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**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, 2019

The board of directors (the “**Board**”) of Yixin Group Limited 易鑫集团有限公司 (the “**Company**” or “**Yixin**”, 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, 2019. 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,		
	2019	2018	Year-on-year
	<i>RMB’000</i>	<i>RMB’000</i>	%
<b>Revenues</b>	<b>5,799,982</b>	5,532,632	5%
Transaction Platform Business	<b>1,759,052</b>	762,002	131%
Loan Facilitation Services	<b>1,668,299</b>	538,557	210%
Advertising and Other Services	<b>90,753</b>	223,445	-59%
Self-Operated Financing Business	<b>4,040,930</b>	4,770,630	-15%
Financing Lease Services	<b>3,755,464</b>	4,101,062	-8%
Other Self-operated Services	<b>285,466</b>	669,568	-57%
<b>Gross profit</b>	<b>2,766,458</b>	2,475,423	12%
<b>Adjusted operating profit</b>	<b>458,449</b>	327,836	40%
<b>Adjusted net profit</b>	<b>439,452</b>	344,716	27%

	Year ended December 31,		
	2019	2018	Year-on-year
	<i>’000</i>	<i>’000</i>	%
<b>Total financed transactions</b>	<b>522</b>	484	8%
Loan facilitation services	<b>347</b>	144	141%
Loan facilitation contribution %	<b>66%</b>	30%	

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present our annual results announcement for the year ended December 31, 2019. Amid continuous soft passenger vehicle sales in China, we were still able to maintain healthy growth across our businesses in 2019.

2019 was another tough year for China's auto market with soft passenger vehicle sales. In 2019, China's total sales of new and used passenger vehicle decreased by 4% year-on-year, according to data from China Association of Automobile Manufacturers ("CAAM") and China Automobile Dealers Association ("CADA"), while our total financed transactions increased by 8% year-on-year to approximately 522 thousand for the year ended December 31, 2019 and the aggregate financing amount we facilitated through our loan facilitation services and our self-operated financing business was approximately RMB40 billion, representing a year-on-year increase of 5%.

In 2019, our total financed automobile transactions, including new and used, once again outpaced the industry growth rate and has achieved consecutive year-on-year growth since we started our business in 2015. For the year ended December 31, 2019, our financed new automobile transactions increased by 17% year-on-year to approximately 319 thousand and our financed used automobile transactions decreased by 4% year-on-year to approximately 203 thousand. Our financed new and used automobile transactions contributed 61% and 39% of total financed transactions in 2019, respectively, compared to 56% and 44% in 2018, respectively.

In 2019, we continued to strategically focus on loan facilitation services. For the year ended December 31, 2019, we worked with 12 banks and financial institutions as our loan facilitation partners and facilitated approximately 347 thousand financed transactions through loan facilitation services, representing a year-on-year increase of 141%. Our transactions through loan facilitation services contributed 66%, 49%, 73%, and 82% in the first quarter, second quarter, third quarter, and fourth quarter in 2019, respectively; and in aggregate contributed 66% of the total financed transactions in 2019, compared to 30% in 2018.

Our revenues for the year ended December 31, 2019 increased by 5% year-on-year to RMB5,800 million, mainly due to the increase in loan facilitation services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the year, increased by 21% to RMB2,519 million. Our revenues from loan facilitation services increased by 210% year-on-year to RMB1,668 million for the year ended December 31, 2019. The revenues from self-operated financing lease services decreased by 8% year-on-year to RMB3,755 million for the year ended December 31, 2019.

Our total gross profit increased by 12% year-on-year to RMB2,766 million for the year ended December 31, 2019, mainly due to the increase in total revenues. Our overall gross profit margin increased to 48% for the year ended December 31, 2019, compared to 45% for the year ended December 31, 2018, mainly due to the increased contribution of loan facilitation services in the revenue mix resulted from the rapid growth of this business.

In 2019, we saw healthy improvement in profitability mainly attributable to our strategy shift, as well as increases in business scalability and operational efficiency. Our adjusted operating profit increased by 40% year-on-year to RMB458 million and our adjusted net profit increased by 27% year-on-year to RMB439 million for the year ended December 31, 2019.

Our operating profit amounted to RMB50 million in 2019, compared to an operating loss of RMB184 million in 2018, and our net profit totalled RMB31 million, compared to a net loss of RMB167 million in 2018. The increases were primarily due to the increase in gross profit and the decrease in operating expenses benefited from increased business scale and operating efficiency.

In 2019, while Yixin maintained healthy growth and further solidified our leadership by leveraging our leadership advantages and trackable credibility, we also experienced certain challenges, especially in the second half of the year. Various local governments started to implement much stricter rules and guidance on delinquent consumer accounts' payment collection. In order to better comply with these new rules and guidance, we use litigations as our primary method of collection. Since litigations take longer processing time, and both our delinquency ratio and provision were pushed up accordingly for the year ended December 31, 2019.

The year 2020 came with the outbreak of novel coronavirus, which is believed to have significant impact on China's economy affecting most industries. While the whole nation is fighting hard to win the combat at this moment, we have to admit that there will be more challenges ahead of us in this 2020, such as reduced consumption capabilities and greater pressure on the sales of China's auto market. However, it is our belief that Yixin will continue utilizing our resources to provide better financing products and services to our customers and partners and further strengthen our ecosystem along the automobile transaction value chain so as to create greater value for the Group and the shareholders of the Company (“**Shareholders**”). We also believe that by going through such challenges and the market consolidation, Yixin will be able to further prove itself to be better positioned with solidified market leadership and advance competitive advantages.

## **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 financed transaction experience.

**Andy Xuan Zhang**  
*Chairman*  
Hong Kong  
March 26, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table sets forth the comparative figures for the years ended December 31, 2019 and 2018.

	Year ended December 31,		Year-on-year %
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	
<b>Revenues</b>	<b>5,799,982</b>	5,532,632	5%
Cost of revenues	<b>(3,033,524)</b>	(3,057,209)	-1%
<b>Gross profit</b>	<b>2,766,458</b>	2,475,423	12%
Selling and marketing expenses	<b>(1,062,021)</b>	(1,099,325)	-3%
Administrative expenses	<b>(505,968)</b>	(763,125)	-34%
Research and development expenses	<b>(195,689)</b>	(239,460)	-18%
Net impairment losses on financial assets	<b>(1,107,526)</b>	(669,040)	66%
Other gains, net	<b>154,516</b>	111,703	38%
<b>Operating profit/(loss)</b>	<b>49,770</b>	(183,824)	N/A
Finance income, net	<b>28,133</b>	27,566	2%
Share of (loss)/profit of an investment accounted for using the equity method	<b>(1,887)</b>	1,382	N/A
<b>Profit/(loss) before income tax</b>	<b>76,016</b>	(154,876)	N/A
Income tax expense	<b>(45,080)</b>	(11,704)	285%
<b>Profit/(loss) for the year</b>	<b>30,936</b>	(166,580)	N/A
<i>Non-IFRSs measures (unaudited)</i>			
<b>Adjusted operating profit</b>	<b>458,449</b>	327,836	40%
<b>Adjusted net profit</b>	<b>439,452</b>	344,716	27%

## REVENUES

Our total revenues increased by 5% to RMB5,800 million for the year ended December 31, 2019, compared to RMB5,533 million for the year ended December 31, 2018, mainly due to the increase in our loan facilitation services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the year, increased by 21% to RMB2,519 million, compared to RMB2,080 million for the year ended December 31, 2018. The following table sets forth the comparative figures for the years ended December 31, 2019 and 2018.

	For the year ended December 31,				
	2019		Year-on-	2018	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>year</i>	<i>RMB'000</i>	<i>% of total revenues</i>
<b>Revenues</b>					
<b>Transaction Platform Business</b>					
Loan Facilitation Services	1,668,299	29%	210%	538,557	10%
Advertising and Other Services	90,753	1%	-59%	223,445	4%
<b>Subtotal</b>	<b>1,759,052</b>	<b>30%</b>	<b>131%</b>	<b>762,002</b>	<b>14%</b>
<b>Self-Operated Financing Business</b>					
Financing Lease Services	3,755,464	65%	-8%	4,101,062	74%
From new transactions during the year	850,325	15%	-45%	1,541,893	28%
From existing transactions in prior years	2,905,139	50%	14%	2,559,169	46%
Other Self-Operated Services <sup>(1)</sup>	285,466	5%	-57%	669,568	12%
<b>Subtotal</b>	<b>4,040,930</b>	<b>70%</b>	<b>-15%</b>	<b>4,770,630</b>	<b>86%</b>
<b>Total</b>	<b>5,799,982</b>	<b>100%</b>	<b>5%</b>	<b>5,532,632</b>	<b>100%</b>

*Note:*

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

## **Transaction platform business**

Revenues from our transaction platform business increased by 131% to RMB1,759 million for the year ended December 31, 2019, compared to RMB762 million for the year ended December 31, 2018, mainly due to the growth of our loan facilitation services, while partially offset by the decrease in advertising and other services due to our strategy to de-emphasize such services. Revenue contribution from transaction platform business continued to increase to 30% for the year ended December 31, 2019, compared to 14% for the year ended December 31, 2018.

Revenues from our loan facilitation services increased by 210% to RMB1,668 million for the year ended December 31, 2019, compared to RMB539 million for the year ended December 31, 2018. For the year ended December 31, 2019, we facilitated approximately 347 thousand financed transactions, through loan facilitation services, representing a 141% year-on-year increase in volume. Revenue contribution from our loan facilitation services continued to increase to 29% for the year ended December 31, 2019, compared to 10% for the year ended December 31, 2018.

