29% to RMB22 million for the year ended December 31, 2017, compared to RMB17 million for the year ended December 31, 2016. The increase was primarily attributable to the fair value gain on financial assets and gains on disposal of property and equipment.

Finance income

Our finance income increased by 218% to RMB50 million for the year ended December 31, 2017, compared to RMB16 million for the year ended December 31, 2016, mainly due to the increase in interest income from our bank deposits.

Finance expenses

Our finance expenses decreased by 41% to RMB17 million for the year ended December 31, 2017, compared to RMB29 million for the year ended December 31, 2016, primarily due to the decrease in issuance costs of convertible redeemable preferred shares.

Fair value loss of convertible redeemable preferred shares

Fair value loss of convertible redeemable preferred shares increased by 11 times to RMB17.7 billion for the year ended December 31, 2017, compared to RMB1,428 million for the year ended December 31, 2016. Such loss increased significantly because our business and company valuation continued to grow at a fast pace. On the Listing Date, all our preferred shares were automatically converted into our ordinary shares, and thus in 2018 and forward, we will not incur fair value loss of convertible redeemable preferred shares.

Income tax expense

Our income tax expense increased by 14% to RMB66 million for the year ended December 31, 2017, compared to RMB58 million for the year ended December 31, 2016. The increase was primarily attributable to the increase in taxable profit of some of our subsidiaries in China.

Loss for the year

Our loss was RMB18,337 million for the year ended December 31, 2017, compared to RMB1,404 million for the year ended December 31, 2016, primarily because of fair value loss of convertible redeemable preferred shares.

Non-IFRSs Measures

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

Adjusted operating profit eliminates the effect of certain non-cash items and one-time events, namely fair value gain/(loss) on financial assets, amortization of intangible assets resulting from asset and business acquisitions, share-based compensation expenses, and listing expenses ("**Adjusted Operating Profit**"). Adjusted net profit eliminates the effect of the aforesaid items, fair value loss of convertible redeemable preferred shares, issuance costs of convertible redeemable preferred shares, and any related tax impact ("**Adjusted Net Profit**"). The terms Adjusted Operating Profit and Adjusted Net Profit are not defined under the IFRSs. The use of Adjusted Operating Profit and Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact our profit/(loss) for the relevant years. 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 (loss)/profit, nor should you view Adjusted Net Profit in isolation or as a substitute for our profit/(loss) for the year/period or any other operating performance measure that is calculated in accordance with IFRSs. In addition, because these non-IFRSs measures may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

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

	Year ended December 31,	
	2017	2016
	RMB'000	*RMB'000*
Operating (Loss)/Profit	**(604,586)**	95,641
Add:		
Fair value (gain)/loss on financial assets	**(6,829)**	17,126
Amortization of intangible assets resulting from asset and business acquisitions	**133,483**	32,042
Share-based compensation expenses	**913,033**	5,813
Listing expenses	**54,346**	—
Adjusted Operating Profit	**489,447**	150,622

	2017	2016
	RMB'000	*RMB'000*
Operating (loss)/profit of transaction platform business	**(111,797)**	7,322
Add:		
Fair value (gain)/loss on financial assets	**(6,829)**	17,126
Amortization of intangible assets resulting from asset and business acquisitions	**39,060**	5,729
Share-based compensation expenses	**246,287**	1,805
Listing expenses	**13,413**	—
Adjusted Operating Profit of Transaction Platform Business	**180,134**	31,982

	2017	2016
	RMB'000	*RMB'000*
Operating (loss)/profit of self-operated financing business	**(492,789)**	88,319
Add:		
Amortization of intangible assets resulting from asset and business acquisitions	**94,423**	26,313
Share-based compensation expenses	**666,746**	4,008
Listing expenses	**40,933**	—
Adjusted Operating Profit of Self-Operated Financing Business	**309,313**	118,640

	2017	2016
	RMB'000	*RMB'000*
Net Loss	**(18,336,554)**	(1,404,338)
Add:		
Fair value loss of convertible redeemable preferred shares	**17,698,484**	1,428,141
Fair value (gain)/loss on financial assets, net of tax	**(5,122)**	17,126
Amortization of intangible assets resulting from asset and business acquisitions, net of tax	**131,343**	31,704
Share-based compensation expenses	**913,033**	5,813
Issuance costs of convertible redeemable preferred shares, net of tax	**14,318**	21,219
Listing expenses, net of tax	**48,619**	—
Adjusted Net Profit	**464,121**	99,665

Adjusted Operating Profit and Margins

	Year ended December 31,			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Segment adjusted operating profit and operating margins:				
Transaction Platform Business	**180,134**	**19%**	31,982	15%
Self-Operated Financing Business	**309,313**	**11%**	118,640	9%
Total	**489,447**	**13%**	150,622	10%

Our adjusted operating profit increased by 225% to RMB489 million for the year ended December 31, 2017, compared to RMB151 million for the year ended December 31, 2016, and our overall adjusted operating profit margin increased to 13% for the year ended December 31, 2017, compared to 10% for the year ended December 31, 2016.

Adjusted operating profit of our transaction platform business increased by 5 times to RMB180 million in 2017, compared to RMB32 million in 2016, mainly due to revenue growth and the increase in operating margin. Adjusted operating profit margin of our transaction platform business increased to 19% in 2017, compared to 15% in 2016, primarily due to economy of scale.

Adjusted operating profit of our self-operated financing business increased by 161% to RMB309 million in 2017, compared to RMB119 million in 2016, mainly due to revenue growth and the increase in operating profit margin. Adjusted operating profit margin of our self-operated financing business increased to 11% in 2017, compared to 9% in 2016, primarily due to the increase in gross margin.

Adjusted Net Profit and Margin

Our adjusted net profit increased by 366% to RMB464 million for the year ended December 31, 2017, compared to RMB100 million for the year ended December 31, 2016, primarily due to the increase in revenue and net profit margin; and our adjusted net profit margin increased to 12% for the year ended December 31, 2017, compared to 7% for the year ended December 31, 2016, primarily due to the increase in gross margin and operating margin.

Selected Financial Information from Our Consolidated Balance Sheet

	As at December 31,		
	2017	2016	Year on year change
	RMB'000	*RMB'000*	*%*
Total finance receivables	**29,912,822**	14,363,866	108%
Cash and cash equivalent	**5,824,706**	660,852	781%
Total borrowings	**25,095,135**	11,319,427	122%
Current assets	**21,005,233**	10,559,715	99%
Current liabilities	**19,684,328**	10,034,675	96%
Net current assets	**1,320,905**	525,040	152%
Total equity	**15,342,023**	(1,384,475)	N/A
Convertible redeemable preferred shares	**—**	8,071,817	N/A

Finance receivables

We provide financing lease services in our self-operated financing business segment. Customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables increased significantly to RMB29.9 billion as at December 31, 2017, compared to RMB14.4 billion as at December 31, 2016, primarily due to the rapid expansion of our financing lease services.

We assess the quality of our finance receivables through past due ratio based on the nature of our business and industry practice. We assess the provision for the past due finance receivables based on estimates of the respective loss probability derived from our historical experience.

The following table sets forth our net finance receivables, the amount of net finance receivables that are past due for 30+ days, 90+ days or 180+ days and the corresponding past due ratios, and the amount of provision for credit losses and the corresponding coverage ratios as at the dates indicated:

	As at December 31,	
	2017	2016
	(RMB'000, except for percentage)	
Finance receivables, net	**30,046,991**	14,386,352
Provision for credit losses	**(134,169)**	(22,486)
Provision to net finance receivables ratio(1)	**0.45%**	0.16%
30+ days past due net finance receivables(2)	**444,388**	97,505
90+ days past due net finance receivables(3)	**245,717**	57,174
180+ days past due net finance receivables(4)	**68,647**	19,590
30+ days past due ratio(5)	**1.48%**	0.68%
90+ days past due ratio(6)	**0.82%**	0.40%
180+ days past due ratio(7)	**0.23%**	0.14%
30+ days past due coverage ratio(8)	**30.2%**	23.1%
90+ days past due coverage ratio(9)	**54.6%**	39.3%
180+ days past due coverage ratio(10)	**195.4%**	114.8%

Notes:

(1) Provision for credit losses divided by net finance receivables.
(2) Net finance receivables that have been past due for over 30 days, which include those past due for 1 to 3 months, 3 to 6 months and over 6 months.
(3) Net finance receivables that have been past due for over 90 days, which include those past due for 3 to 6 months and over 6 months.
(4) Net finance receivables that have been past due for over 6 months.
(5) 30+ days past due net finance receivables divided by net finance receivables.
(6) 90+ days past due net finance receivables divided by net finance receivables.
(7) 180+ days past due net finance receivables divided by net finance receivables.
(8) Provision for credit losses divided by 30+ days past due net finance receivables.
(9) Provision for credit losses divided by 90+ days past due net finance receivables.
(10) Provision for credit losses divided by 180+ days past due net finance receivables.

As at December 31, 2017, our 30+ days past due ratio, 90+ days past due ratio, and 180+ days past due ratio was 1.48%, 0.82% and 0.23%, respectively, and our 30+ days past due coverage ratio, 90+ days past due coverage ratio, and 180+ days past due coverage ratio was 30.2%, 54.6% and 195.4%, respectively.

Since we have only recently entered into the self-operated financing business, our historical past due ratios and other information about our asset quality are not indicative of our future past due ratios and our other asset quality information in the future.

Cash and cash equivalents

As at December 31, 2017, we had cash and cash equivalent of RMB5,825 million, as compared with RMB661 million as at December 31, 2016. The increase in cash and cash equivalents was mainly due to the cash proceeds raised from the initial public offering (the "**IPO**") that was completed in November 2017 and the cash proceeds raised from our Series C convertible redeemable preferred shares issued in May 2017.

Borrowings

As at December 31, 2017, our total borrowings were RMB25.1 billion, compared to RMB11.3 billion as at December 31, 2016. Total borrowings were comprised of (i) bank loans and borrowings from other institutions of RMB16.3 billion and (ii) asset-backed securities debt of RMB8.8 billion as at December 31, 2017.

On January 15, 2018, Shanghai Yixin Financing Lease Co., Ltd.* (上海易鑫融資租賃有限公司) (**"Shanghai Yixin"**), an indirectly wholly-owned subsidiary of the Company, received a letter of no objection dated January 8, 2018 from the Shanghai Stock Exchange in relation to the proposed private placement of corporate bonds on the Shanghai Stock Exchange (the "**Bond Issue**"). It was intended to raise up to a total of RMB4.0 billion through the Bond Issue in multiple tranches in the 12 months after January 8, 2018 for repaying the debt obligation of Shanghai Yixin and its subsidiaries. The proposed Bond Issue may or may not be proceeded and completion of the Bond Issue is subject to market conditions and approval by the Shanghai Stock Exchange. For details, please refer to the Company's announcement dated January 15, 2018 published on the Stock Exchange's website and the Company's website.

Net current assets

Our net current assets were RMB1,321 million as at December 31, 2017, compared to RMB525 million as at December 31, 2016. Our current assets were RMB21.0 billion as at December 31, 2017, compared to RMB10.6 billion as at December 31, 2016, primarily due to the increase in current finance receivables and cash and cash equivalents. Our current liabilities were RMB19.7 billion as at December 31, 2017, compared to RMB10.0 billion as at December 31, 2016, primarily due to the increase in current borrowings.

Total equity and convertible redeemable preferred shares

As at December 31, 2017, our total equity was RMB15.3 billion, compared to negative equity of RMB1.4 billion as at December 31, 2016, as all our convertible redeemable preferred shares were automatically converted into ordinary shares on the Listing Date and accounted for as an increase in equity at IPO offer price. At the same time, our convertible redeemable preferred shares decreased to zero as at December 31, 2017, compared to RMB8.1 billion as at December 31, 2016.

* *for identification purpose*

Key financial ratios

	As at December 31,	
	2017	2016
Current ratio (times)[1]	**1.07**	1.05
Gearing ratio (%)[2]	**55%**	121%

Notes:

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

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

Current Ratio

Our current ratio increased slightly to 1.07 as at December 31, 2017, compared to 1.05 as at December 31, 2016.

Gearing Ratio

Our gearing ratio decreased to 55% as at December 31, 2017, compared to 121% as at December 31, 2016, mainly due to the increase of total equity to RMB15.3 billion after our listing on the Stock Exchange.

Capital Expenditure and Investments

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

	Year ended December 31,	
	2017	2016
	RMB'000	*RMB'000*
Purchase of property and equipment	**46,267**	21,161
Purchase of intangible assets	**23,624**	31,647
Investments in financial assets at fair value through profit or loss	**—**	150,000
Investment in an associate in the form of ordinary shares	**15,933**	—
Total	**85,824**	202,808

Foreign Exchange Risk

Our Group's subsidiaries primarily operate in the People's Republic of China (the "**PRC**") and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not hedge against any fluctuation in foreign currency during the years ended December 31, 2017 and 2016.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries or associated companies for the year ended December 31, 2017.

Contingent Liabilities

As at December 31, 2017, we did not have any material contingent liabilities (2016: nil).