Revenues from our advertising and other services decreased by 59% to RMB91 million for the year ended December 31, 2019, compared to RMB223 million for the year ended December 31, 2018, mainly due to our strategy to de-emphasize such services.

## **Self-operated financing business**

Revenues from our self-operated financing business decreased by 15% to RMB4,041 million for the year ended December 31, 2019, compared to RMB4,771 million for the year ended December 31, 2018, primarily due to the decrease in revenues from our financing lease services. For the year ended December 31, 2019, we facilitated approximately 175 thousand financed transactions, through self-operated financing business, representing a 49% year-on-year decrease in volume, reflecting our strategy to focus on loan facilitation services.

Revenues from our financing lease services decreased by 8% to RMB3,755 million for the year ended December 31, 2019 compared to RMB4,101 million for the year ended December 31, 2018, due to the decrease in revenue from our new financing lease transactions for the year ended December 31, 2019 and partially offset by the increase in revenue from existing financing lease transactions in prior years. For the year ended December 31, 2019, we generated RMB850 million revenues from new financing lease transactions for the year ended December 31, 2019 and RMB2,905 million revenue from existing financing lease transactions in prior years, compared to RMB1,542 million and RMB2,559 million, respectively, for the year ended December 31, 2018. The average yield of our net finance receivables<sup>(1)</sup> was 11.3% for the year ended December 31, 2019, compared to 11.7% for the year ended December 31, 2018, mainly due to the increase in financed new automobile transactions as a percentage of total financed transactions.

*Note:*

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

Revenues from our other self-operated services decreased by 57% to RMB285 million for the year ended December 31, 2019, compared to RMB670 million for the year ended December 31, 2018, primarily due to the decrease in revenues from operating lease services and automobile sales due to our strategy to de-emphasize such services. Revenues from operating lease services were RMB21 million for the year ended December 31, 2019, compared to RMB264 million for the year ended December 31, 2018. Revenues from automobile sales were RMB242 million for the year ended December 31, 2019, compared to RMB368 million for the year ended December 31, 2018.

## **COST OF REVENUES**

Cost of revenues were RMB3,034 million for the year ended December 31, 2019, decreased slightly from RMB3,057 million for the year ended December 31, 2018, primarily due to the decrease in costs associated with automobile sales, the decrease in funding costs associated with our self-operated financing lease services, the decrease in automobile depreciation associated with operating lease services, and partially offset by the increase in commissions associated with our loan facilitation services.

Cost of revenues of our transaction platform business increased by 179% to RMB723 million for the year ended December 31, 2019, compared to RMB259 million for the year ended December 31, 2018. The increase was primarily due to the increase in commissions associated with our loan facilitation services. Loan facilitation commissions were RMB663 million for the year ended December 31, 2019, compared to RMB192 million for the year ended December 31, 2018.

Cost of revenues of our self-operated financing business decreased by 17% to RMB2,311 million for the year ended December 31, 2019, compared to RMB2,798 million for the year ended December 31, 2018, primarily due to the decrease in funding costs associated with our self-operated financing lease services, the decrease in costs associated with automobile sales and the decrease in automobile depreciation associated with operating lease services. Funding costs decreased by 7% to RMB1,903 million for the year ended December 31, 2019, compared to RMB2,053 million for the year ended December 31, 2018. The average funding cost of our net finance receivables<sup>(1)</sup> was 5.7% for the year ended December 31, 2019, compared to 5.8% for the year ended December 31, 2018.

*Note:*

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



## GROSS PROFIT AND MARGINS

	Year ended December 31,			
	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Segment gross profit and gross profit margins</b>				
Transaction Platform Business	<b>1,035,873</b>	<b>59%</b>	502,684	66%
Self-Operated Financing Business	<b>1,730,585</b>	<b>43%</b>	1,972,739	41%
<b>Total</b>	<b><u>2,766,458</u></b>	<b><u>48%</u></b>	<b><u>2,475,423</u></b>	<b><u>45%</u></b>

Our total gross profit increased by 12% to RMB2,766 million for the year ended December 31, 2019, compared to RMB2,475 million for the year ended December 31, 2018, primarily due to the growth in total revenues. Our overall gross profit margin increased to 48% for the year ended December 31, 2019, compared to 45% for the year ended December 31, 2018.

Gross profit of our transaction platform business increased by 106% to RMB1,036 million for the year ended December 31, 2019, compared to RMB503 million for the year ended December 31, 2018, mainly due to the growth in revenues from our loan facilitation services, and partially offset by the decrease in revenues from advertising and other services resulted from our strategy to de-emphasize such services. Gross profit margin of our transaction platform business decreased to 59% for the year ended December 31, 2019, compared to 66% for the year ended December 31, 2018, primarily due to the change of revenue mix and the increase in commissions associated with loan facilitation services.

Gross profit of our self-operated financing business decreased by 12% to RMB1,731 million for the year ended December 31, 2019, compared to RMB1,973 million for the year ended December 31, 2018, mainly due to the decrease in revenue from our self-operated financing lease services. Gross profit margin of our self-operated financing business increased to 43% for the year ended December 31, 2019, compared to 41% for the year ended December 31, 2018. The average spread of our net finance receivables<sup>(1)</sup> was 5.6% for the year ended December 31, 2019, compared to 5.9% for the year ended December 31, 2018, primarily due to the increase in financed new automobile transactions as a percentage of total financed transactions.

*Note:*

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

## SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased by 3% to RMB1,062 million for the year ended December 31, 2019, compared to RMB1,099 million for the year ended December 31, 2018, primarily due to the decrease in marketing and advertising expenses, and partially offset by the increase in salary and employee benefit expenses and the increase in share-based compensation expenses. Share-based compensation expenses for our sales and marketing personnel were RMB46 million for the year ended December 31, 2019, compared to RMB25 million for the year ended December 31, 2018.



## **ADMINISTRATIVE EXPENSES**

Our administrative expenses decreased by 34% to RMB506 million for the year ended December 31, 2019, compared to RMB763 million for the year ended December 31, 2018, primarily due to the decrease in salary and employee benefit expenses, share-based compensation expenses and professional service expenses. Share-based compensation expenses for our administrative personnel were RMB150 million for the year ended December 31, 2019, compared to RMB292 million for the year ended December 31, 2018.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses decreased by 18% to RMB196 million for the year ended December 31, 2019, compared to RMB239 million for the year ended December 31, 2018, primarily due to the decrease in salary and employee benefit expenses, and partially offset by the increase in share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB37 million for the year ended December 31, 2019, compared to RMB32 million for the year ended December 31, 2018.

## **NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

Net impairment losses on financial assets include provision for expected credit losses of finance receivables, provision for impairment of trade receivables and other receivables. Net impairment losses on financial assets increased by 66% to RMB1,108 million for the year ended December 31, 2019, compared to RMB669 million for the year ended December 31, 2018.

Provision for expected credit losses of finance receivables was RMB812 million for the year ended December 31, 2019, compared to RMB497 million for the year ended December 31, 2018. From the second half of year 2019, we were facing much stricter regulatory environment in delinquent consumer account collection and started to use litigation as our primary method of collection. The longer processing time adversely affect our efficiency in delinquent account collection and both our delinquency ratio and provision for expected credit losses of finance receivables were pushed up.

Provision for impairment of trade receivables was RMB268 million for the year ended December 31, 2019, compared to RMB170 million for the year ended December 31, 2018. Trade receivables were generated mainly from the services to auto dealers we no longer provided. In consideration of general economic slowdown, we made such provision for the impairment of trade receivables from the services, especially in the first half of 2019. Starting from the second half of 2019, the provision of trade receivable has decreased significantly and we expect it to continue decreasing in the future. Provision for impairment of other receivables was RMB27 million for the year ended December 31, 2019, compared to RMB3 million for the year ended December 31, 2018.

## **OTHER GAINS, NET**

Our other gains, net increased by 38% to RMB155 million for the year ended December 31, 2019, compared to RMB112 million for the year ended December 31, 2018. The increase was primarily attributable to the increase in gains associated with business cooperation agreements with Yusheng.

## **OPERATING PROFIT/(LOSS)**

Our operating profit for the year ended December 31, 2019 was RMB50 million, compared to an operating loss of RMB184 million for the year ended December 31, 2018, mainly due to the increase in gross profit and the decrease in operating expenses.

## **FINANCE INCOME, NET**

Our finance income, net was relatively stable at RMB28 million for the year ended December 31, 2019.

## **INCOME TAX EXPENSE**

Our income tax expense increased by 285% to RMB45 million for the year ended December 31, 2019, compared to RMB12 million for the year ended December 31, 2018. The increase was primarily attributable to the increase in our operating profit.

## **PROFIT/(LOSS) FOR THE YEAR**

Our profit for the year ended December 31, 2019 was RMB31 million, compared to a loss of RMB167 million for the year ended December 31, 2018, mainly due to the increase in gross profit and the decrease in operating expenses.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended December 31, 2019 (2018: nil).

## **NON-IFRSS MEASURES**

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

Adjusted operating profit eliminates the effect of certain non-cash items and one-time events, namely fair value gain on financial assets, amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses (“**Adjusted Operating Profit**”). Adjusted net profit eliminates the effect of the aforesaid items and any related tax impact (“**Adjusted Net Profit**”). The terms Adjusted Operating Profit and Adjusted Net Profit are not defined under the IFRSs. The use of Adjusted Operating Profit and Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact our profit/(loss) for the relevant 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 profit/(loss), nor should you view Adjusted Net Profit in isolation or as a substitute for our profit/(loss) for the year 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 years presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs.