CONSOLIDATED INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017

		Year ended December 31,	
	Notes	**2017**	2016
		RMB'000	*RMB'000*
Revenues	5		
Transaction Platform Business		**963,900**	212,152
Self-operated Financing Business		**2,941,609**	1,275,745
		3,905,509	1,487,897
Cost of revenues	7	**(1,715,596)**	(752,888)
Gross profit		**2,189,913**	735,009
Selling and marketing expenses	7	**(1,171,112)**	(360,098)
Administrative expenses	7	**(1,428,069)**	(225,330)
Research and development expenses	7	**(217,710)**	(71,351)
Other gains, net	6	**22,392**	17,411
Operating (loss)/profit		**(604,586)**	95,641
Finance income	9	**50,081**	15,755
Finance expenses	9	**(17,353)**	(29,250)
Fair value loss of convertible redeemable preferred shares	26	**(17,698,484)**	(1,428,141)
Share of profit of investment accounted for using the equity method	14	**118**	—
Loss before income tax		**(18,270,224)**	(1,345,995)
Income tax expense	10	**(66,330)**	(58,343)
Loss for the year		**(18,336,554)**	(1,404,338)
Loss attributable to:			
— Owners of the Company		**(18,330,870)**	(1,401,333)
— Non-controlling interests		**(5,684)**	(3,005)
		(18,336,554)	(1,404,338)
Loss per share from operations attributable to owners of the Company for the year (expressed in RMB per share)	11		
— Basic		**(11.37)**	(1.48)
— Diluted		**(11.37)**	(1.48)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED DECEMBER 31, 2017

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Loss for the year	**(18,336,554)**	(1,404,338)
Other comprehensive income/(loss), net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**662,957**	(289,476)
Total comprehensive loss for the year	**(17,673,597)**	(1,693,814)
Attributable to:		
— Owners of the Company	**(17,667,913)**	(1,690,809)
— Non-controlling interests	**(5,684)**	(3,005)
	(17,673,597)	(1,693,814)

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2017

	Notes	As at December 31, 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property and equipment	12	**1,208,544**	103,746
Intangible assets	13	**2,384,761**	242,796
Investment in an associate in the form of ordinary shares	14	**16,051**	100
Financial assets at fair value through profit or loss	15	**156,829**	150,000
Deferred income tax assets	28	**48,293**	5,622
Prepayments, deposits and other assets	19	**1,358,886**	562,196
Finance receivables	17	**16,537,890**	8,277,204
Restricted cash	20	**150,000**	150,000
		21,861,254	9,491,664
Current assets			
Finance receivables	17	**13,374,932**	6,086,662
Trade receivables	18	**680,135**	180,145
Prepayments, deposits and other assets	19	**764,226**	604,425
Cash and cash equivalents	20	**5,824,706**	660,852
Restricted cash	20	**361,234**	3,027,631
		21,005,233	10,559,715
Total assets		**42,866,487**	20,051,379
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	**4,080**	83
Share premium	21	**34,409,418**	505,524
Other reserves	22	**797,646**	(411,633)
Accumulated losses		**(19,869,121)**	(1,491,133)
		15,342,023	(1,397,159)
Non-controlling interests		**—**	12,684
Total equity		**15,342,023**	(1,384,475)

	Notes	As at December 31, **2017** *RMB'000*	2016 *RMB'000*
Liabilities			
Non-current liabilities			
Convertible redeemable preferred shares	26	**—**	8,071,817
Deferred income tax liabilities	28	**16,029**	15,639
Borrowings	27	**7,686,093**	3,213,634
Other non-current liabilities	29	**138,014**	100,089
		7,840,136	11,401,179
Current liabilities			
Trade payables	24	**947,751**	508,385
Other payables and accruals	25	**1,309,930**	1,375,071
Current income tax liabilities		**17,605**	45,426
Borrowings	27	**17,409,042**	8,105,793
		19,684,328	10,034,675
Total liabilities		**27,524,464**	21,435,854
Total equity and liabilities		**42,866,487**	20,051,379

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2017

		Attributable to owners of the Company						
	Notes	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at January 1, 2017		**83**	**505,524**	**(411,633)**	**(1,491,133)**	**(1,397,159)**	**12,684**	**(1,384,475)**
Comprehensive loss								
Loss for the year		**—**	**—**	**—**	**(18,330,870)**	**(18,330,870)**	**(5,684)**	**(18,336,554)**
Currency translation differences	22	**—**	**—**	**662,957**	**—**	**662,957**	**—**	**662,957**
Total comprehensive loss for the year		**—**	**—**	**662,957**	**(18,330,870)**	**(17,667,913)**	**(5,684)**	**(17,673,597)**
Transactions with owners in their capacity as owners								
Capital contribution from owners	22	**—**	**—**	**(6,170)**	**—**	**(6,170)**	**(7,000)**	**(13,170)**
2017 reorganization	1	**—**	**—**	**(403,605)**	**—**	**(403,605)**	**—**	**(403,605)**
Share-based compensation	23	**—**	**—**	**913,033**	**—**	**913,033**	**—**	**913,033**
Appropriation to statutory surplus reserve	22	**—**	**—**	**47,118**	**(47,118)**	**—**	**—**	**—**
Conversion of preferred shares to ordinary shares	26	**411**	**28,378,338**	**—**	**—**	**28,378,749**	**—**	**28,378,749**
Capitalization issue	21	**3,003**	**(3,003)**	**—**	**—**	**—**	**—**	**—**
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	21	**582**	**5,524,495**	**—**	**—**	**5,525,077**	**—**	**5,525,077**
Release of ordinary shares from share scheme trusts	23	**1**	**4,064**	**(4,054)**	**—**	**11**	**—**	**11**
Total transactions with owners in their capacity as owners		**3,997**	**33,903,894**	**546,322**	**(47,118)**	**34,407,095**	**(7,000)**	**34,400,095**
Balance at December 31, 2017		**4,080**	**34,409,418**	**797,646**	**(19,869,121)**	**15,342,023**	**—**	**15,342,023**

	Notes	Attributable to owners of the Company						
		Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2016		83	505,524	(300,364)	(74,884)	130,359	—	130,359
Comprehensive loss								
Loss for the year		—	—	—	(1,401,333)	(1,401,333)	(3,005)	(1,404,338)
Currency translation differences	22	—	—	(289,476)	—	(289,476)	—	(289,476)
Total comprehensive loss for the year		—	—	(289,476)	(1,401,333)	(1,690,809)	(3,005)	(1,693,814)
Transactions with owners in their capacity as owners								
Capital contribution from owners	22	—	—	157,478	—	157,478	15,689	173,167
Share-based compensation	23	—	—	5,813	—	5,813	—	5,813
Appropriation to statutory surplus reserve	22	—	—	14,916	(14,916)	—	—	—
Total transactions with owners in their capacity as owners		—	—	178,207	(14,916)	163,291	15,689	178,980
Balance at December 31, 2016		83	505,524	(411,633)	(1,491,133)	(1,397,159)	12,684	(1,384,475)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	Note	**Year ended December 31,** **2017** *RMB'000*	2016 *RMB'000*
Cash flows from operating activities			
Cash used in operations		**(15,481,176)**	(11,251,397)
Income tax paid		**(142,282)**	(50,112)
Net cash used in operating activities		**(15,623,458)**	(11,301,509)
Cash flows from investing activities			
Interest received		**50,257**	2,581
Proceeds from disposal of property and equipment and intangible assets		**413**	1,220
Proceeds from the disposal of a subsidiary, net of cash disposed		**9,448**	—
Purchase of property and equipment		**(50,129)**	(24,759)
Purchase of intangible assets		**(58,325)**	(32,879)
Loans to a related party		**(20,000)**	—
Investments in financial assets at fair value through profit or loss	15	**—**	(150,000)
(Payments for)/Cash acquired from business combinations, net		**(14,526)**	39,406
Investment in an associate in the form of ordinary shares		**(10,000)**	—
Placements of restricted cash		**(2,325,750)**	(3,999,678)
Maturity of restricted cash		**4,863,501**	919,851
Net cash generated from/(used in) investing activities		**2,444,889**	(3,244,258)