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating profit/(loss)</b>	<b>49,770</b>	(183,824)
Add:		
Fair value gain on financial assets	–	(2,585)
Amortization of intangible assets resulting from asset and business acquisitions	<b>175,555</b>	165,419
Share-based compensation expenses	<b>233,124</b>	348,826
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<b>Adjusted Operating Profit</b>	<b>458,449</b>	<b>327,836</b>
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	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net profit/(loss)</b>	<b>30,936</b>	(166,580)
Add:		
Fair value gain on financial assets	–	(1,939)
Amortization of intangible assets resulting from asset and business acquisitions net of tax	<b>175,392</b>	164,409
Share-based compensation expenses	<b>233,124</b>	348,826
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<b>Adjusted Net Profit</b>	<b>439,452</b>	<b>344,716</b>
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## **ADJUSTED OPERATING PROFIT AND MARGINS**

Our adjusted operating profit increased by 40% to RMB458 million for the year ended December 31, 2019, compared to RMB328 million for the year ended December 31, 2018 and our overall adjusted operating profit margin increased to 8% for the year ended December 31, 2019, compared to 6% for the year ended December 31, 2018. The increases were mainly due to the increase in gross profit and the decrease in operating expenses.

## ADJUSTED NET PROFIT AND MARGIN

Our adjusted net profit increased by 27% to RMB439 million for the year ended December 31, 2019, compared to RMB345 million for the year ended December 31, 2018 and our adjusted net profit margin increased to 8% for the year ended December 31, 2019, compared to 6% for the year ended December 31, 2018. The increases were mainly due to the increase in gross profit and the decrease in operating expenses.

## SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at December 31,		Year-on-year %
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	
Carrying amount of finance receivables	<b>26,904,149</b>	36,818,989	-27%
Cash and cash equivalent	<b>1,586,817</b>	2,116,197	-25%
Total borrowings	<b>19,840,169</b>	30,198,484	-34%
Current assets	<b>22,409,003</b>	26,082,085	-14%
Current liabilities	<b>18,890,005</b>	24,783,003	-24%
Net current assets	<b>3,518,998</b>	1,299,082	171%
Total equity	<b>15,713,054</b>	15,417,818	2%

## FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment. Customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables decreased to RMB26.9 billion as at December 31, 2019, compared to RMB36.8 billion as at December 31, 2018, primarily due to our strategy to focus on loan facilitation services.

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

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

	As at December 31,	
	2019 <i>(RMB'000, except for percentage)</i>	2018
Finance receivables, net (ending balance)	<b>27,583,876</b>	37,333,886
Provision for expected credit losses (ending balance)	<b>(679,727)</b>	(514,897)
Provision to net finance receivables ratio <sup>(1)</sup>	<b>2.46%</b>	1.38%

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

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<i>(RMB' 000, except for percentage)</i>	
Past due ratio:		
180+ days <sup>(2)</sup>	<b>0.33%</b>	0.42%
90+ days (including 180+ days) <sup>(3)</sup>	<b>1.30%</b>	0.92%

*Notes:*

- (1) Provision for expected credit losses divided by net finance receivables.
- (2) 180+ days past due net finance receivables from self-operated financing lease services and past due outstanding loan balances from loan facilitation services divided by total net finance receivables and outstanding loan balances.
- (3) 90+ days (including 180+ days) past due net finance receivables from self-operated financing lease services and past due outstanding loan balances from loan facilitation services divided by total net finance receivables and outstanding loan balances.

As at December 31, 2019, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions including both our self-operated financing lease services and loan facilitation services were 0.33% and 1.30%, respectively (December 31, 2018: 0.42% and 0.92%, respectively).

## **CASH AND CASH EQUIVALENTS**

As at December 31, 2019, we had cash and cash equivalents of RMB1,587 million, compared to RMB2,116 million as at December 31, 2018. The decrease in cash and cash equivalents was mainly due to repayment of borrowings due.

As at December 31, 2019, RMB1,530 million of cash and cash equivalents were denominated in RMB, compared to RMB2,069 million as at December 31, 2018.

Our net cash inflow generated from operating activities was RMB11.5 billion for the year ended December 31, 2019, compared to a net cash outflow of RMB4.1 billion for the year ended December 31, 2018.

## **BORROWINGS AND SOURCE OF FUNDS**

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

For our loan facilitation services, we currently work with 12 banks and financial institutions as our partners. In addition to our equity funding and cash flow from operations, we also issued asset back securities and notes as well as obtained loans and borrowings from 13 banks and 42 other financial institutions.

As at December 31, 2019, our total borrowings were RMB19.8 billion, compared to RMB30.2 billion as at December 31, 2018. The decrease was mainly due to our strategy to focus on loan facilitation services. Total borrowings comprised of (i) asset back securities and notes of RMB7.4 billion as at December 31, 2019; and (ii) bank loans and borrowings from other institutions of RMB12.4 billion. Asset back securities and notes as a percentage of our total borrowings was 37% as at December 31, 2019.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 26 to the consolidated financial statements.

Yixin is a seasoned and highly recognized issuer in China’s asset backed securities market. As at December 31, 2019, Yixin has offered accumulatively 23 asset back securities and notes publicly with a total issuance amount of over RMB33.5 billion on Shanghai Stock Exchange (“SSE”), National Association of Financial Market Institutional Investors (“NAFMII”), and Shanghai Insurance Exchange (“SHIE”).

## NET CURRENT ASSETS

Our net current assets were RMB3,519 million as at December 31, 2019, compared to RMB1,299 million as at December 31, 2018. Our current assets were RMB22.4 billion as at December 31, 2019, compared to RMB26.1 billion as at December 31, 2018, primarily due to the decrease in current portion of finance receivables and the decrease of cash and cash equivalents as a result of repayment of borrowings due. Our current liabilities were RMB18.9 billion as at December 31, 2019, compared to RMB24.8 billion as at December 31, 2018, primarily due to the repayment of borrowings due.

## KEY FINANCIAL RATIOS

	As at December 31,	
	2019	2018
Current ratio (times) <sup>(1)</sup>	1.19	1.05
Gearing ratio <sup>(2)</sup>	51%	62%
Debt to equity ratio (times) <sup>(3)</sup>	<u>1.28</u>	<u>2.03</u>

Notes:

- (1) Current ratio is our current assets divided by our current liabilities at the end of each financial period.
- (2) Gearing ratio is net debt divided by total capital at the end of each financial period. Net debt is calculated as total borrowings (including loans payable to Bitauto, its subsidiaries and consolidated affiliated entities) plus lease liabilities, less our cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net debt.
- (3) Debt to equity ratio is total borrowings (including loans payable to Bitauto, its subsidiaries and consolidated affiliated entities) plus lease liabilities divided by total equity at the end of each financial period.

## Current Ratio

Our current ratio increased to 1.19 as at December 31, 2019, compared to 1.05 as at December 31, 2018, mainly due to the decrease in current liabilities of the Group.



## Gearing Ratio

Our gearing ratio decreased to 51% as at December 31, 2019, compared to 62% as at December 31, 2018, mainly due to the decrease in net debt of the Group.

## Debt to Equity Ratio

Our debt to equity ratio decreased to 1.28 as at December 31, 2019, compared to 2.03 as at December 31, 2018, due to the decrease in total borrowings and the increase in total equity.

## CAPITAL EXPENDITURE AND INVESTMENTS

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property, equipment and other non-current assets	472,921	24,630
Purchase of intangible assets	6,283	9,062
Investments in financial assets at fair value through profit or loss	422,318	1,938,786
Investments in associates and subsidiaries in the form of ordinary shares	407,500	—
	<u>1,309,022</u>	<u>1,972,478</u>

## FOREIGN EXCHANGE RISK

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar and the Hong Kong Dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not hedge against any fluctuation in foreign currency during the years ended December 31, 2019 and 2018.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 20 and Note 26 to the consolidated financial statements, respectively.

## SIGNIFICANT INVESTMENTS HELD

On June 13, 2018, the Company and Yusheng Holdings Limited (“Yusheng”), a company principally engaged in used automobile transaction business and an independent third party, entered into a convertible note purchase agreement (the “**Convertible Note Purchase Agreement**”), pursuant to which Yusheng agreed to issue, and the Company agreed to purchase, the convertible note (the “**Convertible Note**”) in the principal amount of US\$260 million (equivalent to approximately HK\$2,040 million). The Convertible Note is interest free and convertible into 13 million non-voting Series Pre-A preferred shares of Yusheng with a par value of US\$0.0001 per share (the “**Series Pre-A Preferred Shares**”) at the conversion price of US\$20.00 (equivalent to approximately HK\$156.93). The Series Pre-A Preferred Shares convertible under the Convertible Note represent an interest of approximately 40.63% in the share capital of Yusheng assuming full subscription of the Series A-1 and Series A-2 preferred shares of Yusheng by the investors under



the securities subscription agreement separately entered into by them with Yusheng and that all the equity securities which Yusheng intends to reserve for issuance pursuant to its future employee equity incentive plan have been issued. The Convertible Note will mature on June 12, 2038 (the “**Maturity Date**”) or such later date as otherwise agreed by the Company and Yusheng. Unless converted into Series Pre-A Preferred Shares prior to the Maturity Date, the outstanding principal of the Convertible Note will be due and payable upon demand by the Company on the Maturity Date or any time thereafter.

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

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

For the year ended December 31, 2019, Yusheng achieved significant growth with increasing volume and revenues and made important contribution to our financed used automobile transactions.