	Notes	Year ended December 31, 2017 RMB'000	2016 RMB'000
Cash flows from financing activities			
Distribution to Bitauto in 2017 reorganization		**(98,855)**	—
Proceeds from borrowings		**33,880,806**	13,716,300
Repayment of borrowings		**(19,957,650)**	(2,396,873)
Deposits for borrowings		**(488,686)**	(122,829)
Proceeds of loans from Bitauto Group		**1,294,053**	730,362
Repayment of loans from Bitauto Group		**(1,702,629)**	(969,080)
Proceeds from issuance of convertible redeemable preferred shares	26	**1,064,819**	3,653,728
Payment of issuance costs of convertible redeemable preferred shares	9	**(14,318)**	(21,219)
Proceeds from issuance of ordinary shares relating to the initial public offering	21	**5,744,330**	—
Payment of issuance cost of ordinary shares relating to the initial public offering	21	**(215,575)**	—
Proceeds from exercise of share options		**1,074**	—
Interest paid		**(1,083,160)**	(141,092)
Net cash generated from financing activities		**18,424,209**	14,449,297
Net increase/(decrease) in cash and cash equivalents		**5,245,640**	(96,470)
Cash and cash equivalents at beginning of year		**660,852**	710,393
Exchange (losses)/gains on cash and cash equivalents		**(81,786)**	46,929
Cash and cash equivalents at end of year		**5,824,706**	660,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The Company is an investment holding company. The Group is principally engaged in (i) the provision of automobile transaction services, which is primarily comprised of facilitation and value-added services, advertising and subscription services ("**Transaction Platform Business**"); (ii) the provision of automobile financing services, which primarily include financing lease services and operating lease services; ("**Self-operated Financing Business**") in the People's Republic of China (the "**PRC**").

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

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since November 16, 2017 by way of its IPO. Upon the completion of the IPO on November 16, 2017, all of the Company's 620,135,460 outstanding convertible redeemable preferred shares prior to capitalization issue (Note 21) were converted into ordinary shares on a one-to-one basis immediately as at the same date. The net proceeds to the Company from the IPO, after deducting underwriting commissions and other issuance costs paid and payable, were approximately RMB5,525,077,000 (Note 21).

The Group's major subsidiaries are based in the PRC and the majority of their transactions are denominated in Renminbi ("**RMB**"). The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange controls promulgated by the PRC government. As at December 31, 2017, other than restrictions from exchange control regulations, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of the Group (2016: nil).

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

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

2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Notwithstanding that the Group's accumulated loss was RMB19,869,121,000, which was mainly due to the accumulated non-cash fair value loss of the Group's convertible redeemable preferred shares, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital after considering the cash inflows from the following sources:

i) internally generated funds;

ii) proceeds from securitization of its existing finance receivables; and

iii) existing available credit facilities.

Accordingly, the directors consider that it is appropriate that the consolidated financial statements are prepared on a going concern basis.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2017:

- Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12;
- Disclosure initiative – amendments to IAS 7;
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2; and
- Annual Improvements to IFRS Standards 2014-2016 Cycle.

The adoption of these amendments did not have any impact on the amounts recognized in the current period or any prior periods and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective until January 1, 2018 and not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
IFRS 9	Financial instruments	January 1, 2018
IFRS 15	Revenue from contracts with customers	January 1, 2018
IFRS 4 Amendments	Applying IFRS 9 with IFRS 4 Insurance Contracts	January 1, 2018
Amendment to IFRS 2	Classification and measurement of share-based payment transactions	January 1, 2018
IFRIC 22	Foreign currency transactions and advance consideration	January 1, 2018
Amendment to IAS 40	Transfer of investment property	January 1, 2018
Amendments to IFRSs	Annual improvements to IFRSs 2014-2016 cycle	January 1, 2018
IFRS 16	Lease	January 1, 2019
IFRIC 23	Uncertainty over income tax treatments	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021

None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following which are set out below:

IFRS 9, "Financial instruments"

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income which will not be recycling to profit or loss. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on January 1, 2018:

The major equity investments held by the Group are currently measured at fair value through profit or loss, which would likely continue to be measured on the same basis under IFRS 9. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities as at December 31, 2017. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. The impairment requirements are applied retrospectively by adjusting opening balance sheet at the date of initial application, with no requirement to restate comparative periods. The Group does not intend to restate comparatives. While the impairment model is based on various assumptions, judgements and estimation techniques that remain subject to change until the Group finalizes its financial statements for the year ended December 31, 2018, the Group currently expects the adoption will increase the level of the Group's provision for credit losses of its finance receivables on January 1, 2018, and correspondingly reduce the Group's net assets.

The Group does not expect the new hedging guidance to have a significant impact as the Group has not entered into any hedging arrangements for the year ended December 31, 2017.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the Group's operating units.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. Segment information

The segment results for the year ended December 31, 2017 as follows:

	Year ended December 31, 2017		
	Transaction Platform Business	**Self-operated Financing Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenues	**963,900**	**2,941,609**	**3,905,509**
Gross profit	**751,223**	**1,438,690**	**2,189,913**
Operating loss	**(111,797)**	**(492,789)**	**(604,586)**

The segment results for the year ended December 31, 2016 as follows:

	Year ended December 31, 2016		
	Transaction Platform Business	Self-operated Financing Business	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenues	212,152	1,275,745	1,487,897
Gross profit	170,218	564,791	735,009
Operating profit	7,322	88,319	95,641

6. Other gains, net

	Year ended December 31,	
	2017	2016
	RMB'000	*RMB'000*
Fair value gain/(loss) on financial assets (Note 15)	**6,829**	(17,126)
Government grants	**19,920**	18,294
Gains/(Losses) on disposal of property and equipment	**16,207**	(44)
Foreign exchange (losses)/gains, net	**(7,110)**	9,082
Others, net	**(13,454)**	7,205
	22,392	17,411

7. Expenses by nature

	Year ended December 31, **2017** *RMB'000*	2016 *RMB'000*
Employee benefit expenses (Note 8)	**1,620,340**	302,234
Funding costs	**1,137,807**	187,233
Marketing and advertising expenditures	**479,682**	109,016
Depreciation and amortization charges (Note 12, 13)	**285,743**	46,952
Leasing related expenses	**174,730**	96,261
Provision for credit losses of finance receivables (Note 17)	**196,320**	29,052
Cost of vehicle telematics devices sold	**126,869**	—
Office and administrative expenses	**112,271**	63,393
Cost of automobiles sold	**103,342**	471,736
Listing expenses	**54,346**	—
Provision for impairment of trade receivables (Note 18)	**39,777**	34,951
Provision for impairment of other receivables (Note 19)	**22,101**	2,606
Auditors' remuneration		
— Audit services	**3,515**	2,065
— Non-audit services	**1,443**	—
Other expenses	**174,201**	64,168
Total cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses	**4,532,487**	1,409,667

8. Employee benefit expenses

	Year ended December 31, **2017** *RMB'000*	2016 *RMB'000*
Wages, salaries and bonuses	**557,578**	239,825
Pension costs — defined contribution plans	**1,406**	23,987
Other social security costs, housing benefits and other employee benefits	**148,323**	32,609
Share-based compensation expenses (Note 23)	**913,033**	5,813
Total employee benefit expenses	**1,620,340**	302,234

9. Finance income and expenses

	Year ended December 31, **2017** *RMB'000*	2016 *RMB'000*
Finance income:		
— Interest income	**50,081**	15,755
	50,081	15,755
Finance expenses:		
— Interest expenses	**(3,035)**	(8,031)
— Issuance costs of convertible redeemable preferred shares	**(14,318)**	(21,219)
	(17,353)	(29,250)
Net finance income/(expenses)	**32,728**	(13,495)

10. Income tax expense

The income tax expense of the Group for the years ended December 31, 2017 and 2016 is analyzed as follows:

	Year ended December 31, **2017** *RMB'000*	2016 *RMB'000*
Current income tax	**111,240**	64,303
Deferred income tax (Note 28)	**(44,910)**	(5,960)
Income tax expense	**66,330**	58,343

11. Loss per share

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended December 31, 2017 has been retroactively adjusted for the capitalization issue.

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2017	2016
Loss attributable to owners of the Company (RMB'000)	**(18,330,870)**	(1,401,333)
Weighted average number of ordinary shares in issue	**1,612,050,915**	944,993,420
Basic loss per share (expressed in RMB per share)	**(11.37)**	(1.48)

(b) Diluted

Diluted loss 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 year ended December 31, 2017, the Company had two categories of potential ordinary shares: convertible redeemable preferred shares issued by the Company before conversion to ordinary shares on November 16, 2017 (Note 26), and the share options awarded under the Pre-IPO Share Option and Share Award Schemes (Note 23). For the year ended December 31, 2016, the Company had one category of potential ordinary shares, which was convertible redeemable preferred shares issued by the Company (Note 26). As the Group incurred losses for the years ended December 31, 2017 and 2016, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive losses per share for the years ended December 31, 2017 and 2016 are the same as basic loss per share of the respective years.

12. Property and equipment

	Office equipment	Automobiles for corporates uses	Automobiles for operating leases	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2017					
Cost	**22,637**	**2,938**	**84,318**	**7,284**	**117,177**
Accumulated depreciation	**(3,810)**	**(341)**	**(7,744)**	**(1,536)**	**(13,431)**
Net book amount	**18,827**	**2,597**	**76,574**	**5,748**	**103,746**
For the year ended December 31, 2017					
Opening net book amount	**18,827**	**2,597**	**76,574**	**5,748**	**103,746**
Additions	**31,314**	**7,837**	**1,421,140**	**7,116**	**1,467,407**
Disposals	**(110)**	**(212)**	**(213,723)**	**(312)**	**(214,357)**
Distribution to Bitauto Group in 2017 reorganization	**(493)**	**—**	**—**	**(102)**	**(595)**
Depreciation charge	**(7,305)**	**(1,192)**	**(136,448)**	**(2,712)**	**(147,657)**
Closing net book amount	**42,233**	**9,030**	**1,147,543**	**9,738**	**1,208,544**
As at December 31, 2017					
Cost	**52,357**	**10,438**	**1,267,556**	**13,951**	**1,344,302**
Accumulated depreciation	**(10,124)**	**(1,408)**	**(120,013)**	**(4,213)**	**(135,758)**
Net book amount	**42,233**	**9,030**	**1,147,543**	**9,738**	**1,208,544**
For the year ended December 31, 2016					
Opening net book amount	**5,570**	**1,205**	**—**	**3,960**	**10,735**
Additions	**15,681**	**3,053**	**84,455**	**2,427**	**105,616**
Disposals	**(7)**	**(1,173)**	**(116)**	**(84)**	**(1,380)**
Business combination	**463**	**—**	**—**	**748**	**1,211**
Depreciation charge	**(2,880)**	**(488)**	**(7,765)**	**(1,303)**	**(12,436)**
Closing net book amount	**18,827**	**2,597**	**76,574**	**5,748**	**103,746**
As at December 31, 2016					
Cost	**22,637**	**2,938**	**84,318**	**7,284**	**117,177**
Accumulated depreciation	**(3,810)**	**(341)**	**(7,744)**	**(1,536)**	**(13,431)**
Net book amount	**18,827**	**2,597**	**76,574**	**5,748**	**103,746**

13. Intangible assets

	Goodwill *RMB'000*	Trademarks and licenses *RMB'000*	Customer relationships *RMB'000*	Domain names *RMB'000*	Computer software and technology *RMB'000*	Business Cooperation Agreements[(a)] *RMB'000*	Total *RMB'000*
As at January 1, 2017							
Cost	**115,848**	**22,201**	**30,700**	**25,785**	**17,652**	**92,067**	**304,253**
Accumulated amortization	**—**	**(1,537)**	**(536)**	**(767)**	**(1,075)**	**(57,542)**	**(61,457)**
Net book amount	**115,848**	**20,664**	**30,164**	**25,018**	**16,577**	**34,525**	**242,796**
For the year ended December 31, 2017							
Opening net book amount	**115,848**	**20,664**	**30,164**	**25,018**	**16,577**	**34,525**	**242,796**
Additions	**—**	**11,473**	**—**	**4,242**	**7,909**	**—**	**23,624**
Business combination	**5,194**	**13,896**	**—**	**—**	**3,290**	**—**	**22,380**
Disposals	**(4,326)**	**(13,896)**	**—**	**—**	**(27)**	**—**	**(18,249)**
2017 reorganization	**—**	**—**	**—**	**—**	**—**	**2,252,296**	**2,252,296**
Amortization charge	**—**	**(2,696)**	**(3,215)**	**(2,843)**	**(4,408)**	**(124,924)**	**(138,086)**
Closing net book amount	**116,716**	**29,441**	**26,949**	**26,417**	**23,341**	**2,161,897**	**2,384,761**
As at December 31, 2017							
Cost	**116,716**	**33,673**	**30,700**	**30,027**	**28,771**	**2,344,363**	**2,584,250**
Accumulated amortization	**—**	**(4,232)**	**(3,751)**	**(3,610)**	**(5,430)**	**(182,466)**	**(199,489)**
Net book amount	**116,716**	**29,441**	**26,949**	**26,417**	**23,341**	**2,161,897**	**2,384,761**
For the year ended December 31, 2016							
Opening net book amount	**—**	**7**	**—**	**—**	**674**	**65,214**	**65,895**
Additions	**—**	**22,194**	**—**	**8,585**	**868**	**—**	**31,647**
Business combination	**115,848**	**—**	**30,700**	**17,200**	**16,022**	**—**	**179,770**
Amortization charge	**—**	**(1,537)**	**(536)**	**(767)**	**(987)**	**(30,689)**	**(34,516)**
Closing net book amount	**115,848**	**20,664**	**30,164**	**25,018**	**16,577**	**34,525**	**242,796**
As at December 31, 2016							
Cost	**115,848**	**22,201**	**30,700**	**25,785**	**17,652**	**92,067**	**304,253**
Accumulated amortization	**—**	**(1,537)**	**(536)**	**(767)**	**(1,075)**	**(57,542)**	**(61,457)**
Net book amount	**115,848**	**20,664**	**30,164**	**25,018**	**16,577**	**34,525**	**242,796**

Notes:

(a) The Business Cooperation Agreements are comprised of the 2015 traffic support services acquired upon the completion of 2015 reorganization, and 2017 traffic support services, non-compete undertakings and automobile model database acquired upon the completion of 2017 reorganization. The amortization charges are included in the "Selling and marketing expenses" of the consolidated income statement.