As at December 31, 2019, fair value of our investment in Yusheng was RMB2,118,909,000 (December 31, 2018: RMB1,789,470,000) which constituted 5.4% of total assets (December 31, 2018: 3.5%). The Company did not recognize any realized or unrealized gain or loss from the investment nor did the Company receive any dividend during the years ended December 31, 2019 and 2018.

Save as disclosed above, we did not hold any significant investments in the equity interests of any other companies for the year ended December 31, 2019.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this announcement, we did not have other plans for material investments and capital assets.

## **EMPLOYEE AND REMUNERATION POLICY**

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

As at December 31, 2019, we had 4,177 full-time employees (December 31, 2018: 4,483). 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**”), and Note 23 to the consolidated financial statements.

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

The total remuneration cost (including share-based compensation) incurred by the Group for the year ended 31 December 2019 was RMB986 million, compared to RMB1,142 million for the year ended December 31, 2018.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

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

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

On August 26, 2019, Xince Investment and Shanghai Lanshu, indirect wholly-owned subsidiaries of the Company, Guangzhou Shengda Financing Guarantees Company Limited and its existing shareholders entered into the Investment Agreement pursuant to which Xince Investment and Shanghai Lanshu as the acquirer, will acquire 100% equity interest of Guangzhou Shengda for a cash consideration of RMB7 million. The acquisition was completed in November 2019 and after the acquisition, Guangzhou Shengda became an indirect wholly-owned subsidiary of the Company.

By acquiring Guangzhou Shengda, which is a licensed financing guarantee company, the Group can further develop its loan facilitation services in the future.

Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries or associated companies for the year ended December 31, 2019.

## **PLEDGE OF ASSETS**

Certain deposits placed with banks were used as pledged assets for the Group’s bank borrowings and bank notes as well as loan facilitation services. Certain finance receivables were used as pledge for the borrowings and securitization transactions. For more details, please refer to Notes 20 and 26 to the consolidated financial statements.

## **CONTINGENT LIABILITIES**

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

**CONSOLIDATED INCOME STATEMENT**  
**YEAR ENDED DECEMBER 31, 2019**

	<i>Note</i>	<b>Year ended December 31,</b>	
		<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenues</b>	<i>5</i>		
Transaction Platform Business		1,759,052	762,002
Self-operated Financing Business		<u>4,040,930</u>	<u>4,770,630</u>
		<b>5,799,982</b>	<b>5,532,632</b>
Cost of revenues	<i>7</i>	<u>(3,033,524)</u>	<u>(3,057,209)</u>
<b>Gross profit</b>		<b>2,766,458</b>	<b>2,475,423</b>
Selling and marketing expenses	<i>7</i>	(1,062,021)	(1,099,325)
Administrative expenses	<i>7</i>	(505,968)	(763,125)
Research and development expenses	<i>7</i>	(195,689)	(239,460)
Net impairment losses on financial assets	<i>7</i>	(1,107,526)	(669,040)
Other gains, net	<i>6</i>	<u>154,516</u>	<u>111,703</u>
<b>Operating profit/(loss)</b>		<u><b>49,770</b></u>	<u>(183,824)</u>
Finance income, net	<i>9</i>	<b>28,133</b>	27,566
Share of (losses)/profits of investments accounted for using the equity method		<u>(1,887)</u>	<u>1,382</u>
<b>Profit/(loss) before income tax</b>		<b>76,016</b>	(154,876)
Income tax expense	<i>10</i>	<u>(45,080)</u>	<u>(11,704)</u>
<b>Profit/(loss) for the year</b>		<u><b>30,936</b></u>	<u>(166,580)</u>
<b>Profit/(loss) attributable to:</b>			
– Owners of the Company		<b>30,936</b>	(166,580)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u><b>30,936</b></u>	<u>(166,580)</u>
<b>Profit/(loss) per share from operations attributable to owners of the Company for the year (expressed in RMB per share)</b>			
– Basic	<i>11</i>	<u><b>0.01</b></u>	<u>(0.03)</u>
– Diluted		<u><b>0.01</b></u>	<u>(0.03)</u>

The notes on pages 26 to 51 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) for the year</b>	<u>30,936</u>	<u>(166,580)</u>
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
<i>Currency translation differences</i>	<u>33,493</u>	<u>37,196</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><b>64,429</b></u>	<u><b>(129,384)</b></u>
<b>Attributable to:</b>		
– Owners of the Company	64,429	(129,384)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>64,429</b></u>	<u><b>(129,384)</b></u>

The notes on pages 26 to 51 are an integral part of these consolidated financial statements.

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>As at December 31,</b>	
		<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	<i>12</i>	<b>108,380</b>	353,230
Right-of-use assets	<i>13</i>	<b>34,958</b>	–
Intangible assets	<i>14</i>	<b>1,990,078</b>	2,159,481
Investment in an associate		<b>15,546</b>	17,433
Financial assets at fair value through profit or loss	<i>15</i>	<b>2,550,085</b>	2,098,200
Deferred income tax assets	<i>27</i>	<b>423,679</b>	216,543
Prepayments, deposits and other assets	<i>19</i>	<b>1,707,953</b>	1,141,819
Finance receivables	<i>17</i>	<b>10,192,954</b>	18,027,363
Restricted cash	<i>20</i>	<b>114,318</b>	446,108
		<u><b>17,137,951</b></u>	<u>24,460,177</u>
<b>Current assets</b>			
Finance receivables	<i>17</i>	<b>16,711,195</b>	18,791,626
Trade receivables	<i>18</i>	<b>1,056,213</b>	677,221
Prepayments, deposits and other assets	<i>19</i>	<b>1,261,769</b>	1,404,960
Cash and cash equivalents	<i>20</i>	<b>1,586,817</b>	2,116,197
Restricted cash	<i>20</i>	<b>1,793,009</b>	3,092,081
		<u><b>22,409,003</b></u>	<u>26,082,085</u>
<b>Total assets</b>		<u><b>39,546,954</b></u>	<u>50,542,262</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>21</i>	<b>4,148</b>	4,114
Share premium	<i>21</i>	<b>34,739,193</b>	34,592,150
Other reserves	<i>22</i>	<b>1,138,370</b>	1,010,748
Accumulated losses		<u><b>(20,168,657)</b></u>	<u>(20,189,194)</u>
<b>Total equity</b>		<u><b>15,713,054</b></u>	<u>15,417,818</u>

		<b>As of December 31,</b>	
	<i>Note</i>	<b>2019</b>	2018
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	26	3,431,524	8,391,104
Lease liabilities	13	17,101	–
Deferred income tax liabilities	27	2,737	2,902
Other non-current liabilities	28	<u>1,492,533</u>	<u>1,947,435</u>
		<u><b>4,943,895</b></u>	<u>10,341,441</u>
<b>Current liabilities</b>			
Trade payables	24	472,328	693,417
Other payables and accruals	25	1,758,995	2,173,172
Current income tax liabilities		237,758	109,034
Borrowings	26	16,408,645	21,807,380
Lease liabilities	13	<u>12,279</u>	–
		<u><b>18,890,005</b></u>	<u>24,783,003</u>
<b>Total liabilities</b>		<u><b>23,833,900</b></u>	<u>35,124,444</u>
<b>Total equity and liabilities</b>		<u><b>39,546,954</b></u>	<u>50,542,262</u>

The notes on pages 26 to 51 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 18 to 51 were approved by the Board of Directors on March 26, 2020 and were signed on its behalf.

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**Andy Xuan Zhang**  
Director

\_\_\_\_\_  
**Dong Jiang**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Note</i>	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>Balance at December 31, 2018</b>		<b><u>4,114</u></b>	<b><u>34,592,150</u></b>	<b><u>1,010,748</u></b>	<b><u>(20,189,194)</u></b>	<b><u>15,417,818</u></b>
<b>Comprehensive income</b>						
Profit for the year		-	-	-	30,936	30,936
Currency translation differences	22	-	-	33,493	-	33,493
<b>Total comprehensive income for the year</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>33,493</u></b>	<b><u>30,936</u></b>	<b><u>64,429</u></b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	8, 22, 23	-	-	233,124	-	233,124
Appropriation to statutory surplus reserve	22	-	-	10,399	(10,399)	-
Release of ordinary shares from Share Scheme Trusts	21, 22, 23	16	87,406	(87,190)	-	232
Shares issued upon exercise of employee share options	21, 22, 23	2	11,490	(11,460)	-	32
Vesting of restricted awarded shares	21, 22, 23	16	48,147	(48,163)	-	-
Purchase of restricted shares under share award scheme	22, 23	-	-	(2,581)	-	(2,581)
<b>Total transactions with owners in their capacity as owners</b>		<b><u>34</u></b>	<b><u>147,043</u></b>	<b><u>94,129</u></b>	<b><u>(10,399)</u></b>	<b><u>230,807</u></b>
<b>Balance at December 31, 2019</b>		<b><u>4,148</u></b>	<b><u>34,739,193</u></b>	<b><u>1,138,370</u></b>	<b><u>(20,168,657)</u></b>	<b><u>15,713,054</u></b>