A summary of intangible assets recorded as part of 2017 reorganization is as follows:

	RMB'000
2017 traffic support services	
— Automobile financing services traffic support	459,654
— Used automobile-related business traffic support	872,582
Non-compete undertakings	309,686
Automobile model database	610,374
	2,252,296

14. Investment in an associate in the form of ordinary shares

	Year ended December 31,	
	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**100**	100
Additions	**15,933**	—
Distribution to Bitauto Group in 2017 reorganization	**(100)**	—
Share of profit of an associate	**118**	—
At end of the year	**16,051**	100

Investment in an associate in the form of ordinary shares as at December 31, 2017 is as follows:

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	**Nature of the relationship**	**Measurement method**	**Investment date**
Beijing Anxinbao Insurance Brokerage Co., Ltd. (Formerly known as Beijing Meibang Insurance Brokerage Co., Ltd.)	PRC	25.00	Note (a)	Equity	June 26, 2017 and November 28, 2017

Note:

(a) On April 6, 2017, the Group acquired 100% of the equity interests of Beijing Anxinbao Insurance Brokerage Co., Ltd. ("**Anxinbao Insurance**"), a company specializing in insurance brokerage business, for a cash consideration of approximately RMB23,730,000. On June 26, 2017, the Group disposed 75% of the equity interests of Anxinbao Insurance to an independent third party for a cash consideration of approximately RMB17,798,000. On November 28, 2017, the Group and the other shareholder of Anxinbao Insurance made a follow-up investment for RMB40,000,000, whereby the Group invested RMB10,000,000 and retained the same ownership interest in the investee.

15. Financial assets at fair value through profit or loss

	Year ended December 31,	
	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**150,000**	17,126
Additions	**—**	150,000
Fair value gain/(loss)	**6,829**	(17,126)
At end of the year	**156,829**	150,000

16. Financial instruments by category

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Assets as per balance sheet		
Financial assets at fair value through profit or loss:		
— Long-term investments (Note 15)	**156,829**	150,000
Loans and receivables:		
— Finance receivables (Note 17)	**29,912,822**	14,363,866
— Trade receivables (Note 18)	**680,135**	180,145
— Deposits and other receivables (Note 19)	**627,640**	499,055
— Restricted cash (Note 20(b))	**511,234**	3,177,631
— Cash and cash equivalents (Note 20(a))	**5,824,706**	660,852
	37,713,366	19,031,549

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Liabilities as per balance sheet		
Financial liabilities at fair value through profit or loss:		
— Convertible redeemable preferred shares (Note 26)	**—**	8,071,817
Financial liabilities at amortized cost:		
— Borrowings (Note 27)	**25,095,135**	11,319,427
— Trade payables (Note 24)	**947,751**	508,385
— Other payables (excluding advance from customers, staff costs and welfare accruals, deferred revenue and other accruals) (Note 25)	**722,343**	1,213,918
— Other non-current liabilities (excluding deferred revenue) (Note 29)	**79,643**	100,089
	26,844,872	21,213,636

17. Finance receivables

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at December 31 , 2017 and 2016 is as below:

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Finance receivables		
— Finance receivables, gross	**33,709,509**	16,741,372
— Unearned finance income	**(3,662,518)**	(2,355,020)
Finance receivables, net	**30,046,991**	14,386,352
Less: provision for credit losses	**(134,169)**	(22,486)
Carrying amount of finance receivables	**29,912,822**	14,363,866
Finance receivables, gross		
— Within one year	**16,484,905**	7,805,828
— After one year but not more than five years	**17,224,604**	8,935,544
	33,709,509	16,741,372
Finance receivables, net		
— Within one year	**13,437,607**	6,095,478
— After one year but not more than five years	**16,609,384**	8,290,874
Total	**30,046,991**	14,386,352

An aging analysis of finance receivables is as follows:

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Not past due	**29,190,773**	14,178,815
Past due		
Up to 1 month	**411,830**	110,032
1 to 3 months	**198,671**	40,331
3 to 6 months	**177,070**	37,584
Over 6 months	**68,647**	19,590
Finance receivables, net	**30,046,991**	14,386,352
Less: provision for credit losses	**(134,169)**	(22,486)
Carrying amount of finance receivables	**29,912,822**	14,363,866

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

	Provision for credit losses
	RMB'000
Provision Movement:	
At January 1, 2017	**22,486**
Charge for the year	**196,320**
Write off	**(84,637)**
At December 31, 2017	**134,169**
At January 1, 2016	—
Charge for the year	29,052
Write off	(6,566)
At December 31, 2016	22,486

18. Trade receivables

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**752,394**	216,632
Less: provision for impairment	**(72,259)**	(36,487)
Trade receivables, net	**680,135**	180,145

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

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Up to 3 months	**425,535**	84,123
3 to 6 months	**190,275**	16,383
Over 6 months	**64,325**	79,639
	680,135	180,145

19. Prepayments, deposits and other assets

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Included in non-current assets:		
Prepayment for vehicles	**261,768**	191,360
Vehicles purchased for future leases	**583,298**	250,151
Long-term prepaid expenses	**123,554**	34,983
Deposits and others	**390,266**	85,702
	1,358,886	562,196

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Included in current assets:		
Prepaid taxes	**432,663**	124,217
Prepayments	**56,602**	52,546
Advances to used car dealers	**62,843**	14,131
Operational advance to employees	**51,414**	35,987
Other receivables due from related parties	**47,308**	332,806
Others	**134,892**	47,344
	785,722	607,031
Less: provision for impairment	**(21,496)**	(2,606)
	764,226	604,425
Total	**2,123,112**	1,166,621

	Individually impaired
	RMB'000
Provision Movement:	
At January 1, 2017	**2,606**
Charge for the year	**22,101**
Write off	**(3,211)**
At December 31, 2017	**21,496**
At January 1, 2016	—
Charge for the year	2,606
At December 31, 2016	2,606

20. Cash and bank balances

(a) Cash and cash equivalents

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Cash and cash equivalents	**5,824,706**	660,852

(b) Restricted cash

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

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Term deposits pledged for bank borrowings (a)	**150,000**	3,001,107
Cash deposited in asset-backed securitization vehicles (b)	**211,368**	165,524
Cash pledged for bank notes (c)	**145,227**	—
Other deposits in banks	**4,639**	11,000
	511,234	3,177,631

Notes:

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

(b) The balance represents the cash collected from the finance receivables that are deposited in asset-backed securitization vehicles by the Group. Such balance is restricted from withdrawal by the Group.

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

21. Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Number of preferred shares	Nominal value of preferred shares *US$'000*
Authorized:				
At January 1, 2017	**988,416,450**	**99**	**511,583,550**	**51**
Reclassification and re-designation on issuance of series C preferred shares	**(108,551,910)**	**(11)**	**108,551,910**	**11**
Re-designation and reclassification upon conversion of preferred shares into ordinary shares	**620,135,460**	**62**	**(620,135,460)**	**(62)**
Increase of authorized ordinary shares	**13,500,000,000**	**1,350**	**—**	**—**
As at December 31, 2017	**15,000,000,000**	**1,500**	**—**	**—**
At January 1, 2016	653,975,310	65	346,024,690	35
Increase of authorized ordinary shares	500,000,000	50	—	—
Reclassification and re-designation on issuance of series B preferred shares	(165,558,860)	(16)	165,558,860	16
As at December 31, 2016	988,416,450	99	511,583,550	51

	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Equivalent Nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*
Issued:				
At January 1, 2017	**176,270,290**	**13**	**83**	**505,524**
Cancellation of ordinary shares	**(41,271,230)**	**—**	**—**	**—**
Issuance of ordinary shares to share scheme trusts	**15,957,262**	**—**	**—**	**—**
Conversion of preferred shares into ordinary shares	**620,135,460**	**62**	**411**	**28,378,338**
Capitalization issue for outstanding ordinary shares	**4,530,807,120**	**453**	**3,003**	**(3,003)**
Capitalization issue for ordinary shares held by share scheme trusts	**95,743,572**	**—**	**—**	**—**
Issuance of ordinary shares upon IPO	**878,680,000**	**88**	**582**	**5,524,495**
Release of ordinary shares from share scheme trusts	**—**	**—**	**1**	**4,064**
As at December 31, 2017	**6,276,322,474**	**616**	**4,080**	**34,409,418**
At January 1, 2016	134,999,060	13	83	505,524
Newly issued ordinary shares	41,271,230	—	—	—
As at December 31, 2016	176,270,290	13	83	505,524

22. Other reserves

	Capital reserves *RMB'000*	Statutory surplus reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Currency translation differences *RMB'000*	Total *RMB'000*
At January 1, 2017	**(21,779)**	**17,149**	**16,618**	**(423,621)**	**(411,633)**
Currency translation differences	**—**	**—**	**—**	**662,957**	**662,957**
Capital contribution from owners	**(6,170)**	**—**	**—**	**—**	**(6,170)**
2017 reorganization	**(403,605)**	**—**	**—**	**—**	**(403,605)**
Share-based compensation (note 23)	**—**	**—**	**913,033**	**—**	**913,033**
Release of ordinary shares from share scheme trusts	**—**	**—**	**(4,054)**	**—**	**(4,054)**
Appropriation to statutory reserves	**—**	**47,118**	**—**	**—**	**47,118**
At December 31, 2017	**(431,554)**	**64,267**	**925,597**	**239,336**	**797,646**

	Capital reserves *RMB'000*	Statutory surplus reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Currency translation differences *RMB'000*	Total *RMB'000*
At January 1, 2016	(179,257)	2,233	10,805	(134,145)	(300,364)
Currency translation differences	—	—	—	(289,476)	(289,476)
Capital contribution from owners	157,478	—	—	—	157,478
Share-based compensation (note 23)	—	—	5,813	—	5,813
Appropriation to statutory reserves	—	14,916	—	—	14,916
At December 31, 2016	(21,779)	17,149	16,618	(423,621)	(411,633)

23. Share-based payments

(a) Pre-IPO Share Option Scheme, First and Second Share Award Scheme

The total expenses recognized in the consolidated income statement for share-based awards granted to the Group's employees are RMB 891,727,000 for the year ended December 31, 2017 (2016: nil).

The exercise price of the granted options to employees shall be US$0.01 per share (being US$0.0014 after taking into account the capitalization issue conducted on November 16, 2017).

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

	Number of share options
Outstanding as at January 1, 2017	**—**
Granted during the year	**56,477,387**
Capitalization issue	**338,864,322**
Exercised during the year	**(1,134,000)**
Forfeited during the year	**(1,778,000)**
Outstanding as at December 31, 2017	**392,429,709**
Exercisable as at December 31, 2017	**192,599,071**

(b) Bitauto ESOP

The total expenses recognized in the consolidated income statement for share-based awards granted by Bitauto to the Group's employees are RMB 21,306,000 for the year ended December 31, 2017 (2016: RMB5,813,000).

24. Trade payables

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Trade payables	**947,751**	508,385
	947,751	508,385

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

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Up to 3 months	**692,245**	446,185
3 to 6 moths	**140,823**	23,625
6 months to 1 year	**59,738**	37,077
Over 1 year	**54,945**	1,498
	947,751	508,385

25. Other payables and accruals

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Deposits payable	**291,960**	72,007
Advance from customers	**240,590**	59,869
Loans payable to Bitauto Group	**200,132**	628,853
Accrued expenses	**120,440**	25,012
Staff costs and welfare accruals	**101,791**	54,621
Interest payables	**88,721**	42,364
Other payables to related parties for goods and services	**81,818**	435,355
Deferred revenue	**81,629**	—
Others	**102,849**	56,990
	1,309,930	1,375,071

26. Convertible redeemable preferred shares

Since the date of incorporation, the Company has completed three rounds of financing by issuing convertible redeemable preferred shares, namely, series A preferred shares issued in 2015, series B preferred shares issued in 2016, and series C preferred shares issued in 2017.

On January 9, 2015, the Company entered into a share subscription agreement with the series A Investors and pursuant to which, the Company issued 34,602,469 shares of series A preferred shares at a price of US$11.27 per share (equivalent to 346,024,690 shares of series A preferred shares at a price of US$1.13 per share after the effect of share subdivision) with total cash consideration of US$390,000,000 (equivalent to approximately RMB2,389,647,000). The issuance of series A preferred shares was completed on February 16, 2015.

On August 1, 2016, the Company entered into a share subscription agreement with the series B Investors and pursuant to which, the Company issued 165,558,860 shares of series B preferred shares at a price of US$3.32 per share with total cash consideration of US$550,000,000 (equivalent to approximately RMB3,653,728,000). The issuance of series B preferred shares was completed on October 21, 2016.

On May 11, 2017, the Company entered into a share subscription agreement with the series C Investors and pursuant to which, (i) the Company issued 70,934,920 series C preferred shares to Bitauto, and 4,299,090 series C preferred shares to Bitauto HK, in exchange for (1) Bitauto Group's Used Automobile Transaction Business, namely, the business carried out by Beijing Xinbao and KKC, (2) Bitauto Group's non-compete undertakings in relation to the used automobile-related business (3) free traffic support from Bitauto Group in relation to automobile financing services and used automobile-related business for a period of 3 years and automatically renewable for a further period of 2 years, with a minimum required numbers of qualified transaction leads to be provided each year, and (4) free access to Bitauto Group's automobile model database for a total of 20 years; (ii) the Company issued 33,317,900 shares of series C preferred shares at a price of US$4.65 per share with total cash consideration of US$155,000,000 (equivalent to approximately RMB1,064,819,000). The issuance of series C preferred shares was completed on May 26, 2017.

Upon completion of the IPO, all the convertible redeemable preferred shares were automatically converted and to ordinary shares. As a result, 620,135,460 ordinary shares were issued, and the balance of convertible redeemable preferred shares was transferred to share capital and share premium of the Company on that date. All preferred rights entitled to the holders of convertible redeemable preferred shares lapsed and such holders thereafter hold rights pari passu to all other ordinary shareholders.

The fair value of the convertible redeemable preferred shares immediately before conversion into ordinary shares upon completion of the IPO was assessed at the market price in the amount of HK$7.70 (approximately RMB6.54) per share.

The movement of the convertible redeemable preferred shares is set out as below:

	RMB'000
At January 1, 2017	**8,071,817**
Issuance of series C preferred shares	**3,469,249**
Changes in fair value	**17,698,484**
Currency translation differences	**(860,801)**
Conversion into ordinary shares	**(28,378,749)**
At December 31, 2017	**—**
Total unrealized loss and change in fair value for the year included in "Fair value loss of convertible redeemable preferred shares"	**17,698,484**
At January 1, 2016	2,588,232
Issuance of series B preferred shares	3,653,728
Changes in fair value	1,428,141
Currency translation differences	401,716
At December 31, 2016	8,071,817
Total unrealized loss and change in fair value for the year included in "Fair value loss of convertible redeemable preferred shares"	1,428,141

Discount rate was estimated by weighted average cost of capital as at each valuation date. The directors estimated the risk-free interest rate based on the yield curve of US Treasury strips as at the valuation date. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before valuation date and with similar span as time to exit. Probability weight under each of the redemption feature and liquidation preferences was based on the directors' best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

Changes in fair value of Preferred Shares were recorded in "fair value loss of convertible redeemable preferred shares." Management considered that fair value changes in the Preferred Shares that are attributable to changes of credit risk of this liability are not significant.

27. Borrowings

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Included in non-current liabilities:		
Pledge borrowings	**50,000**	150,000
Borrowings guaranteed by Bitauto Group	**471,200**	—
Asset-backed securitization debt	**2,611,821**	1,630,663
Other secured borrowings	**3,443,912**	1,432,971
Unsecured borrowings	**1,109,160**	—
	7,686,093	3,213,634
Included in current liabilities:		
Pledge borrowings	**100,000**	2,736,400
Borrowings guaranteed by Bitauto Group	**400**	1,770,401
Asset-backed securitization debt	**6,165,429**	2,799,958
Other secured borrowings	**8,974,174**	799,034
Unsecured borrowings	**2,169,039**	—
	17,409,042	8,105,793
Total borrowings	**25,095,135**	11,319,427

28. Deferred income taxes

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Deferred income tax assets:		
— To be recovered within 12 months	**48,293**	5,622
Deferred income tax liabilities:		
— To be recovered after 12 months	**(13,834)**	(13,609)
— To be recovered within 12 months	**(2,195)**	(2,030)
	(16,029)	(15,639)
Deferred income tax assets/(liabilities) (net)	**32,264**	(10,017)

29. Other non-current liabilities

	As at December 31,	
	2017	2016
	RMB'000	*RMB'000*
Long-term deposits payable	**28,955**	37,062
Deferred revenue	**58,370**	—
Other liabilities related to financing leases	**50,689**	63,027
	138,014	100,089

30. Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2017 and 2016.

31. Contingencies

The Group did not have any material contingent liabilities or guarantees as at December 31, 2017 (2016: nil).

32. Subsequent events

Except as disclosed elsewhere in this announcement, there are no material subsequent events undertaken by the Company or by the Group after December 31, 2017.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the listing of our shares on the Stock Exchange on the Listing Date to December 31, 2017.

Employee and Remuneration Policy

As at December 31, 2017, we had 4,743 full-time employees. 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 the 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 of the Company dated November 6, 2017 (the "**Prospectus**").

Compliance With the Corporate Governance Code

The Company 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 period from the Listing Date to December 31, 2017, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, except for the following deviations from code provisions A.1.1 and A.2.1 of the CG Code.

Code provision A.1.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals. The Company was only listed on the Listing Date and only one board meeting was held during the period from the Listing Date to December 31, 2017.

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

Further information of the corporate governance practice of the Company is set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2017.

The Company 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 for securities transactions (the "**Company's Securities Dealing Code**") regarding the Directors' dealings in the securities of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have complied with the Company's Securities Dealing Code throughout the period from the Listing Date to December 31, 2017.

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

Audit Committee and Review of Financial Statements

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, 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 audited consolidated financial statements of the Group for the year ended December 31, 2017. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management and the Group's auditor, PricewaterhouseCoopers. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2017.

The consolidated financial statements of the Group for the year ended December 31, 2017 have been audited by PricewaterhouseCoopers, the Group's auditor.

Scope of Work of the Auditor

The figures contained in this announcement of the Group's consolidated results for the year ended December 31, 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the figures set out in the audited consolidated financial statements of the Group for the year ended December 31, 2017. PricewaterhouseCoopers performed this work in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The work performed by PricewaterhouseCoopers in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

Use of Proceeds

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

	Net proceeds from Global Offering		Utilization in 2017		Unutilized amount	
	HK$'000	*RMB'000*	***HK$'000***	***RMB'000***	*HK$'000*	*RMB'000*
Sales and marketing	1,952,278	1,657,523	**363,790**	**308,865**	1,588,488	1,348,658
Research and technology	1,301,519	1,105,016	**25,239**	**21,428**	1,276,280	1,083,588
Self-operated financing business	1,301,519	1,105,016	**958,923**	**814,145**	342,596	290,871
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	**535,768**	**454,878**	114,992	97,628
Total	**6,507,595**	**5,525,077**	**1,883,720**	**1,599,316**	**4,623,875**	**3,925,761**

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2017 (2016: nil).

Annual General Meeting

The 2018 annual general meeting (the "**AGM**") is scheduled to be held on Friday, June 1, 2018. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 29, 2018 to Friday, June 1, 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, May 28, 2018.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yixincars.com). The annual report of the Group for the year ended December 31, 2017 will be published on the aforesaid websites and dispatched to the Company's shareholders in due course.

APPRECIATION

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

By Order of the Board
Yixin Group Limited
易鑫集团有限公司
Andy Xuan Zhang
Chairman

Hong Kong, March 15, 2018

As at the date of this announcement, the Board comprises Mr. Andy Xuan Zhang as Chairman and executive Director and Mr. Dong Jiang as executive Director, Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Xuyang Zhang as non-executive Directors, and Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong as independent non-executive Directors.