	<i>Note</i>	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>Balance at January 1, 2018</b>		4,080	34,409,418	797,646	(20,008,876)	15,202,268
<b>Comprehensive loss</b>						
Loss for the year		–	–	–	(166,580)	(166,580)
Currency translation differences	22	–	–	37,196	–	37,196
<b>Total comprehensive loss for the year</b>		–	–	37,196	(166,580)	(129,384)
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	8, 22, 23	–	–	348,826	–	348,826
Appropriation to statutory surplus reserve	22	–	–	13,738	(13,738)	–
Release of ordinary shares from Share Scheme Trusts	21, 22, 23	31	167,713	(167,300)	–	444
Shares issued upon exercise of employee share options	21, 22, 23	2	11,655	(11,626)	–	31
Vesting of restricted awarded shares	21, 22, 23	1	3,364	(6,147)	–	(2,782)
Purchase of restricted shares under share award scheme	22, 23	–	–	(1,585)	–	(1,585)
<b>Total transactions with owners in their capacity as owners</b>		34	182,732	175,906	(13,738)	344,934
<b>Balance at December 31, 2018</b>		<u>4,114</u>	<u>34,592,150</u>	<u>1,010,748</u>	<u>(20,189,194)</u>	<u>15,417,818</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended December 31,	
	Note	2019	2018
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations		11,620,309	(4,082,030)
Income tax paid		(123,657)	(55,067)
		<u>11,496,652</u>	<u>(4,137,097)</u>
<b>Net cash generated from/(used in) operating activities</b>			
		<u>11,496,652</u>	<u>(4,137,097)</u>
<b>Cash flows from investing activities</b>			
Interest received		91,953	33,735
Proceeds from disposal of property and equipment and intangible assets		918	64,492
Purchase of property, equipment and other non-current assets		(496,422)	(28,817)
Purchase of intangible assets		(6,666)	(9,606)
Loans to a related party		(22,000)	–
Loans to third parties		(283,929)	(153,057)
Repayments from loans to third parties		353,006	–
Repayments from loans to a related party		–	1,000
Investments in financial assets at fair value through profit or loss	15	(422,318)	(286,445)
Prepayment for an investment	19	(400,000)	–
Payment for acquisition of subsidiaries, net of cash acquired		(7,500)	–
Placements of restricted cash		(4,761,739)	(4,772,686)
Maturity of restricted cash		7,088,077	1,784,709
		<u>1,133,380</u>	<u>(3,366,675)</u>
<b>Net cash generated from/(used in) investing activities</b>			
		<u>1,133,380</u>	<u>(3,366,675)</u>

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>24,039,867</b>	39,761,458
Repayment of borrowings	<b>(34,598,344)</b>	(34,568,213)
Release/(payment) of deposits for borrowings	<b>92,511</b>	(366,409)
Proceeds of loans from Bitauto Group	<b>300,000</b>	1,589,393
Repayment of loans from Bitauto Group	<b>(1,144,406)</b>	(700,000)
Principal elements of lease payments	<b>(32,488)</b>	–
Payment of issuance cost of ordinary shares relating to the initial public offering	–	(13,516)
Proceeds from exercise of share options	<b>32</b>	2,434
Purchase of restricted shares under share award scheme	<b>(2,581)</b>	(4,367)
Interest paid	<b>(1,821,090)</b>	(1,917,044)
	<u><b>(13,166,499)</b></u>	<u><b>3,783,736</b></u>
<b>Net cash (used in)/generated from financing activities</b>		
	<b>(536,467)</b>	(3,720,036)
<b>Net decrease in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year	<b>2,116,197</b>	5,824,706
Exchange gains on cash and cash equivalents	<b>7,087</b>	11,527
	<u><b>1,586,817</b></u>	<u><b>2,116,197</b></u>
<b>Cash and cash equivalents at end of year</b>		

The notes on pages 26 to 51 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited since November 16, 2017.

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

Bitauto Holdings Limited (“Bitauto”) is the ultimate controlling shareholder of the Company as at the date of this 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 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, 2019, other than restrictions from exchange control regulations, there is no significant restriction on the Group’s ability to access or use the assets and settle the liabilities of the Group.

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 International Financial Reporting Standards (“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 judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements are prepared on a going concern basis.

**(a) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019:

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

The Group had to change its accounting policies following the adoption of IFRS 16. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards and interpretations not yet adopted**

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Revised Conceptual Framework for Financial Reporting	January 1, 2020
Amendments to IAS 1 and IAS 8 – Definition of Material	January 1, 2020
Amendments to IFRS 3 – Definition of a Business	January 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

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

(c) **Practical expedients applied**

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(d) **Measurement of lease liabilities**

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

(e) **Measurement of right-of-use assets**

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018.

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

	<b>January 1, 2019</b> <b>RMB'000</b>
Properties	<u>53,218</u>

(f) **Adjustments recognised in the balance sheet on January 1, 2019**

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

- right-of-use assets – increase by RMB53,218,000
- prepayments, deposits and other assets – decrease by RMB3,538,000
- lease liabilities – increase by RMB49,680,000

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose itself 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.

#### (a) *Credit risk*

##### (i) *Risk management*

Credit risk is managed on group basis. Credit risk mainly arises from cash and cash equivalents, restricted cash, trade receivables, other receivables, finance receivables and investment in debt instruments.

To manage this risk arising from cash and cash equivalents, and restricted cash, the Group only transacts with state-owned or large medium sized joint-stock commercial banks in the PRC and reputable international financial institution outside of the PRC. There has been no recent history of default in relation to these financial institutions.

The Group has policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

Finance receivables are typically secured with automobiles for financing leases and derived from revenues earned from customers in the PRC, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. The Group maintains reserves for expected credit losses and these losses have generally been within its expectations.

For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information.

The Group's investment in debt instruments is considered to be low risk investments. The credibility of the issuer of debt instruments are monitored on a timely basis for credit deterioration.

##### (ii) *impairment of financial assets*

The Group has several types of financial assets that are subject to the expected credit loss model:

- finance receivables
- trade receivables
- other receivables

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.



### *Finance receivables*

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

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

<b>December 31, 2019</b>	<b>Current</b>	<b>Up to 3</b>	<b>Over 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>months</b>	<b>months</b>	<b>RMB'000</b>
		<b>past due</b>	<b>past due</b>	
		<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Expected loss rate	0.45%	16.28%	40.31%	2.46%
Gross carrying amount ( <i>Note 17</i> )	25,095,848	1,816,830	671,198	27,583,876
Provision for expected credit losses	<u>113,329</u>	<u>295,863</u>	<u>270,535</u>	<u>679,727</u>
December 31, 2018	Current	Up to 3	Over 3	Total
	RMB'000	months	months	RMB'000
		past due	past due	
		RMB'000	RMB'000	RMB'000
Expected loss rate	0.46%	17.07%	42.62%	1.38%
Gross carrying amount ( <i>Note 17</i> )	35,894,622	1,027,691	411,573	37,333,886
Provision for expected credit losses	<u>164,081</u>	<u>175,424</u>	<u>175,392</u>	<u>514,897</u>

Finance receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

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

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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 Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Transaction Platform Business
- Self-operated Financing Business

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

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

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

The segment results for the year ended December 31, 2019 are as follows:

	<b>Year ended December 31, 2019</b>		
	<b>Transaction Platform Business RMB'000</b>	<b>Self-operated Financing Business RMB'000</b>	<b>Total RMB'000</b>
Revenues	1,759,052	4,040,930	5,799,982
– Recognized at a point in time	1,668,338	264,068	1,932,406
– Recognized over time	90,714	3,776,862	3,867,576
Gross profit	1,035,873	1,730,585	2,766,458
Operating profit/(loss)	<u>446,242</u>	<u>(396,472)</u>	<u>49,770</u>

The segment results for the year ended December 31, 2018 are as follows:

	<b>Year ended December 31, 2018</b>		
	<b>Transaction Platform Business RMB'000</b>	<b>Self-operated Financing Business RMB'000</b>	<b>Total RMB'000</b>
Revenues	762,002	4,770,630	5,532,632
– Recognized at a point in time	560,274	400,244	960,518
– Recognized over time	201,728	4,370,386	4,572,114
Gross profit	502,684	1,972,739	2,475,423
Operating profit/(loss)	<u>69,984</u>	<u>(253,808)</u>	<u>(183,824)</u>

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

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

The reconciliation of operating profit/(loss) to profit/(loss) before income tax for the years ended December 31, 2019 and 2018 is presented in the consolidated income statements of the Group.

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

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Financing lease services	3,755,464	4,101,062
Loan facilitation services	1,668,299	538,557
Sales of automobiles	242,473	367,897
Advertising and other services	90,753	223,445
Operating lease services	21,397	264,376
Others	21,596	37,295
	<u>5,799,982</u>	<u>5,532,632</u>

## 6 OTHER GAINS, NET

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Other income from business cooperation arrangements with Yusheng Holdings Limited	109,864	48,102
Government grants	47,372	52,210
Gains on disposal of property and equipment and intangible assets	14,717	46,299
Fair value gain on financial assets (Note 15)	-	2,585
Foreign exchange gains/(losses), net	1,392	(16,776)
Bank fees and charges	(27,476)	(22,198)
Others, net	8,647	1,481
	<u>154,516</u>	<u>111,703</u>
<b>Total</b>	<u><b>154,516</b></u>	<u><b>111,703</b></u>

## 7 EXPENSES BY NATURE

	Year ended December 31,	
	2019 RMB'000	2018 RMB'000
Funding costs	1,902,858	2,053,367
Employee benefit expenses (Note 8)	985,533	1,141,645
Provision for expected credit losses of finance receivables (Note 17)	811,913	496,714
Loan facilitation commission fee	662,551	192,424
Cost of automobiles sold	282,134	401,937
Provision for impairment of trade receivables (Note 18)	268,466	169,730
Depreciation and amortization charges	266,236	392,317
Expenses incurred for self-operated financing lease business	171,877	332,725
Provision for impairment of other non-current assets (Note 19)	104,761	–
Marketing and advertising expenditures	86,989	293,141
Office and administrative expenses	86,517	114,365
Provision for impairment of other receivables (Note 19)	27,147	2,596
Auditors' remuneration		
– Audit services	7,300	4,257
– Non-audit services	724	1,613
Other expenses	239,722	231,328
<b>Total</b>	<b>5,904,728</b>	<b>5,828,159</b>

## 8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2019 RMB'000	2018 RMB'000
Wages, salaries and bonuses	585,125	611,835
Pension and benefits	167,284	180,984
Share-based compensation expenses (Note 23)	233,124	348,826
<b>Total employee benefit expenses</b>	<b>985,533</b>	<b>1,141,645</b>

## 9 FINANCE INCOME, NET

	Year ended December 31,	
	2019 RMB'000	2018 RMB'000
<b>Finance income:</b>		
– Interest income	66,913	61,663
<b>Finance expenses:</b>		
– Interest expenses	(38,780)	(34,097)
<b>Net finance income</b>	<b>28,133</b>	<b>27,566</b>

## 10 INCOME TAX EXPENSE

Income tax expense of the Group for the years ended December 31, 2019 and 2018 is as follows:

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	252,381	146,496
Deferred income tax ( <i>Note 27</i> )	(207,301)	(134,792)
	<u>45,080</u>	<u>11,704</u>
<b>Income tax expense</b>	<b><u>45,080</u></b>	<b><u>11,704</u></b>

## 11 PROFIT/(LOSS) PER SHARE

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

	Year ended December 31	
	2019	2018
Weighted average number of issued ordinary shares	6,248,480,382	6,195,185,036
Less: shares held for restricted share scheme	(3,513,493)	(542,740)
	<u>6,244,966,889</u>	<u>6,194,642,296</u>
Weighted average number of issued ordinary shares for calculating basic profit/(loss) per share	<u>6,244,966,889</u>	<u>6,194,642,296</u>
Basic profit/(loss) attributable to owners of the Company (RMB'000)	<u>30,936</u>	<u>(166,580)</u>
Diluted impact on profit/(loss) (RMB'000)	<u>–</u>	<u>–</u>
Diluted profit/(loss) attributable to owners of the Company (RMB'000)	<u>30,936</u>	<u>(166,580)</u>
Numbers of restricted shares with potential dilutive effect (a)	<u>236,677,268</u>	<u>–</u>
Weighted average number of issued ordinary shares for calculating diluted profit/(loss) per share (a)	<u>6,481,644,157</u>	<u>6,194,642,296</u>
Profit/(loss) per share		
– Basic (RMB per share)	<u>0.01</u>	<u>(0.03)</u>
– Diluted (RMB per share)	<u>0.01</u>	<u>(0.03)</u>

*Note:*

- (a) Diluted profit per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (*Note 23*). A calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted profit per share.

## 12 PROPERTY AND EQUIPMENT

	Buildings <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Automobiles for corporate uses <i>RMB'000</i>	Automobiles for operating leases <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2019						
Cost	–	56,371	12,779	417,793	15,318	502,261
Accumulated depreciation	–	(18,659)	(3,334)	(119,921)	(7,117)	(149,031)
Net book amount	<u>–</u>	<u>37,712</u>	<u>9,445</u>	<u>297,872</u>	<u>8,201</u>	<u>353,230</u>
For the year ended December 31, 2019						
Opening net book amount	–	37,712	9,445	297,872	8,201	353,230
Additions	27,380	10,187	3,040	3,897	6,210	50,714
Disposals	–	(4,687)	(967)	(242,147)	(95)	(247,896)
Depreciation charge	–	(11,146)	(3,017)	(30,126)	(3,379)	(47,668)
Closing net book amount	<u>27,380</u>	<u>32,066</u>	<u>8,501</u>	<u>29,496</u>	<u>10,937</u>	<u>108,380</u>
As at December 31, 2019						
Cost	27,380	59,807	14,686	56,282	21,301	179,456
Accumulated depreciation	–	(27,741)	(6,185)	(26,786)	(10,364)	(71,076)
Net book amount	<u>27,380</u>	<u>32,066</u>	<u>8,501</u>	<u>29,496</u>	<u>10,937</u>	<u>108,380</u>
As at January 1, 2018						
Cost	52,357	10,438	1,267,556	13,951	1,344,302	1,344,302
Accumulated depreciation	(10,124)	(1,408)	(120,013)	(4,213)	(135,758)	(135,758)
Net book amount	<u>42,233</u>	<u>9,030</u>	<u>1,147,543</u>	<u>9,738</u>	<u>1,208,544</u>	<u>1,208,544</u>
For the year ended December 31, 2018						
Opening net book amount	42,233	9,030	1,147,543	9,738	1,208,544	1,208,544
Additions	19,781	3,407	159,819	1,442	184,449	184,449
Disposals	(12,834)	(776)	(805,429)	(111)	(819,150)	(819,150)
Depreciation charge	(11,468)	(2,216)	(204,061)	(2,868)	(220,613)	(220,613)
Closing net book amount	<u>37,712</u>	<u>9,445</u>	<u>297,872</u>	<u>8,201</u>	<u>353,230</u>	<u>353,230</u>
As at December 31, 2018						
Cost	56,371	12,779	417,793	15,318	502,261	502,261
Accumulated depreciation	(18,659)	(3,334)	(119,921)	(7,117)	(149,031)	(149,031)
Net book amount	<u>37,712</u>	<u>9,445</u>	<u>297,872</u>	<u>8,201</u>	<u>353,230</u>	<u>353,230</u>

## 13 LEASES

### (a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at	
	December 31, 2019 <i>RMB'000</i>	January 1, 2019 <i>RMB'000</i>
<b>Right-of-use assets</b>		
Properties	34,958	53,218
	<hr/>	<hr/>
<b>Lease liabilities</b>		
Current	12,279	29,571
Non-current	17,101	20,109
	<hr/>	<hr/>
	29,380	49,680
	<hr/> <hr/>	<hr/> <hr/>

Additions to the right-of-use assets during the year ended December 31, 2019 were RMB17,124,000.

	Year ended December 31,	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Depreciation charge of right-of-use assets</b>		
Properties	35,384	–
	<hr/>	<hr/>
Interest expense (included in finance expenses)	2,867	–
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	26,244	–
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

The total cash outflow for leases in 2019 was RMB35,355,000.

**14 INTANGIBLE ASSETS**

	Goodwill <i>RMB'000</i>	Trademarks and licenses <i>RMB'000</i>	Domain names <i>RMB'000</i>	Computer software and technology <i>RMB'000</i>	Business Cooperation Agreements <i>RMB'000</i>	Total <i>RMB'000</i>	
As at January 1, 2019							
Cost	105,131	33,668	12,828	21,836	2,344,363	2,517,826	
Accumulated amortization	-	(7,600)	(3,190)	(3,713)	(343,842)	(358,345)	
Net book amount	<u>105,131</u>	<u>26,068</u>	<u>9,638</u>	<u>18,123</u>	<u>2,000,521</u>	<u>2,159,481</u>	
For the year ended December 31, 2019							
Opening net book amount	105,131	26,068	9,638	18,123	2,000,521	2,159,481	
Additions	500	7,003	-	6,278	-	13,781	
Amortization charge	-	(3,367)	(1,282)	(3,637)	(174,898)	(183,184)	
Closing net book amount	<u>105,631</u>	<u>29,704</u>	<u>8,356</u>	<u>20,764</u>	<u>1,825,623</u>	<u>1,990,078</u>	
As at December 31, 2019							
Cost	105,631	40,671	12,828	28,114	2,344,363	2,531,607	
Accumulated amortization	-	(10,967)	(4,472)	(7,350)	(518,740)	(541,529)	
Net book amount	<u>105,631</u>	<u>29,704</u>	<u>8,356</u>	<u>20,764</u>	<u>1,825,623</u>	<u>1,990,078</u>	
	Goodwill <i>RMB'000</i>	Trademarks and licenses <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Domain names <i>RMB'000</i>	Computer software and technology <i>RMB'000</i>	Business Cooperation Agreements <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2018							
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	<u>116,716</u>	<u>29,441</u>	<u>26,949</u>	<u>26,417</u>	<u>23,341</u>	<u>2,161,897</u>	<u>2,384,761</u>
For the year ended December 31, 2018							
Opening net book amount	116,716	29,441	26,949	26,417	23,341	2,161,897	2,384,761
Additions	-	-	-	-	9,062	-	9,062
Disposals	(11,585)	(6)	(25,609)	(14,787)	(10,651)	-	(62,638)
Amortization charge	-	(3,367)	(1,340)	(1,992)	(3,629)	(161,376)	(171,704)
Closing net book amount	<u>105,131</u>	<u>26,068</u>	<u>-</u>	<u>9,638</u>	<u>18,123</u>	<u>2,000,521</u>	<u>2,159,481</u>
As at December 31, 2018							
Cost	105,131	33,668	-	12,828	21,836	2,344,363	2,517,826
Accumulated amortization	-	(7,600)	-	(3,190)	(3,713)	(343,842)	(358,345)
Net book amount	<u>105,131</u>	<u>26,068</u>	<u>-</u>	<u>9,638</u>	<u>18,123</u>	<u>2,000,521</u>	<u>2,159,481</u>



## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended December 31,	
	2019	2018
	RMB'000	RMB'000
At beginning of the year	2,098,200	156,829
Additions	422,318	1,941,939
Fair value gain	–	2,585
Currency translation differences	29,567	(3,153)
	<u>2,550,085</u>	<u>2,098,200</u>

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
<b>Assets as per balance sheet</b>		
Financial assets at fair value through profit or loss:		
– Long-term investments (Note 15)	2,550,085	2,098,200
Financial assets at amortized cost:		
– Finance receivables (Note 17)	26,904,149	36,818,989
– Trade receivables (Note 18)	1,056,213	677,221
– Deposits and other receivables	1,666,416	1,548,948
– Restricted cash (Note 20(b))	1,907,327	3,538,189
– Cash and cash equivalents (Note 20(a))	1,586,817	2,116,197
	<u>35,671,007</u>	<u>46,797,744</u>

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
<b>Liabilities as per balance sheet</b>		
Financial liabilities at amortized cost:		
– Borrowings (Note 26)	19,840,169	30,198,484
– Trade payables (Note 24)	472,328	693,417
– Other payables (excluding advance from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals)	1,220,458	1,594,058
– Other non-current liabilities (excluding deferred revenue) (Note 28)	148,439	502,515
Guarantee liabilities (Note 25)	65,593	–
Lease liabilities (Note 13)	29,380	–
	<u>21,776,367</u>	<u>32,988,474</u>

## 17 FINANCE RECEIVABLES

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

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Finance receivables		
– Finance receivables, gross	32,182,783	44,814,974
– Unearned finance income	<u>(4,598,907)</u>	<u>(7,481,088)</u>
Finance receivables, net	27,583,876	37,333,886
Less: provision for expected credit losses	<u>(679,727)</u>	<u>(514,897)</u>
Carrying amount of finance receivables	<u><b>26,904,149</b></u>	<u><b>36,818,989</b></u>
Finance receivables, gross		
– Within one year	19,493,382	22,767,805
– After one year but not more than five years	<u>12,689,401</u>	<u>22,047,169</u>
	<u><b>32,182,783</b></u>	<u><b>44,814,974</b></u>
Finance receivables, net		
– Within one year	17,130,749	19,066,088
– After one year but not more than five years	<u>10,453,127</u>	<u>18,267,798</u>
Total	<u><b>27,583,876</b></u>	<u><b>37,333,886</b></u>

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

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Finance receivables:		
– Individual customers	26,766,625	36,584,722
– Auto dealers	<u>137,524</u>	<u>234,267</u>
	<u><b>26,904,149</b></u>	<u><b>36,818,989</b></u>

An aging analysis of finance receivables is as follows:

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Not past due	<b>25,095,848</b>	35,894,622
Past due		
– Up to 3 months	<b>1,816,830</b>	1,027,691
– 3 to 6 months	<b>527,688</b>	219,112
– Over 6 months	<b>143,510</b>	192,461
Finance receivables, net	<b>27,583,876</b>	37,333,886
Less: provision for expected credit losses	<b>(679,727)</b>	(514,897)
Carrying amount of finance receivables	<b><u>26,904,149</u></b>	<b><u>36,818,989</u></b>

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

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

	<b>Provision for expected credit losses</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
At January 1	<b>514,897</b>	320,509
Recovery of finance receivables written off in previous year	<b>8,567</b>	9,851
Charge for the year		
– Impairment allowance on finance receivables charged	<b>820,480</b>	506,565
– Reversal of impairment for the year	<b>(8,567)</b>	(9,851)
Write off	<b>(655,650)</b>	(312,177)
At December 31	<b><u>679,727</u></b>	<b><u>514,897</u></b>

## 18 TRADE RECEIVABLES

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	1,153,611	919,210
Less: provision for impairment	<u>(97,398)</u>	<u>(241,989)</u>
Trade receivables, net	<u><b>1,056,213</b></u>	<u><b>677,221</b></u>

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

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Up to 3 months	1,001,303	358,049
3 to 6 months	382	18,773
Over 6 months	<u>54,528</u>	<u>300,399</u>
	<u><b>1,056,213</b></u>	<u><b>677,221</b></u>

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

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

	<b>Provision for impairment</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At January 1	241,989	72,259
Charge for the year	268,466	169,730
Write off	<u>(413,057)</u>	<u>—</u>
At December 31	<u><b>97,398</b></u>	<u><b>241,989</b></u>

## 19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Included in non-current assets:</b>		
Property not available for use	422,207	–
Prepayment for a capital investment	400,000	–
Long-term receivables from loan facilitation services	373,711	53,973
Vehicles collected from financing lease customers	323,351	–
Deposits	235,401	502,074
Vehicles purchased for future leases	31,532	359,760
Long-term prepaid expense	13,059	74,113
Prepayment for vehicles	10,957	149,215
Others	2,496	2,684
	<u>1,812,714</u>	<u>1,141,819</u>
Less: provision for impairment of vehicles collected from financing lease customers	<u>(104,761)</u>	<u>–</u>
	<u><b>1,707,953</b></u>	<u><b>1,141,819</b></u>
<b>Included in current assets:</b>		
Deposits	369,865	184,718
Other receivables from third parties	287,373	435,313
Prepaid taxes	181,194	354,655
Other receivables from disposal of assets	157,459	104,357
Loans to third parties	83,980	153,057
Loans recognized as a result of payment under the guarantee	69,186	–
Loans to related parties	41,000	19,000
Prepayments	22,841	38,716
Advances to used car dealers	11,759	11,774
Operational advance to employees	2,406	10,405
Others	85,945	117,057
	<u>1,313,008</u>	<u>1,429,052</u>
Less: provision for impairment of other receivables	<u>(51,239)</u>	<u>(24,092)</u>
	<u><b>1,261,769</b></u>	<u><b>1,404,960</b></u>
<b>Total</b>	<u><b>2,969,722</b></u>	<u><b>2,546,779</b></u>

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

	<b>Provision for impairment</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At January 1, 2019	24,092	21,496
Charge for the year	<u>131,908</u>	<u>2,596</u>
At December 31, 2019	<u><u>156,000</u></u>	<u><u>24,092</u></u>

## 20 CASH AND BANK BALANCES

### (a) Cash and cash equivalents

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cash and cash equivalents	<u><u>1,586,817</u></u>	<u><u>2,116,197</u></u>

As at December 31, 2019 and 2018, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
US\$	44,985	27,142
HK\$	11,852	20,469
RMB	<u>1,529,980</u>	<u>2,068,586</u>
	<u><u>1,586,817</u></u>	<u><u>2,116,197</u></u>

(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.

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Term deposits pledged for bank borrowings (a)	<b>1,101,478</b>	3,124,554
Cash pledged for loan facilitation services (b)	<b>494,460</b>	2,904
Cash deposited for borrowings (c)	<b>142,986</b>	401,041
Others	<b>168,403</b>	9,690
	<b><u>1,907,327</u></b>	<b><u>3,538,189</u></b>
Of which are:		
Current restricted cash	<b>1,793,009</b>	3,092,081
Non-current restricted cash	<b>114,318</b>	446,108

*Notes:*

- (a) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings.
- (b) The balance represents the deposits placed with banks and used as pledged assets for the Group's loan facilitation services.
- (c) The balance represents the cash deposited for bank borrowings and cash collected from the finance receivables that are deposited for asset-backed securitization or other secured borrowings by the Group. Such balance is restricted from withdrawal by the Group.

As at December 31, 2019 and 2018, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
US\$	<b>153,476</b>	2,127,592
HK\$	<b>877,864</b>	884,962
RMB	<b>875,987</b>	525,635
	<b><u>1,907,327</u></b>	<b><u>3,538,189</u></b>

**21 SHARE CAPITAL AND SHARE PREMIUM**

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$'000</i>	Number of preferred shares	Nominal value of preferred shares <i>US\$'000</i>
<b>Authorized:</b>				
<b>As at January 1 and December 31, 2019</b>	<b>15,000,000,000</b>	<b>1,500</b>	–	–
<b>As at January 1 and December 31, 2018</b>	15,000,000,000	1,500	–	–
	Number of ordinary shares	Nominal value of ordinary shares <i>US\$'000</i>	Equivalent Nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>
<b>Issued:</b>				
<b>At January 1, 2019</b>	<b>6,370,479,652</b>	<b>621</b>	<b>4,114</b>	<b>34,592,150</b>
Release of ordinary shares from Share Scheme Trusts	–	2	16	87,406
Shares issued upon exercise of employee share options	3,205,396	–	2	11,490
Vesting of restricted awarded shares	–	2	16	48,147
<b>As at December 31, 2019</b>	<b>6,373,685,048</b>	<b>625</b>	<b>4,148</b>	<b>34,739,193</b>
<b>At January 1, 2018</b>	6,276,322,474	616	4,080	34,409,418
Newly issued ordinary shares	90,905,148	–	–	–
Release of ordinary shares from Share Scheme Trusts	–	5	31	167,713
Shares issued upon exercise of employee share options	3,252,030	–	2	11,655
Vesting of restricted awarded shares	–	–	1	3,364
<b>As at December 31, 2018</b>	<b>6,370,479,652</b>	<b>621</b>	<b>4,114</b>	<b>34,592,150</b>



**22 OTHER RESERVES**

	<i>Note</i>	Capital Reserves <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Share-based compensation reserve <i>RMB'000</i>	Shares held for share award scheme <i>RMB'000</i>	Currency translation differences <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At January 1, 2019</b>		(431,554)	78,005	1,091,870	(4,105)	276,532	1,010,748
Currency translation differences		-	-	-	-	33,493	33,493
Share-based compensation	23	-	-	233,124	-	-	233,124
Release of ordinary shares from Share Scheme Trusts	23	-	-	(87,190)	-	-	(87,190)
Shares issued upon exercise of employee share options		-	-	(11,460)	-	-	(11,460)
Vesting of restricted awarded shares		-	-	(52,960)	4,797	-	(48,163)
Purchase of restricted shares under share award scheme	23	-	-	-	(2,581)	-	(2,581)
Appropriation to statutory reserves		-	10,399	-	-	-	10,399
<b>At December 31, 2019</b>		<u>(431,554)</u>	<u>88,404</u>	<u>1,173,384</u>	<u>(1,889)</u>	<u>310,025</u>	<u>1,138,370</u>
<b>At January 1, 2018</b>		(431,554)	64,267	925,597	-	239,336	797,646
Currency translation differences		-	-	-	-	37,196	37,196
Share-based compensation	23	-	-	348,826	-	-	348,826
Release of ordinary shares from Share Scheme Trusts	23	-	-	(167,300)	-	-	(167,300)
Shares issued upon exercise of employee share options		-	-	(11,626)	-	-	(11,626)
Vesting of restricted awarded shares		-	-	(3,627)	(2,520)	-	(6,147)
Purchase of restricted shares under share award scheme	23	-	-	-	(1,585)	-	(1,585)
Appropriation to statutory reserves		-	13,738	-	-	-	13,738
<b>At December 31, 2018</b>		<u>(431,554)</u>	<u>78,005</u>	<u>1,091,870</u>	<u>(4,105)</u>	<u>276,532</u>	<u>1,010,748</u>

## 23 SHARE-BASED PAYMENTS

The total expenses recognized in the consolidated income statement for share-based awards granted to the Group's employees are RMB233,124,000 for the year ended December 31, 2019 (2018: RMB348,826,000).

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

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

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

	Number of share options	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Outstanding as at January 1	333,228,714	392,429,709
Exercised during the year	(27,732,848)	(49,907,422)
Forfeited during the year	(1,878,126)	(9,293,573)
Outstanding as at December 31	<u>303,617,740</u>	<u>333,228,714</u>
Exercisable as at December 31	<u><u>226,553,172</u></u>	<u><u>210,367,397</u></u>

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying ordinary share, the directors have used Binomial option-pricing model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

	July 3, 2017	October 1, 2017
Fair value per share	US\$3.70	US\$4.90
Exercise price	US\$0.01	US\$0.01
Risk-free interest rate	2.50%	2.46%
Dividend yield	0.00%	0.00%
Expected volatility	51%	56%
Expected terms	10 years	10 years
Weighted-average fair value per option granted	US\$3.69	US\$4.89
Weighted-average fair value per option granted (after the effect of the Capitalization Issue)	<u>US\$0.53</u>	<u>US\$0.70</u>

The directors estimated the risk-free interest rate based on the yield of US Treasury Strips with a maturity life closed to the remaining maturity life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date.

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

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

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

	Number of RSUs	Weighted average fair value per RSU (US\$)
Outstanding as at January 1, 2019	99,737,126	USD0.30
Granted during the year	7,773,895	USD0.23
Vested and sold during the year	(24,325,020)	USD0.30
Forfeited during the year	(7,575,214)	USD0.31
	<u>75,610,787</u>	<u>USD0.29</u>
Outstanding as at December 31, 2019	<u>75,610,787</u>	<u>USD0.29</u>
Vested as at December 31, 2019	<u>26,946,272</u>	<u>USD0.31</u>
Outstanding as at January 1, 2018	–	
Granted during the year	106,897,010	USD0.31
Vested and sold during the year	(2,621,252)	USD0.35
Forfeited during the year	(4,538,632)	USD0.40
	<u>99,737,126</u>	<u>USD0.30</u>
Outstanding as at December 31, 2018	<u>99,737,126</u>	<u>USD0.30</u>
Vested as at December 31, 2018	<u>2,621,252</u>	<u>USD0.35</u>

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

(c) **Expected Retention Rate**

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

**24 TRADE PAYABLES**

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB’000</i></b>	<b><i>RMB’000</i></b>
Trade payables	<b>472,328</b>	661,117
Notes Payables	<b>–</b>	32,300
	<b><u>472,328</u></b>	<b><u>693,417</u></b>

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

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB’000</i></b>	<b><i>RMB’000</i></b>
Up to 3 months	<b>227,743</b>	327,109
3 to 6 months	<b>24,909</b>	54,711
6 months to 1 year	<b>68,431</b>	82,407
Over 1 year	<b>151,245</b>	229,190
	<b><u>472,328</u></b>	<b><u>693,417</u></b>

## 25 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Loans payable to Bitauto Group	301,295	786,430
Other payables to related parties	245,659	82,205
Deposits payable	219,654	273,378
Advance from customers	152,912	168,583
Interests payable	145,986	227,608
Deferred revenue-current	109,564	164,867
Staff costs and welfare accruals	81,110	88,589
Accrued expenses	80,289	63,790
Guarantee liabilities	65,593	–
Tax payable	49,069	93,285
Others	307,864	224,437
	<u>1,758,995</u>	<u>2,173,172</u>

As at December 31, 2019 and 2018, the carrying amounts of the Group's other payables and accruals, excluding advance from customers, staff costs and welfare accruals and other accruals, approximate their fair values at each of the reporting date.

## 26 BORROWINGS

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Included in non-current liabilities:</b>		
Pledge borrowings	304,134	299,980
Asset-backed securitization debt	1,167,910	3,764,348
Other secured borrowings	1,868,180	3,214,449
Unsecured borrowings	91,300	1,112,327
	<u>3,431,524</u>	<u>8,391,104</u>
<b>Included in current liabilities:</b>		
Pledge borrowings	1,022,882	2,673,881
Borrowings guaranteed by Bitauto Group	–	471,200
Asset-backed securitization debt	6,201,021	10,021,333
Other secured borrowings	7,659,628	5,777,585
Unsecured borrowings	1,525,114	2,863,381
	<u>16,408,645</u>	<u>21,807,380</u>
<b>Total borrowings</b>	<u><u>19,840,169</u></u>	<u><u>30,198,484</u></u>

## 27 DEFERRED INCOME TAX

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

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
<b>Deferred income tax assets:</b>		
– To be recovered within 12 months	<u>423,679</u>	<u>216,543</u>
<b>Deferred income tax liabilities:</b>		
– To be recovered after 12 months	(2,573)	(2,738)
– To be recovered within 12 months	<u>(164)</u>	<u>(164)</u>
	(2,737)	(2,902)
<b>Deferred income tax assets, net</b>	<u><u>420,942</u></u>	<u><u>213,641</u></u>

## 28 OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
Deferred revenue	1,344,094	1,444,920
Long-term deposits payable	4,780	14,607
Loans payable to Bitauto Group	–	343,160
Other liabilities	<u>143,659</u>	<u>144,748</u>
	<u><u>1,492,533</u></u>	<u><u>1,947,435</u></u>

## 29 DIVIDENDS

No dividends have been paid or declared by the Company during each of the year ended December 31, 2019 and 2018.

## 30 CONTINGENCIES

The Group did not have any material contingent liabilities or guarantees as at December 31, 2019 (2018: nil).

## 31 SUBSEQUENT EVENTS

The wide spread of the novel Coronavirus in China since the beginning of 2020 is a fluid and challenging situation affecting most industries of the society. Based on current situation, the Group has already assessed the overall impact on the operation of the Group and taken necessary measures to limit the impact. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

Except for disclosed elsewhere in this announcement, there are no other material subsequent events undertaken by the Company or the Group after December 31, 2019.

## **OTHER INFORMATION**

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

During the year ended December 31, 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **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.

The Company adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). In the opinion of the Directors, throughout the year ended December 31, 2019, the Company has complied with all applicable code provisions set out in the CG Code, save and except for the following deviation from code provision A.2.1 of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Andy Xuan Zhang is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of 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, 2019.

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 year ended December 31, 2019.

The Company’s Securities Dealing Code also applies to relevant employees who are likely to be in possession of inside information of the Company. No incident of non-compliance with the Company’s Securities Dealing Code by relevant employees was noted by the Company.

## **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, 2019. 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, 2019.

The consolidated financial statements of the Group for the year ended December 31, 2019 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 and the related notes thereto for the year ended December 31, 2019 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, 2019. 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 November 16, 2017 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.

As at December 31, 2019, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to December 31, 2019		Utilization during the Reporting Period		Unutilized amount	
	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000
Sales and marketing	1,952,278	1,657,523	1,952,278	1,657,523	-	-	-	-
Research and technology capabilities enhancement	1,301,519	1,105,016	544,184	462,023	202,930	172,292	757,335	642,993
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	817,519	694,091	-	-
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	-	-	-	-
<b>Total</b>	<b><u>6,507,595</u></b>	<b><u>5,525,077</u></b>	<b><u>5,750,260</u></b>	<b><u>4,882,084</u></b>	<b><u>1,020,449</u></b>	<b><u>866,383</u></b>	<b><u>757,335</u></b>	<b><u>642,993</u></b>

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

## Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2019 (2018: nil).

## Annual General Meeting

The 2020 annual general meeting (the "AGM") is scheduled to be held on Friday, June 19, 2020. A notice convening the AGM will be published and dispatched to the Shareholders 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, June 16, 2020 to Friday, June 19, 2020, 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, June 15, 2020.

## **Publication of Annual Results and Annual Report**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.yixincars.com](http://www.yixincars.com)). The annual report of the Group for the year ended December 31, 2019 will be published on the aforesaid websites and dispatched to the 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 financed 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 26, 2020

As at the date of this announcement, the Directors are:

<b>Executive Directors</b>	Mr. Andy Xuan Zhang and Mr. Dong Jiang
<b>Non-executive Directors</b>	Mr. James Gordon Mitchell, Mr. Jimmy Chi Ming Lai, Mr. Chenkai Ling and Mr. Huan Zhou
<b>Independent non-executive Directors</b>	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong