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# 易鑫集团

## YIXIN GROUP

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, 2021

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, 2021. 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,		
	2021	2020	Year-on-year
	RMB'000	RMB'000	%
<b>Revenues</b>	<b>3,494,344</b>	3,325,215	5%
Transaction Platform Business	2,302,279	1,338,850	72%
Loan Facilitation Services	1,951,709	1,185,281	65%
Guarantee Services	222,473	60,592	267%
After-market Services	123,253	27,704	345%
Advertising and Other Services	4,844	65,273	-93%
Self-Operated Financing Business	1,192,065	1,986,365	-40%
Financing Lease Services	1,156,483	1,951,987	-41%
Other Self-operated Services	35,582	34,378	4%
<b>Gross profit</b>	<b>1,778,341</b>	1,555,639	14%
<b>Operating profit/(loss)</b>	<b>102,182</b>	(1,481,111)	N/A
<b>Net profit/(loss)</b>	<b>28,953</b>	(1,155,749)	N/A
<b>Adjusted operating profit/(loss)</b>	<b>274,760</b>	(1,114,088)	N/A
<b>Adjusted net profit/(loss)</b>	<b>273,219</b>	(800,101)	N/A
	Year ended December 31,		
	2021	2020	Year-on-year
	'000	'000	%
<b>Total financed transactions</b>	<b>530</b>	356	49%
– By auto type			
New	293	224	31%
Used	237	132	80%
– By service type			
Through loan facilitation services	434	296	47%
Through self-operated financing business	96	60	60%

## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board of Yixin Group Limited (“**Yixin**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), I hereby present the annual results announcement of the Group for the year ended December 31, 2021 (the “**Reporting Period**”).

In 2021, China’s total sales for new and used passenger vehicles increased by 13% year-on-year, according to the data from China Association of Automobile Manufacturers (“**CAAM**”) and China Automobile Dealers Association (“**CADA**”). The prolonged global COVID-19 pandemic, however, continues to present challenges coupled with the shortage of semiconductors supply especially in the second half of the year.

With the effort from our team, Yixin’s total financed automobile transactions increased by 49% year-on-year to approximately 530 thousand. In comparison, substantially exceeding the industry average, the aggregate auto financing amount through our loan facilitation services and our self-operated financing business for the year ended December 31, 2021 was approximately RMB45 billion, representing a 66% year-on-year increase.

Both of our new car and used car financed transactions surpassed the industry average. Our financed new automobile transactions increased by 31% year-on-year to approximately 293 thousand, while China’s new passenger vehicles sales increased by 7% year-on-year, according to CAAM. Our financed used automobile transactions increased by 80% year-on-year to approximately 237 thousand, which outpaced the 26% year-on-year growth rate of China’s used passenger vehicle sales for year 2020, according to CADA.

Our revenues increased by 5% to RMB3,494 million for the Reporting Period, compared to RMB3,325 million for the year ended December 31, 2020, mainly due to the significant increase in revenue from our loan facilitation services. For the Reporting Period, we cooperated with 23 banks and financial institutions as our loan facilitation partners to facilitate approximately 434 thousand financing transactions through loan facilitation business, representing an increase of 47% compared to 296 thousand for the year ended December 31, 2020.

It is worth mentioning that for the Reporting Period, our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions facilitated by us during the year, increased by 75% from RMB1,340 million for the year ended December 31, 2020 to RMB2,347 million for the Reporting Period. Our overall gross profit margin has increased to 51% for the Reporting Period, from 47% for the year ended December 31, 2020. For the Reporting Period, our adjusted net profit was RMB273 million, as compared with a net loss of RMB800 million for the year ended December 31, 2020.

The quality of our assets continues to improve. Our 90+ days past due ratio shared a declining trend, from 2.28% as of December 31, 2020 to 1.95% as of December 31, 2021. Our 30-90 days past due ratio dropped to a historic low.

In 2021, the Group continued to work on optimizing its cost and expense structure by financing diversification. Among the upcoming green notes and syndication loan, our funding cost also dropped from 5.4% for the year ended December 31, 2020 to 4.2% for the Reporting Period.

As for the automotive aftermarket service segment launched in the second half of 2020, we have recorded a revenue of RMB123 million for the Reporting Period, compared to RMB28 million for the year ended December 31, 2020.

In March 2021, Yixin achieved a major milestone of by facilitating over 2 million accumulated financed automobile transactions and reaching a total financing amount of RMB200 billion. Our years of operating experience in the auto finance industry have made us uniquely and favourably positioned in the market with sales channel management, data richness, collection and recovery, and digital capabilities. For example, Yixin has more than 4,000 service people, spread across 340 cities, and we partner with over 31,000 auto dealers. This model enables Yixin not only to provide quality services to customers, but also make top-notch credit risk assessment. Another example is our efficient automobile disposal once the collateral is collected, which is made possible by our extensive connections in used car dealership market.

In 2022, we are particularly excited about our business opportunities in the following three areas that leverage on our strengths and unique positioning:

- 1) Electric vehicle. According to CAAM, China sold a total of 3.3 million electric vehicles in 2021, accounting for a 53% share of the global market. The market penetration rate of China's electric vehicles reached 15% in 2021. CAAM predicts that China's new energy vehicles ("NEV") sales are expected to keep at a high increase rate of 50%+ to reach more than 5 million in 2022. Yixin provided financial solutions to over 13,000 NEV customers in 2021 and we expect the trend to be quickly catching up in 2022 as we have just entered into additional agreements with major electrical vehicle brands. Our advanced digital capability and deep understanding of credit risk is the key success factor in this domain.
- 2) Used car. The Ministry of Commerce has accelerated the development of the used car market by lifting restrictions on cross-region transfers, facilitating trading and promoting information sharing. According to CADA, China's used car market has been growing steadily and is expected to reach 23 million units in 2025. For the Reporting Period, Yixin had covered nearly 9,000 used car dealer shops, which represent a 200% increase, compared to around 3,000 dealer shops in 2020. After years of strategic layout in the used car market, we have established an efficient data collection and processing system, and our capability of multi-channel management is at the forefront of the industry. Our financed used automobile transactions contributed 45% of the total financed automobile transactions in 2021, compared to 37% in 2020. We are allocating more resources in the used car business and expect this ratio to continue to rise in 2022.

- 3) **Technology.** In the past decade, the scale of the domestic auto finance market has grown rapidly, and the financial penetration rate has increased year by year. The market size of auto financing is expected to reach RMB2 trillion in 2022. Based on the accumulative auto financing experience gained through billions of transaction data and continuously optimizing risk control system, Yixin has built up a technology-enabled system which provide financing solutions for parties such as commercial banks that participated in auto financing. This system could assist in achieving a breakthrough in commercial bank's auto finance business. It will bring more quality automobile customer leads, strengthen its risk control capabilities and product experience in auto finance business, as well as growth in overall business scale. With this technology-enabled system integrated, our upgraded loan facilitation platform is expected to have more non-guarantee businesses and facilitate over RMB5 billion worth of auto financing in 2022.

Technological innovation is having a profound impact in the automobile industry. Yixin is closely monitoring the latest technological trends and is prepared to grasp upcoming business opportunities. For example, autonomous driving starts to come to fruition in respect of commercial vehicles and at piers and airports. In the long run, we expect customers to shift their habits from purchasing vehicles to ordering transportation services. This will create robo-fleet service opportunities in the automobile industry and the auto financing sector.

Finally, 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 unswervingly build on our capabilities and strengthen our ecosystem to provide consumers with better online financed automobile transaction experience.

**Andy Xuan Zhang**  
*Chairman*  
Hong Kong  
March 23, 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### Year Ended December 31, 2021 Compared To Year Ended December 31, 2020

The following table sets forth the comparative figures for the years ended December 31, 2021 and 2020.

	Year ended December 31,		Year-on-year %
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	
<b>Revenues</b>	<b>3,494,344</b>	3,325,215	5%
Cost of revenues	<b>(1,716,003)</b>	(1,769,576)	-3%
<b>Gross profit</b>	<b>1,778,341</b>	1,555,639	14%
Selling and marketing expenses	<b>(1,358,417)</b>	(854,141)	59%
Administrative expenses	<b>(397,736)</b>	(438,798)	-9%
Research and development expenses	<b>(146,429)</b>	(150,193)	-3%
Credit impairment losses	<b>(286,376)</b>	(1,812,270)	-84%
Other income and other gains, net	<b>512,799</b>	218,652	135%
<b>Operating profit/(loss)</b>	<b>102,182</b>	(1,481,111)	N/A
Finance (cost)/income, net	<b>(3,111)</b>	11,750	N/A
Share of losses of investments accounted for using the equity method	<b>(15,446)</b>	(28,573)	-46%
<b>Profit/(loss) before income tax</b>	<b>83,625</b>	(1,497,934)	N/A
Income tax (expense)/credit	<b>(54,672)</b>	342,185	N/A
<b>Profit/(loss) for the year</b>	<b>28,953</b>	(1,155,749)	N/A
<i>Non-IFRSs measures (unaudited)</i>			
<b>Adjusted operating profit/(loss)</b>	<b>274,760</b>	(1,114,088)	N/A
<b>Adjusted net profit/(loss)</b>	<b>273,219</b>	(800,101)	N/A

### REVENUES

Our total revenues increased by 5% to RMB3,494 million for the year ended December 31, 2021, compared to RMB3,325 million for the year ended December 31, 2020, mainly due to the increase in revenue from our loan facilitation services, while partially offset by the decrease in revenue from our financing lease services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the year, increased by 75% to RMB2,347 million, compared to RMB1,340 million for the year ended December 31, 2020. The following table sets forth the comparative figures for the years ended December 31, 2021 and 2020.

	For the year ended December 31,				
		2021		2020	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>Year-on-year</i>	<i>RMB'000</i>	<i>% of total revenues</i>
<b>Revenues</b>					
<b>Transaction Platform Business</b>					
Loan Facilitation Services	1,951,709	56%	65%	1,185,281	35%
Other Platform Services	350,570	10%	128%	153,569	5%
Guarantee service	222,473	6%	267%	60,592	2%
After-market services	123,253	4%	345%	27,704	1%
Advertising and other services	4,844	–	-93%	65,273	2%
<b>Subtotal</b>	<b>2,302,279</b>	<b>66%</b>	<b>72%</b>	<b>1,338,850</b>	<b>40%</b>
<b>Self-operated Financing Business</b>					
Financing Lease Services	1,156,483	33%	-41%	1,951,987	59%
From new transactions during the year	395,587	11%	156%	154,375	5%
From existing transactions in prior years	760,896	22%	-58%	1,797,612	54%
Other self-operated services <sup>(1)</sup>	35,582	1%	4%	34,378	1%
<b>Subtotal</b>	<b>1,192,065</b>	<b>34%</b>	<b>-40%</b>	<b>1,986,365</b>	<b>60%</b>
<b>Total</b>	<b>3,494,344</b>	<b>100%</b>	<b>5%</b>	<b>3,325,215</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 72% to RMB2,302 million for the year ended December 31, 2021, compared to RMB1,339 million for the year ended December 31, 2020, mainly due to the increase in revenue of our loan facilitation services, the increase in revenue from guarantee service and after-market services due to our strategy to develop such services. Revenue contribution from transaction platform business continued to increase to 66% for the year ended December 31, 2021, compared to 40% for the year ended December 31, 2020.

Revenues from our loan facilitation services increased by 65% to RMB1,952 million for the year ended December 31, 2021, compared to RMB1,185 million for the year ended December 31, 2020, mainly due to the increase in transaction volume impacted by the recovery of China's economy and auto industry. For the year ended December 31, 2021, we facilitated approximately 434 thousand financed transactions, through our loan facilitation services, representing a 47% year-on-year increase in volume. Revenue contribution from our loan facilitation services continued to increase to 56% for the year ended December 31, 2021, compared to 35% for the year ended December 31, 2020.



Revenues from our other platform services increased by 128% to RMB351 million for the year ended December 31, 2021, compared to RMB154 million for the year ended December 31, 2020, mainly due to the increase in revenue from auto after-market services and guarantee service. We launched auto after-market services since July, 2020 to enrich the scope and value added to our customer and generated revenue of RMB123 million for the year ended December 31, 2021, which increased by 345% from RMB28 million for the year ended December 31, 2020. Our revenue from guarantee service was RMB222 million for the year ended December 31, 2021, increased by 267% from RMB61 million for the year ended December 31, 2020, as two subsidiaries of the Group with financing guarantee licence provided guarantees on loans with respect to our loan facilitation services in 2021.

### **Self-operated financing business**

Revenues from our self-operated financing business decreased by 40% to RMB1,192 million for the year ended December 31, 2021, compared to RMB1,986 million for the year ended December 31, 2020, primarily due to the decrease in revenues generating from our financing lease services.

Revenues from our financing lease services decreased by 41% to RMB1,156 million for the year ended December 31, 2021, compared to RMB1,952 million for the year ended December 31, 2020, due to the decrease in revenues from existing financing lease transactions in prior periods. For the year ended December 31, 2021, we generated RMB396 million revenues from new financing lease transactions and RMB761 million revenue from existing financing lease transactions, compared to RMB154 million and RMB1,798 million, respectively, for the year ended December 31, 2020. For the year ended December 31, 2021, we facilitated approximately 96 thousand financed transactions, through self-operated financing business, representing a 60% year-on-year increase in volume, mainly due to the recovery of China's economy and auto industry. The average yield of our net finance receivables<sup>(1)</sup> was 9.8% for the year ended December 31, 2021, compared to 9.9% for the year ended December 31, 2020, primarily due to the increase in sales volume as a result of our sales promotion and offering of more products with lower interest rate to stimulate the gradual recovery of financed automobile transactions from the previous downturn due to the COVID-19 pandemic.

*Note:*

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

### **COST OF REVENUES**

Cost of revenues were RMB1,716 million for the year ended December 31, 2021, decreased by 3% from RMB1,770 million for the year ended December 31, 2020, primarily due to the decrease in funding costs associated with our self-operated financing lease services, while partially offset by the increase of commissions associated with our loan facilitation services.

Cost of revenues of our transaction platform business increased by 91% to RMB1,170 million for the year ended December 31, 2021, compared to RMB612 million for the year ended December 31, 2020. The increase was primarily due to the increase in commissions associated with our loan facilitation services. Loan facilitation commissions were RMB1,090 million for the year ended December 31, 2021, compared to RMB594 million for the year ended December 31, 2020.

Cost of revenues of our self-operated financing business decreased by 53% to RMB546 million for the year ended December 31, 2021, compared to RMB1,157 million for the year ended December 31, 2020, primarily due to the decrease in funding costs associated with our self-operated financing lease services. Funding costs decreased by 53% to RMB499 million for the year ended December 31, 2021, compared to RMB1,055 million for the year ended December 31, 2020. The average funding cost of our net finance receivables<sup>(1)</sup> was 4.2% for the year ended December 31, 2021, compared to 5.4% for the year ended December 31, 2020.

*Note:*

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

## GROSS PROFIT AND MARGINS

	Year ended December 31,			
	2021		2020	
	<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>1,132,539</b>	<b>49%</b>	726,466	54%
Self-operated Financing Business	<b>645,802</b>	<b>54%</b>	829,173	42%
<b>Total</b>	<b>1,778,341</b>	<b>51%</b>	<b>1,555,639</b>	<b>47%</b>

Our total gross profit increased by 14% to RMB1,778 million for the year ended December 31, 2021, compared to RMB1,556 million for the year ended December 31, 2020, primarily due to the increase in total revenues. Our overall gross profit margin increased to 51% for the year ended December 31, 2021, compared to 47% for the year ended December 31, 2020.

Gross profit of our transaction platform business increased by 56% to RMB1,133 million for the year ended December 31, 2021, compared to RMB726 million for the year ended December 31, 2020, mainly due to the increase in revenues from our loan facilitation services, and the increase in revenues from guarantee service and after-market services. Gross profit margin of our transaction platform business decreased to 49% for the year ended December 31, 2021, compared to 54% for the year ended December 31, 2020, primarily due to the increase of commissions associated with loan facilitation services as to revenue.



Gross profit of our self-operated financing business decreased by 22% to RMB646 million for the year ended December 31, 2021, compared to RMB829 million for the year ended December 31, 2020, 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 54% for the year ended December 31, 2021, compared to 42% for the year ended December 31, 2020. The average spread of our net finance receivables<sup>(1)</sup> was 5.6% for the year ended December 31, 2021, compared to 4.5% for the year ended December 31, 2020, primarily due to the decrease in funding costs associated with our self-operated financing business.

*Note:*

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

## **SELLING AND MARKETING EXPENSES**

Selling and marketing expenses increased by 59% to RMB1,358 million for the year ended December 31, 2021, compared to RMB854 million for the year ended December 31, 2020, primarily due to an increase in salary and benefit expenses, share-based compensation expenses and professional service fees, which was in line with the increase in revenue. Share-based compensation expenses for our sales and marketing personnel were RMB43 million for the year ended December 31, 2021, compared to RMB16 million for the year ended December 31, 2020.

## **ADMINISTRATIVE EXPENSES**

Our administrative expenses decreased by 9% to RMB398 million for the year ended December 31, 2021, compared to RMB439 million for the year ended December 31, 2020, primarily due to the decrease in provision for impairment of other non-current assets and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB61 million for the year ended December 31, 2021, compared to RMB74 million for the year ended December 31, 2020.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses decreased by 3% to RMB146 million for the year ended December 31, 2021, compared to RMB150 million for the year ended December 31, 2020, primarily due to the decrease in salary and benefit expenses. Share-based compensation expenses for our research and development personnel were RMB27 million for the year ended December 31, 2021, compared to RMB15 million for the year ended December 31, 2020.

## **CREDIT IMPAIRMENT LOSSES**

Credit impairment losses include (i) provision for expected credit losses of finance receivables; (ii) provision for expected credit losses of risk assurance liabilities and loans recognized as a result of payment under risk assurance, and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses decreased by 84% to RMB286 million for the year ended December 31, 2021, compared to RMB1,812 million for the year ended December 31, 2020.

Provision for expected credit losses of finance receivables was RMB121 million for the year ended December 31, 2021, compared to RMB1,616 million for the year ended December 31, 2020, as we took proactive steps to tighten underwriting standards for new loans that we facilitated as well as reinforced our effort in the collection of overdue payments.

Provision for expected credit losses of risk assurance liabilities and loans recognized as a result of payment under risk assurance decreased to RMB46 million for the year ended December 31, 2021 from RMB165 million for the year ended December 31, 2020, primarily due to the alleviation of COVID-19 pandemic and the improvement in quality of our portfolio of assets in respect of loan facilitation services. Provision for impairment of trade receivables and other receivables was RMB120 million for the year ended December 31, 2021, compared to RMB31 million for the year ended December 31, 2020, mainly due to the increase of scale of trade receivables and other receivables.

#### **OTHER INCOME AND OTHER GAINS, NET**

Other income and other gains, net increased by 135% to RMB513 million for the year ended December 31, 2021, compared to RMB219 million for the year ended December 31, 2020. The increase was primarily due to the increase in fair value gain on financial assets. Fair value gain on financial assets were RMB398 million for the year ended December 31, 2021, compared to RMB444 thousand for the year ended December 31, 2020.

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

We recorded an operating profit of RMB102 million for the year ended December 31, 2021 as compared to an operating loss of RMB1,481 million for the year ended December 31, 2020, mainly due to the increase in gross profit and the decrease in credit impairment losses.

#### **FINANCE (COST)/INCOME, NET**

Our finance cost, net for the year ended December 31, 2021 was RMB3 million, compared to a finance income, net of RMB12 million for the year ended December 31, 2020, mainly due to the decrease in interest income from bank deposits.

#### **SHARE OF LOSSES OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

Our share of losses of investments accounted for using equity method was RMB15 million for the year ended December 31, 2021, compared to RMB29 million for the year ended December 31, 2020, mainly due to the share of net loss of Dalian Rongxin. The acquisition of 32.20% equity interest of Dalian Rongxin was completed in October 2020 and Dalian Rongxin became an associate of the Group during the year ended December 31, 2020. Details of this investment into Dalian Rongxin are set out in the announcement of the Company dated August 2, 2019.

## **INCOME TAX (EXPENSE)/CREDIT**

Our income tax expense was RMB55 million for the year ended December 31, 2021, compared to an income tax credit of RMB342 million for the year ended December 31, 2020, mainly due to our operating profit incurred during the year.

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

Our profit for the year ended December 31, 2021 was RMB29 million, compared to a loss of RMB1,156 million for the year ended December 31, 2020, mainly due to the increase in gross profit and the decrease in credit impairment losses.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: 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, impairment loss on investment associates and share-based compensation expenses (“**Adjusted Operating Profit/(Loss)**”). Adjusted net profit eliminates the effect of the aforesaid items and any related tax impact (“**Adjusted Net Profit/(Loss)**”). The terms Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss) are not defined under the IFRSs. The use of Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss) 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/(Loss) and Adjusted Net Profit/(Loss) is a significant component in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss), when assessing our operating and financial performance, you should not view Adjusted Operating Profit/(Loss) in isolation or as a substitute for our operating profit/(loss), nor should you view Adjusted Net Profit/(Loss) 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/(Loss) and Adjusted Net Profit/(Loss) 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>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Operating profit/(loss)</b>	<b>102,182</b>	(1,481,111)
Add:		
Fair value gain on financial assets	<b>(397,523)</b>	(444)
Amortization of intangible assets resulting from asset and business acquisitions	<b>342,666</b>	262,424
Impairment loss on investment in an associate	<b>96,415</b>	–
Share-based compensation expenses	<b>131,020</b>	105,043
	<u><b>274,760</b></u>	<u>(1,114,088)</u>
<b>Adjusted Operating Profit/(Loss)</b>	<b>274,760</b>	(1,114,088)
	<b>Year ended December 31,</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Net profit/(loss)</b>	<b>28,953</b>	(1,155,749)
Add:		
Fair value gain on financial assets	<b>(303,864)</b>	(444)
Amortization of intangible assets resulting from asset and business acquisitions net of tax	<b>342,410</b>	262,229
Impairment loss on investment in an associate	<b>96,415</b>	–
Share-based compensation expenses	<b>109,305</b>	93,863
	<u><b>273,219</b></u>	<u>(800,101)</u>
<b>Adjusted Net Profit/(Loss)</b>	<b>273,219</b>	(800,101)

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

We recorded an adjusted operating profit of RMB275 million for the year ended December 31, 2021, compared to an adjusted operating loss of RMB1,114 million for the year ended December 31, 2020, mainly due to the increase in gross profit and the decrease in credit impairment losses.

#### **ADJUSTED NET PROFIT/(LOSS)**

We recorded an adjusted net profit of RMB273 million for the year ended December 31, 2021, compared to an adjusted net loss of RMB800 million for the year ended December 31, 2020, mainly due to the increase in gross profit and substantial decrease in credit impairment losses as discussed above.

## SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at December 31,		Year-on-year %
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	
Carrying amount of finances receivables	<b>11,109,198</b>	12,771,860	-13%
Cash and cash equivalents	<b>3,051,720</b>	2,711,558	13%
Total borrowings	<b>9,422,403</b>	10,147,383	-7%
Current assets	<b>14,897,268</b>	16,883,448	-12%
Current liabilities	<b>8,363,004</b>	10,215,050	-18%
Net current assets	<b>6,534,264</b>	6,668,398	-2%
Total equity	<b>14,642,211</b>	14,533,862	1%

### FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment and, in return, customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables decreased to RMB11.1 billion as at December 31, 2021, compared to RMB12.8 billion as at December 31, 2020, primarily due to our strategy to focus on the provision of 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,	
	2021	2020
	<i>(RMB'000, except for percentage)</i>	
Finance receivables, net (ending balance)	<b>11,510,629</b>	13,272,420
Provision for expected credit losses (ending balance)	<b>(401,431)</b>	(500,560)
Provision to net finance receivables ratio <sup>(1)</sup>	<b>3.49%</b>	3.77%

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>2021</b>	<b>2020</b>
	<i>(RMB'000, except for percentage)</i>	
Past due ratio:		
180+ days <sup>(2)</sup>	<b>1.64%</b>	1.62%
90+ days (including 180+ days) <sup>(3)</sup>	<b>1.95%</b>	2.28%

*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 our 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 our self-operated financing lease services and past due outstanding loan balances from our loan facilitation services divided by total net finance receivables and outstanding loan balances.

As at December 31, 2021, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions through both our self-operated financing lease services and loan facilitation services were 1.64% and 1.95%, respectively (December 31, 2020: 1.62% and 2.28% respectively). The ratio decreased as at December 31, 2021 mainly due to the recovery of China's economy and auto industry. From the second half of 2020, we adhered to more prudent strategies of credit risk control, we took proactive steps to tighten underwriting standards of the loans as we shifted more towards quality customers with better credit record; meanwhile, we made variety of credit risk control efforts throughout product life cycle, such as more focus on the collection measures for early stage of overdue, improving the efficiency of used car disposal, increasing the number and efficiency of litigation, etc.

## **CASH AND CASH EQUIVALENTS**

As at December 31, 2021, our cash and cash equivalents amounted to RMB3,052 million, compared with RMB2,712 million as at December 31, 2020. The increase in cash and cash equivalents was mainly due to the collection of interest and principal from our financing lease services.

As at December 31, 2021, RMB2,627 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,687 million as at December 31, 2020.

Our net cash inflow generated from operating activities was RMB1.5 billion for the year ended December 31, 2021, compared to a net cash inflow of RMB12.3 billion for the year ended December 31, 2020. The decrease in net cash inflow generated from operating activities was mainly due to the increase in sales volume of self-operated financing business for the year ended December 31, 2021.



## 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 the provision of our loan facilitation services and self-operated financing services.

For our loan facilitation services, we currently work with 23 banks and financial institutions as our partners. In addition to our equity funding and cash flow from operations, we also issued asset backed securities and notes as well as obtained loans and borrowings from banks and other financial institutions.

As at December 31, 2021, our total borrowings were RMB9.4 billion, compared to RMB10.1 billion as at December 31, 2020. The decrease was mainly due to our strategy to focus on loan facilitation services. Total borrowings comprised of (i) asset backed securities and notes of RMB2.4 billion as at December 31, 2021; and (ii) bank loans and borrowings from other institutions of RMB7.0 billion. Asset backed securities and notes as a percentage of our total borrowings was 26% as at December 31, 2021.

Yixin is a seasoned and highly recognized issuer in China's asset backed securities market. As at December 31, 2021, Yixin has offered in aggregate 31 asset backed securities and notes publicly, with a total issuance amount of over RMB39.9 billion on Shanghai Stock Exchange, National Association of Financial Market Institutional Investors and Shanghai Insurance Exchange.

## NET CURRENT ASSETS

Our net current assets decreased by 2% to RMB6,534 million as at December 31, 2021, compared to RMB6,668 million as at December 31, 2020. Our current assets were RMB14.9 billion as at December 31, 2021, compared to RMB16.9 billion as at December 31, 2020, primarily due to the decrease in current portion of finance receivables. Our current liabilities were RMB8.4 billion as at December 31, 2021, compared to RMB10.2 billion as at December 31, 2020, primarily due to the repayment of borrowings in line with the decrease of finance receivables.

## KEY FINANCIAL RATIOS

	As at December 31,	
	2021	2020
Current ratio (times) <sup>(1)</sup>	1.78	1.65
Gearing ratio <sup>(2)</sup>	21%	25%
Debt to equity ratio (times) <sup>(3)</sup>	<u>0.64</u>	<u>0.70</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 plus lease liabilities, less our cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net debt.
- (3) Debt to equity ratio is total borrowings plus lease liabilities divided by total equity at the end of each financial period.

### **Current Ratio**

Our current ratio increased to 1.78 as at December 31, 2021, compared to 1.65 as at December 31, 2020, mainly due to the decrease in the current liabilities of the Group.

### **Gearing Ratio**

Our gearing ratio decreased to 21% as at December 31, 2021, compared to 25% as at December 31, 2020, mainly due to a great reduction in net debt as a result of the substantial decline in volume of financing lease services based on our strategy to focus on loan facilitation services.

### **Debt to Equity Ratio**

Our debt to equity ratio decreased to 0.64 as at December 31, 2021, compared to 0.70 as at December 31, 2020, due to the decrease in total borrowings.

### **CAPITAL EXPENDITURE AND INVESTMENTS**

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Purchase of property and equipment and other non-current assets	<b>30,703</b>	19,119
Purchase of intangible assets	<b>1,871</b>	2,523
Investments in financial assets at fair value through profit or loss	<b>85,000</b>	160,298
Investments in associates and subsidiaries in the form of ordinary shares	<b>311,000</b>	77,730
<b>Total</b>	<b>428,574</b>	259,670

## FOREIGN EXCHANGE RISK

Our 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 PRC subsidiaries when transacting in foreign currencies with our overseas business partners. We did not hedge against any fluctuation in foreign currency during the years ended December 31, 2021 and 2020.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 21 and Note 27 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 and December 2020, the Company subscribed additional convertible note issued by Yusheng with a cash consideration of US\$43 million (equivalent to approximately HK\$335 million) and a cash consideration of US\$12 million (equivalent to approximately HK\$95 million), respectively, to further strengthen our cooperation relationship with Yusheng in used automobile business.

Yusheng achieved significant growth in 2021 with a year-on-year transaction-volume increase of more than 75%. The maturing store model enabled the strong performance of Yusheng, especially in the self-operated used car retail business. The number of Yusheng's self-operated used car retail stores reached 35 for the year ended December 31, 2021 and more than 80% of them were profitable in December 2021. As Yixin's important used car partner, Yusheng made important contribution to our financed used automobile transactions.

As at December 31, 2021, the fair value of our investment in Yusheng was RMB2,118,033,000 (December 31, 2020: RMB2,129,753,000) which constituted 7.7% of our total assets (December 31, 2020: 7.7%). The Company did not receive any dividends in respect of its investment in Yusheng for the years ended December 31, 2021 and 2020, and there were unrealised gains of approximately RMB37,419,000 from changes in fair value for the year ended December 31, 2021 (2020: RMB68,000,000).

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, 2021.

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

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

## **EMPLOYEE AND REMUNERATION POLICY**

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

As at December 31, 2021, we had 4,980 full-time employees (December 31, 2020: 3,554). 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, and Note 24 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 December 31, 2021 was RMB955 million, compared to RMB688 million for the year ended December 31, 2020.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies for the year ended December 31, 2021.

## **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 21 and 27 to the consolidated financial statements.

## **CONTINGENT LIABILITIES**

As at December 31, 2021, we did not have any material contingent liabilities (December 31, 2020: nil).

## CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
<b>Revenues</b>	5		
Transaction Platform Business		2,302,279	1,338,850
Self-operated Financing Business		<u>1,192,065</u>	<u>1,986,365</u>
		<b>3,494,344</b>	3,325,215
Cost of revenues	7	<u>(1,716,003)</u>	<u>(1,769,576)</u>
<b>Gross profit</b>		<b>1,778,341</b>	1,555,639
Selling and marketing expenses	7	(1,358,417)	(854,141)
Administrative expenses	7	(397,736)	(438,798)
Research and development expenses	7	(146,429)	(150,193)
Credit impairment losses	7	(286,376)	(1,812,270)
Other income and other gains, net	6	<u>512,799</u>	<u>218,652</u>
<b>Operating profit/(loss)</b>		<u><b>102,182</b></u>	<u>(1,481,111)</u>
Finance (cost)/income, net	9	(3,111)	11,750
Share of losses of investments accounted for using the equity method	15	<u>(15,446)</u>	<u>(28,573)</u>
<b>Profit/(Loss) before income tax</b>		<b>83,625</b>	(1,497,934)
Income tax (expense)/credit	10	<u>(54,672)</u>	<u>342,185</u>
<b>Profit/(Loss) for the year</b>		<u><b>28,953</b></u>	<u>(1,155,749)</u>
<b>Profit/(Loss) attributable to:</b>			
– Owners of the Company		28,953	(1,155,749)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u><b>28,953</b></u>	<u>(1,155,749)</u>
<b>Profit/(Loss) per share attributable to owners of the Company for the year (expressed in RMB per share)</b>	11		
– Basic		<u><b>0.005</b></u>	<u>(0.184)</u>
– Diluted		<u><b>0.004</b></u>	<u>(0.184)</u>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(Loss) for the year</b>	<u>28,953</u>	<u>(1,155,749)</u>
<b>Other comprehensive income, net of tax:</b> <i>Items that may not be reclassified to profit or loss</i>		
<i>Currency translation differences</i>	<u>(46,747)</u>	<u>(122,403)</u>
<b>Total comprehensive loss for the year</b>	<u><b>(17,794)</b></u>	<u><b>(1,278,152)</b></u>
<b>Attributable to:</b>		
– Owners of the Company	(17,794)	(1,278,152)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>(17,794)</b></u>	<u><b>(1,278,152)</b></u>

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

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	454,114	484,944
Right-of-use assets	13	20,386	24,619
Intangible assets	14	1,374,318	1,722,892
Associates using equity accounting	15	605,103	461,973
Associates measured at fair value through profit or loss	15	56,000	–
Financial assets at fair value through profit or loss	16	2,995,871	2,568,860
Deferred income tax assets	28	749,321	702,195
Prepayments, deposits and other assets	20	192,460	197,510
Finance receivables	18	5,379,618	3,923,125
Trade receivables	19	742,531	488,697
Restricted cash	21	70,203	67,359
		<u>12,639,925</u>	<u>10,642,174</u>
<b>Current assets</b>			
Finance receivables	18	5,729,580	8,848,735
Trade receivables	19	1,890,033	1,261,970
Prepayments, deposits and other assets	20	1,827,522	1,531,685
Restricted cash	21	2,398,413	2,529,500
Cash and cash equivalents	21	3,051,720	2,711,558
		<u>14,897,268</u>	<u>16,883,448</u>
<b>Total assets</b>		<u><u>27,537,193</u></u>	<u><u>27,525,622</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	4,204	4,182
Share premium	22	34,976,080	34,882,666
Other reserves	23	967,386	971,426
Accumulated losses		<u>(21,305,459)</u>	<u>(21,324,412)</u>
<b>Total equity</b>		<u><u>14,642,211</u></u>	<u><u>14,533,862</u></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	27	3,467,173	1,561,800
Lease liabilities	13	7,616	10,937
Deferred income tax liabilities	28	96,838	3,452
Other non-current liabilities	29	960,351	1,200,521
		<u>4,531,978</u>	<u>2,776,710</u>
<b>Current liabilities</b>			
Trade payables	25	537,616	317,760
Risk assurance liabilities	3.1(a) (ii)	651,958	277,457
Other payables and accruals	26	1,059,849	886,076
Current income tax liabilities		147,269	136,911
Borrowings	27	5,955,230	8,585,583
Lease liabilities	13	11,082	11,263
		<u>8,363,004</u>	<u>10,215,050</u>
<b>Total liabilities</b>		<u><b>12,894,982</b></u>	<u><b>12,991,760</b></u>
<b>Total equity and liabilities</b>		<u><b>27,537,193</b></u>	<u><b>27,525,622</b></u>

## 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 1 January 2021</b>		<b>4,182</b>	<b>34,882,666</b>	<b>971,426</b>	<b>(21,324,412)</b>	<b>14,533,862</b>
<b>Comprehensive loss</b>						
Profit for the year		-	-	-	28,953	28,953
Currency translation differences	23	-	-	(46,747)	-	(46,747)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(46,747)</b>	<b>28,953</b>	<b>(17,794)</b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	8, 23, 24	-	-	131,020	-	131,020
Appropriation to statutory surplus reserve	23	-	-	10,000	(10,000)	-
Release of ordinary shares from Share Scheme Trusts	22, 23, 24	9	47,972	(47,861)	-	120
Shares issued upon exercise of employee share options	22, 23, 24	1	7,291	(7,274)	-	18
Vesting of restricted awarded shares	22, 23, 24	12	38,151	(38,163)	-	-
Purchase of restricted shares under share award scheme	23, 24	-	-	(5,015)	-	(5,015)
<b>Total transactions with owners in their capacity as owners</b>		<b>22</b>	<b>93,414</b>	<b>42,707</b>	<b>(10,000)</b>	<b>126,143</b>
<b>Balance at 31 December 2021</b>		<b>4,204</b>	<b>34,976,080</b>	<b>967,386</b>	<b>(21,305,459)</b>	<b>14,642,211</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 1 January 2020</b>		<u>4,148</u>	<u>34,739,193</u>	<u>1,138,370</u>	<u>(20,168,657)</u>	<u>15,713,054</u>
<b>Comprehensive loss</b>						
Loss for the year		–	–	–	(1,155,749)	(1,155,749)
Currency translation differences	23	–	–	(122,403)	–	(122,403)
<b>Total comprehensive loss for the year</b>		–	–	(122,403)	(1,155,749)	(1,278,152)
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	8, 23, 24	–	–	105,043	–	105,043
Appropriation to statutory surplus reserve	23	–	–	6	(6)	–
Release of ordinary shares from Share Scheme Trusts	22, 23, 24	17	87,411	(87,189)	–	239
Shares issued upon exercise of employee share options	22, 23, 24	2	10,450	(10,423)	–	29
Vesting of restricted awarded shares	22, 23, 24	15	45,612	(45,627)	–	–
Purchase of restricted shares under share award scheme	23, 24	–	–	(6,351)	–	(6,351)
<b>Total transactions with owners in their capacity as owners</b>		<u>34</u>	<u>143,473</u>	<u>(44,541)</u>	<u>(6)</u>	<u>98,960</u>
<b>Balance at 31 December 2020</b>		<u>4,182</u>	<u>34,882,666</u>	<u>971,426</u>	<u>(21,324,412)</u>	<u>14,533,862</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	Year ended 31 December	
		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,457,831	12,287,200
Income tax returned/(paid)		1,944	(35,600)
		<u>1,459,775</u>	<u>12,251,600</u>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		46,884	43,679
Proceeds from disposal of property and equipment and intangible assets		3,726	4,159
Purchase of property and equipment and other non-current assets		(13,203)	(19,119)
Purchase of intangible assets		(1,871)	(2,523)
Loans to a related party		–	(50,000)
Loans to third parties		(170,000)	(213,900)
Repayment of loans from third parties		43,900	156,000
Repayment of loans from a related party		–	50,000
Investments in financial assets at fair value through profit or loss	16	(85,000)	(160,298)
Proceeds from disposal of financial assets	16	5,087	–
Investment in associates		(311,000)	(75,000)
Prepayment for an investment	20	(17,500)	–
Acquisition of a subsidiary, net of cash acquired		–	(2,730)
Placements of restricted cash		(456,690)	(1,881,471)
Maturity of restricted cash		1,019,056	1,955,630
		<u>63,389</u>	<u>(195,573)</u>
<b>Net cash generated from/(used in) investing activities</b>			



	<b>Year ended 31 December</b>	
<i>Note</i>	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>11,463,235</b>	10,004,541
Repayment of borrowings	<b>(12,200,635)</b>	(19,743,229)
Release of deposits for borrowings	<b>164,943</b>	253,561
Proceeds of loans from Bitauto Group	–	300,000
Repayment of loans from Bitauto Group	–	(600,000)
Principal elements of lease payments	<b>(12,401)</b>	(8,904)
Proceeds from exercise of share options	<b>1,501</b>	29
Purchase of restricted shares under share award scheme	<b>(5,015)</b>	(6,351)
Interest paid	<b>(580,698)</b>	(1,135,668)
	<u><b>(1,169,070)</b></u>	<u>(10,936,021)</u>
<b>Net cash used in financing activities</b>		
	<b>354,094</b>	1,120,006
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year	<b>2,711,558</b>	1,586,817
Exchange (losses)/gains on cash and cash equivalents	<b>(13,932)</b>	4,735
	<u><b>3,051,720</b></u>	<u>2,711,558</u>
<b>Cash and cash equivalents at end of year</b>		

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

The Company is an investment holding company. The Company together with its subsidiaries and consolidated affiliated entities (together, the “Group”) are principally engaged in (i) the provision of loan facilitation services, 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”).

Pursuant to the Voting Proxy Agreement entered into between Bitauto Holdings Limited (“Bitauto” collectively with its subsidiaries, the “Bitauto Group”) and Tencent Holdings Limited (“Tencent” collectively with its subsidiaries, the “Tencent Group”) on 15 November 2019, Tencent granted to Bitauto a voting proxy representing approximately 10% of the then issued share capital of the Company, enabling Bitauto to exercise in excess of 50% of the voting rights in the Company. Upon the termination of the Voting Proxy Agreement with effect from 4 November 2020, Bitauto no longer had statutory control over the Company. As at the date of these consolidated financial statements, there is no ultimate parent of the Company. The Tencent Group is the largest shareholder of the Company.

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 31 December 2021, 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 31 December as their financial year-end date.

United States Dollars are defined as “US\$” and Hong Kong Dollars are defined as “HK\$”.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap.622). 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 1 January 2021:

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

The group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle,
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and
- Covid-19-Related Rent Concessions beyond 30 June 2021.

The above amendments to IFRS effective for the financial year beginning on 1 January 2021 do not have a material impact on the Group’s consolidated financial statements.

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

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)	1 January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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 investments in debt instruments and unlisted securities measured at FVTPL are not subject to the ECL assessment.

(ii) *Expected credit loss measurement*

*Models*

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

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

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets).

**Change in credit quality since initial recognition**

<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

*Significant increase in credit risk (SICR)*

The Group considers a financial instrument to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. No qualitative criterion is considered by the Group since the Group monitors the risk of borrowers purely based on overdue period.

*Definition of default and credit-impaired assets*

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired if the borrower is more than 90 days past due on its contractual payments. No qualitative criterion is considered by the Group since the Group monitors the risk of borrowers purely based on overdue period.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purpose. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group’s expected loss calculations.

### *Measuring ECL-Explanation of inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-months (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired assets” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculate on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 month and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e.: the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

### *Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The forecasts of these economic variables are provided periodically and the most relevant variables are picked and estimated by the Group.

*Maximum exposure to credit risk-Financial instruments subject to impairment*

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposures to credit risk on these assets.

<b>Maximum exposure to credit risk of the Group</b>					
<b>As at 31 December 2021</b>					
	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Simplified Approach</b>	
	<b>12 months expected credit loss</b>	<b>Expected credit loss since purchased</b>	<b>Expected credit loss since purchased</b>	<b>Expected credit loss since purchased</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Cash and cash equivalents	3,051,720	-	-	-	3,051,720
Restricted cash	2,468,616	-	-	-	2,468,616
Finance receivables	11,037,428	75,751	397,450	-	11,510,629
Trade receivables	-	-	-	2,735,827	2,735,827
Other receivables	-	1,713,795	302,035	-	2,015,830
<b>Gross balance</b>	<b>16,557,764</b>	<b>1,789,546</b>	<b>699,485</b>	<b>2,735,827</b>	<b>21,782,622</b>
Allowance for impairment losses	(188,287)	(182,099)	(234,784)	(132,820)	(737,990)
<b>Net balance</b>	<b>16,369,477</b>	<b>1,607,447</b>	<b>464,701</b>	<b>2,603,007</b>	<b>21,044,632</b>
Off balance-sheet items	33,101,666	668,531	-	-	33,770,197
Risk assurance liabilities	(611,968)	(39,990)	-	-	(651,958)
<b>Maximum exposure to credit risk of the Group</b>					
<b>As at 31 December 2020</b>					
	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Simplified Approach</b>	
	<b>12 months expected credit loss</b>	<b>Expected credit loss since purchased</b>	<b>Expected credit loss since purchased</b>	<b>Expected credit loss since purchased</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Cash and cash equivalents	2,711,558	-	-	-	2,711,558
Restricted cash	2,596,859	-	-	-	2,596,859
Finance receivables	12,347,806	437,800	486,814	-	13,272,420
Trade receivables	-	-	-	1,859,475	1,859,475
Other receivables	-	1,372,023	211,537	-	1,583,560
<b>Gross balance</b>	<b>17,656,223</b>	<b>1,809,823</b>	<b>698,351</b>	<b>1,859,475</b>	<b>22,023,872</b>
Allowance for impairment losses	(167,519)	(169,346)	(241,446)	(128,375)	(706,686)
<b>Net balance</b>	<b>17,488,704</b>	<b>1,640,477</b>	<b>456,905</b>	<b>1,731,100</b>	<b>21,317,186</b>
Off balance-sheet items	17,816,726	669,428	-	-	18,486,154
Risk assurance liabilities	(229,043)	(48,414)	-	-	(277,457)

### Finance receivables

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

Provision for expected credit losses as at 31 December 2021 and 2020 was determined as follows for finance receivables:

<b>31 December 2021</b>	<b>Stage I RMB'000</b>	<b>Stage II RMB'000</b>	<b>Stage III RMB'000</b>	<b>Total RMB'000</b>
Expected loss rate	1.71%	39.23%	46.15%	3.49%
Gross carrying amount (Note 18)	11,037,428	75,751	397,450	11,510,629
Provision for expected credit losses	<u>188,287</u>	<u>29,714</u>	<u>183,430</u>	<u>401,431</u>
<b>31 December 2020</b>	<b>Stage I RMB'000</b>	<b>Stage II RMB'000</b>	<b>Stage III RMB'000</b>	<b>Total RMB'000</b>
Expected loss rate	1.36%	30.09%	41.35%	3.77%
Gross carrying amount (Note 18)	12,347,806	437,800	486,814	13,272,420
Provision for expected credit losses	<u>167,519</u>	<u>131,744</u>	<u>201,297</u>	<u>500,560</u>

The most significant assumptions used for the ECL estimate as at 31 December 2021 are loan balance at financial institutions and broad money (“M2”) (31 December 2020: per capita disposable income in China and M2). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables. Back testing has been performed to prove these variables are the most relevant. The scenarios “base”, “upside” and “downside” were used for all portfolios.

<b>Key economic variable</b>	<b>Scenario</b>	<b>2021</b>	<b>2020</b>
Loan balance at financial institutions	Base	11.50%	N/A
	Upside	11.73%	N/A
	Downside	11.27%	N/A
M2	Base	8.70%	9.10%
	Upside	8.03%	10.12%
	Downside	9.37%	8.07%
Per capita disposable income in China	Base	N/A	4.12%-6.80%
	Upside	N/A	6.85%-9.53%
	Downside	N/A	1.39%-4.07%



The Group determines the base, upside, and downside scenarios and their weightings according to the analysis of macroeconomics and calculates thereby the weighted average ECL allowance. The weightings assigned to each economic scenario as at 31 December 2021 and 2020 were as follows:

Key economic variable	Scenario	2021	2020
Loan balance at financial institutions	Base	85%	N/A
	Upside	10%	N/A
	Downside	5%	N/A
M2	Base	85%	85%
	Upside	10%	10%
	Downside	5%	5%
Per capita disposable income in China	Base	N/A	85%
	Upside	N/A	10%
	Downside	N/A	5%

A sensitivity analysis is performed on the key economic variables, namely loan balance at financial institutions and M2. Set out below are the changes to the ECL as at 31 December 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

		Loan balance at financial institutions		
		-5%	No Change	5%
		RMB'000	RMB'000	RMB'000
M2	-5%	(6,942)	33,613	(48,066)
	No Change	(990)	-	960
	5%	<u>88,406</u>	<u>(61,734)</u>	<u>47,282</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 after the completion of legal proceedings and execution, and a failure to make contractual payments for a certain period of time past due.

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

### *Trade receivables and other receivables*

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. To measure the expected credit losses, trade receivables have been grouped based on the days past due. For other receivables other than loans recognized as a result of payment under risk assurance, the ECL are assessed individually. The Company consider the counterparties with good credit worthiness with reference to external credit rating and historical observed default rates over the expected life. The Company has identified the Consumer Price Index (CPI) and Producer Price Index (PPI) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. In the opinion of the Company, the estimated loss rates of these counterparties are not significant and the Group assessed that the ECL on these balances are insignificant.

Trade receivables and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group.

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

### *Off balance-sheet items*

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 31 December 2021, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB33,165 million (2020: RMB17,881 million). As at 31 December 2021, the guarantee liabilities recognised by the Group under such financial guarantee contracts was RMB632.3 million (2020: RMB247.9 million).

Under the guarantee agreement with Chetaotao (Ningbo) E-commerce Co., Ltd. (“Chetaotao”), Xince Investment (Shanghai) Co., Ltd. (“Xince”), an indirectly wholly-owned subsidiary of the Company, is required to pay the redemption price on behalf of Chetaotao upon certain events. As of 31 December 2021, the total outstanding redemption price under the guarantee agreement was RMB605 million (2020: RMB605 million). As at 31 December 2021, the guarantee liabilities recognised by the Group under such guarantee contracts was RMB19.7 million (2020: RMB29.6 million).

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

The most significant assumptions used for the ECL estimate as at 31 December 2021 are loan balance at financial institutions and broad money (“M2”) (31 December 2020: per capita disposable income in China and M2).

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

**(b) Other financial risk**

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

In response, the Group has continued to take the following actions: (a) established Tianjin Duoxin Financial Guarantee Company Limited (“Tianjin Duoxin”), another wholly-owned subsidiary that is licensed to provide financial guarantees and is used to guarantee new facilitation arrangements, and (b) worked with certain lending institution to transfer its existing guarantee obligations to Guangzhou Shengda.

Management has assessed that in all likelihood the future financial impact of these actions will not be significant for the Group; and does not believe that it is probable there will be a material outflow of resources during the process of complying with the Circular. Management will continue to assess the impact of the Circular on its business and take further actions if deemed necessary.

#### **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 is primarily comprised of loan facilitation commission fees and other direct service costs. Cost of revenues for Self-operated Financing Business segment is primarily comprised of 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 income and other gains, net” associated with the respective segment.

The “Finance loss/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 consolidated 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 31 December 2021 are as follows:

	Year ended 31 December 2021		
	Transaction Platform Business <i>RMB'000</i>	Self-operated Financing Business <i>RMB'000</i>	Total <i>RMB'000</i>
Revenues	2,302,279	1,192,065	3,494,344
– Recognized at a point in time	2,079,806	14,418	2,094,224
– Recognized over time	222,473	1,177,647	1,400,120
Gross profit	1,132,539	645,802	1,778,341
Operating profit/(loss)	50,404	51,778	102,182

The segment results for the year ended 31 December 2020 are as follows:

	Year ended 31 December 2020		
	Transaction Platform Business <i>RMB'000</i>	Self-operated Financing Business <i>RMB'000</i>	Total <i>RMB'000</i>
Revenues	1,338,850	1,986,365	3,325,215
– Recognized at a point in time	1,212,985	27,593	1,240,578
– Recognized over time	125,865	1,958,772	2,084,637
Gross profit	726,466	829,173	1,555,639
Operating profit/(loss)	83,666	(1,564,777)	(1,481,111)

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 31 December 2021 and 2020, 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 31 December 2021 and 2020 is presented in the consolidated income statements of the Group.

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

	Year ended 31 December 2021			Year ended 31 December 2020		
	Recognized at a point in time	Recognized over time	Total	Recognized at a point in time	Recognized over time	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Transaction Platform Business:</b>						
– Loan facilitation services	1,951,709	–	1,951,709	1,185,281	–	1,185,281
– Guarantee services	–	222,473	222,473	–	60,592	60,592
– After-market services	123,253	–	123,253	27,704	–	27,704
– Advertising and other services	4,844	–	4,844	–	65,273	65,273
	<u>2,079,806</u>	<u>222,473</u>	<u>2,302,279</u>	<u>1,212,985</u>	<u>125,865</u>	<u>1,338,850</u>
<b>Self-operated Financing Business</b>						
– Financing lease services	–	1,156,483	1,156,483	–	1,951,987	1,951,987
– Sales of automobiles	14,418	–	14,418	23,137	–	23,137
– Operating lease services and others	–	21,164	21,164	4,456	6,785	11,241
	<u>14,418</u>	<u>1,177,647</u>	<u>1,192,065</u>	<u>27,593</u>	<u>1,958,772</u>	<u>1,986,365</u>
<b>Total</b>	<u><b>2,094,224</b></u>	<u><b>1,400,120</b></u>	<u><b>3,494,344</b></u>	<u><b>1,240,578</b></u>	<u><b>2,084,637</b></u>	<u><b>3,325,215</b></u>

## 6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income from business cooperation arrangements with Yusheng Holdings Limited (“Yusheng”)	205,598	151,899
Government grants	22,383	62,129
Losses on disposal of property and equipment and intangible assets	(1,148)	(3,122)
Fair value gain on financial assets ( <i>Note 16</i> )	397,523	444
Impairment loss on investment in an associate ( <i>Note 15</i> )	(96,415)	–
Foreign exchange losses, net	(5,705)	7,115
Bank fees and charges	(20,388)	(13,919)
Others, net	10,951	14,106
<b>Total</b>	<u><b>512,799</b></u>	<u><b>218,652</b></u>

## 7 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Loan facilitation commission fee	1,090,165	593,806
Employee benefit expenses (Note 8)	954,797	687,721
Funding costs	498,877	1,055,362
Depreciation and amortization charges	395,902	323,062
Provision for expected credit losses:		
– Other receivables (Note 20)	150,734	87,224
– Finance receivables (Note 18)	120,733	1,616,080
– Risk assurance liabilities	10,016	77,978
– Trade receivables (Note 19)	4,893	30,988
Expenses incurred for self-operated financing lease business	270,112	143,795
Office and administrative expenses	80,982	71,187
Provision for impairment of other non-current assets (Note 20)	63,469	113,804
Marketing and advertising expenditures	53,829	90,990
Cost of automobiles sold	17,850	23,301
Auditors' remuneration		
– Audit services	6,961	5,973
– Non-audit services	363	341
Other expenses	185,278	103,366
<b>Total</b>	<b>3,904,961</b>	<b>5,024,978</b>

## 8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	641,601	485,136
Pension and benefits	182,176	97,542
Share-based compensation expenses (Note 24)	131,020	105,043
<b>Total employee benefit expenses</b>	<b>954,797</b>	<b>687,721</b>

## 9 FINANCE (COST)/INCOME, NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Finance income:</b>		
– Interest income	54,069	36,387
<b>Finance expenses:</b>		
– Interest expenses	(57,180)	(24,637)
<b>Net finance (cost)/income</b>	<b>(3,111)</b>	<b>11,750</b>

## 10 INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) of the Group for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax expense/(credit)	8,412	(63,474)
Deferred income tax	46,260	(278,711)
<b>Income tax expense/(credit)</b>	<b>54,672</b>	<b>(342,185)</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 31 December	
	2021	2020
	RMB'000	RMB'000
Weighted average number of issued ordinary shares	6,336,248,063	6,296,908,052
Less: shares held for restricted share scheme	(1,476,845)	(1,589,564)
Weighted average number of issued ordinary shares for calculating basic profit/(loss) per share	<b>6,334,771,218</b>	<b>6,295,318,488</b>
Profit/(Loss) attributable to owners of the Company for calculating basic profit/(loss) per share (RMB'000)	<b>28,953</b>	<b>(1,155,749)</b>
Diluted impact on profit/(loss) (RMB'000)	–	–
Profit/(Loss) attributable to owners of the Company for calculating diluted profit/(loss) per share (RMB'000)	<b>28,953</b>	<b>(1,155,749)</b>
Numbers of restricted shares with potential dilutive effect (Note (b)(c))	<b>255,768,702</b>	–
Weighted average number of issued ordinary shares for calculating diluted profit/(loss) per share (Note (b))	<b>6,590,539,920</b>	<b>6,295,318,488</b>
Profit/(Loss) per share		
– Basic (RMB per share)	<b>0.005</b>	<b>(0.184)</b>
– Diluted (RMB per share)	<b>0.004</b>	<b>(0.184)</b>

*Notes:*

- (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. For the year ended 31 December 2021 and 2020, 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 24).
- (b) For the year ended 31 December 2021, a calculation was done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above was compared with the number of shares that would have been issued, assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted profit per share.
- (c) As the Group incurred loss for the year ended 31 December 2020, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the year ended 31 December 2020 were the same as basic loss 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 1 January 2021						
Cost	453,347	59,691	12,879	24,199	12,437	562,553
Accumulated depreciation	(14,716)	(38,206)	(3,644)	(15,985)	(5,058)	(77,609)
Net book amount	<u>438,631</u>	<u>21,485</u>	<u>9,235</u>	<u>8,214</u>	<u>7,379</u>	<u>484,944</u>
For the year ended 31 December 2021						
Opening net book amount	438,631	21,485	9,235	8,214	7,379	484,944
Additions	334	5,809	8,980	951	256	16,330
Disposals	-	(172)	(4,751)	(6,492)	(2,808)	(14,223)
Depreciation charge	(13,616)	(11,894)	(2,865)	(2,673)	(1,889)	(32,937)
Closing net book amount	<u>425,349</u>	<u>15,228</u>	<u>10,599</u>	<u>-</u>	<u>2,938</u>	<u>454,114</u>
As at 31 December 2021						
Cost	453,681	63,391	15,937	1,960	7,536	542,505
Accumulated depreciation	(28,332)	(48,163)	(5,338)	(1,960)	(4,598)	(88,391)
Net book amount	<u>425,349</u>	<u>15,228</u>	<u>10,599</u>	<u>-</u>	<u>2,938</u>	<u>454,114</u>



	Buildings RMB'000	Office equipment RMB'000	Automobiles for corporate uses RMB'000	Automobiles for operating leases RMB'000	Leasehold improvement RMB'000	Total RMB'000
As at 1 January 2020						
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>
For the year ended 31 December 2020						
Opening net book amount	27,380	32,066	8,501	29,496	10,937	108,380
Additions	425,967	3,528	7,287	283	803	437,868
Disposals	—	(1,254)	(3,757)	(12,962)	(2,623)	(20,596)
Depreciation charge	(14,716)	(12,855)	(2,796)	(8,603)	(1,738)	(40,708)
Closing net book amount	<u>438,631</u>	<u>21,485</u>	<u>9,235</u>	<u>8,214</u>	<u>7,379</u>	<u>484,944</u>
As at 31 December 2020						
Cost	453,347	59,691	12,879	24,199	12,437	562,553
Accumulated depreciation	(14,716)	(38,206)	(3,644)	(15,985)	(5,058)	(77,609)
Net book amount	<u>438,631</u>	<u>21,485</u>	<u>9,235</u>	<u>8,214</u>	<u>7,379</u>	<u>484,944</u>

### 13 LEASES

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

The balance sheet shows the following amounts relating to leases:

	<b>As at</b>	
	<b>31 December</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Right-of-use assets</b>		
Properties	<u>20,386</u>	24,619
<b>Lease liabilities</b>		
Current	<u>11,082</u>	11,263
Non-current	<u>7,616</u>	10,937
	<u><b>18,698</b></u>	<u>22,200</u>

Additions to the right-of-use assets during the year ended 31 December 2021 were RMB8,899,000 (2020: RMB1,725,000).

**(b) Amounts recognised in the income statement**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Depreciation charge of right-of-use assets</b>		
Properties	<u>13,132</u>	<u>12,064</u>
Interest expenses (included in finance expenses)	<b>1,081</b>	1,307
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	<u><b>1,170</b></u>	<u>7,510</u>

The total cash outflow for leases in 2021 was RMB14,504,000 (2020: RMB14,226,000).

**14 INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Trademarks</b>	<b>Domain</b>	<b>Computer</b>	<b>Business</b>	<b>Total</b>
	<b>RMB'000</b>	<b>and licenses</b>	<b>names</b>	<b>software and</b>	<b>Cooperation</b>	<b>RMB'000</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>technology</b>	<b>Agreements</b>	<b>RMB'000</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
As at 1 January 2021						
Cost	105,631	43,966	12,828	26,711	2,344,363	2,533,499
Accumulated amortization	-	(14,289)	(5,755)	(10,178)	(780,385)	(810,607)
Net book amount	<u>105,631</u>	<u>29,677</u>	<u>7,073</u>	<u>16,533</u>	<u>1,563,978</u>	<u>1,722,892</u>
For the year ended 31 December 2021						
Opening net book amount	105,631	29,677	7,073	16,533	1,563,978	1,722,892
Additions	-	-	-	1,701	-	1,701
Disposal	-	-	-	(442)	-	(442)
Amortization charge	-	(3,696)	(1,283)	(3,210)	(341,644)	(349,833)
Closing net book amount	<u>105,631</u>	<u>25,981</u>	<u>5,790</u>	<u>14,582</u>	<u>1,222,334</u>	<u>1,374,318</u>
As at 31 December 2021						
Cost	105,631	43,966	12,828	27,822	2,344,363	2,534,610
Accumulated amortization	-	(17,985)	(7,038)	(13,240)	(1,122,029)	(1,160,292)
Net book amount	<u>105,631</u>	<u>25,981</u>	<u>5,790</u>	<u>14,582</u>	<u>1,222,334</u>	<u>1,374,318</u>

	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 1 January 2020						
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>
For the year ended 31 December 2020						
Opening net book amount	105,631	29,704	8,356	20,764	1,825,623	1,990,078
Additions	–	3,640	–	1,866	–	5,506
Disposal	–	(205)	–	(2,197)	–	(2,402)
Amortization charge	–	(3,462)	(1,283)	(3,900)	(261,645)	(270,290)
Closing net book amount	<u>105,631</u>	<u>29,677</u>	<u>7,073</u>	<u>16,533</u>	<u>1,563,978</u>	<u>1,722,892</u>
As at 31 December 2020						
Cost	105,631	43,966	12,828	26,711	2,344,363	2,533,499
Accumulated amortization	–	(14,289)	(5,755)	(10,178)	(780,385)	(810,607)
Net book amount	<u>105,631</u>	<u>29,677</u>	<u>7,073</u>	<u>16,533</u>	<u>1,563,978</u>	<u>1,722,892</u>

## 15 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in associates:		
Associates using equity accounting (a)	605,103	461,973
Associates measured at fair value through profit or loss (b)	56,000	–
	<u>661,103</u>	<u>461,973</u>

(a) Associates using equity accounting

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	461,973	15,546
Additions	255,000	475,000
Share of losses of associates	(15,446)	(28,573)
Impairment provision	(96,415)	–
Currency translation differences	(9)	–
	<hr/>	<hr/>
At end of the year	<b>605,103</b>	<b>461,973</b>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	–	–
Addition	56,000	–
	<hr/>	<hr/>
At end of the year	<b>56,000</b>	<b>–</b>

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	2,568,860	2,550,085
Additions	85,000	160,298
Disposals	(5,087)	–
Fair value gain	397,523	444
Currency translation differences	(50,425)	(141,967)
	<hr/>	<hr/>
At end of the year	<b>2,995,871</b>	<b>2,568,860</b>

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets as per balance sheet</b>		
Financial assets at fair value through profit or loss:		
– Long-term investments ( <i>Note 16</i> )	2,995,871	2,568,860
Financial assets at amortized cost:		
– Finance receivables ( <i>Note 18</i> )	11,109,198	12,771,860
– Trade receivables ( <i>Note 19</i> )	2,632,564	1,750,667
– Deposits and other receivables	1,812,091	1,486,242
– Restricted cash ( <i>Note 21(b)</i> )	2,468,616	2,596,859
– Cash and cash equivalents ( <i>Note 21(a)</i> )	3,051,720	2,711,558
	<u>24,070,060</u>	<u>23,886,046</u>
	<u>24,070,060</u>	<u>23,886,046</u>
<b>Liabilities as per balance sheet</b>		
Financial liabilities at amortized cost:		
– Borrowings ( <i>Note 27</i> )	9,422,403	10,147,383
– Trade payables ( <i>Note 25</i> )	537,616	317,760
– Other payables (excluding advance from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals)	548,111	541,690
– Other non-current liabilities (excluding deferred revenue) ( <i>Note 29</i> )	28,244	92,312
Risk assurance liabilities	651,958	277,457
Lease liabilities ( <i>Note 13</i> )	18,698	22,200
	<u>11,207,030</u>	<u>11,398,802</u>
	<u>11,207,030</u>	<u>11,398,802</u>

## 18 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 31 December 2021 and 2020 are as below:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Finance receivables		
– Finance receivables, gross	<b>12,738,754</b>	14,417,257
– Unearned finance income	<b>(1,228,125)</b>	(1,144,837)
	<hr/>	<hr/>
Finance receivables, net	<b>11,510,629</b>	13,272,420
Less: provision for expected credit losses	<b>(401,431)</b>	(500,560)
	<hr/>	<hr/>
Carrying amount of finance receivables	<b>11,109,198</b>	12,771,860
	<hr/> <hr/>	<hr/> <hr/>
Finance receivables, gross		
– Within one year	<b>6,773,483</b>	10,089,734
– After one year but not more than five years	<b>5,965,271</b>	4,327,523
	<hr/>	<hr/>
	<b>12,738,754</b>	14,417,257
	<hr/> <hr/>	<hr/> <hr/>
Finance receivables, net		
– Within one year	<b>5,939,789</b>	9,193,534
– After one year but not more than five years	<b>5,570,840</b>	4,078,886
	<hr/>	<hr/>
Total	<b>11,510,629</b>	13,272,420
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Finance receivables:		
– Individual customers	<b>10,764,203</b>	12,340,594
– Auto dealers	<b>344,995</b>	431,266
	<hr/>	<hr/>
	<b>11,109,198</b>	12,771,860
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 December 2021			Total RMB'000
	Stage I RMB'000	Stage II RMB'000	Stage III RMB'000	
Opening balance at 1 January 2021	167,519	131,744	201,297	500,560
Provision for impairment	108,318	(87,136)	358,134	379,316
Reversal of impairment	–	–	(258,583)	(258,583)
Transfer for the period:				
<i>Conversion to Stage I</i>	271	(195)	(76)	–
<i>Conversion to Stage II</i>	(11,039)	11,256	(217)	–
<i>Conversion to Stage III</i>	(76,782)	(25,955)	102,737	–
Asset derecognised (including final repayment)	–	–	258,583	258,583
Write-off	–	–	(478,445)	(478,445)
Ending balance at 31 December 2021	<u>188,287</u>	<u>29,714</u>	<u>183,430</u>	<u>401,431</u>
	Year ended 31 December 2020			Total RMB'000
	Stage I RMB'000	Stage II RMB'000	Stage III RMB'000	
Opening balance at 1 January 2020	175,605	233,587	270,535	679,727
Provision for impairment	902,300	528,345	304,699	1,735,344
Reversal of impairment	–	–	(119,264)	(119,264)
Transfer for the period:				
<i>Conversion to Stage I</i>	196	(131)	(65)	–
<i>Conversion to Stage II</i>	(121,675)	122,739	(1,064)	–
<i>Conversion to Stage III</i>	(788,907)	(752,796)	1,541,703	–
Asset derecognised (including final repayment)	–	–	119,264	119,264
Write-off	–	–	(1,914,511)	(1,914,511)
Ending balance at 31 December 2020	<u>167,519</u>	<u>131,744</u>	<u>201,297</u>	<u>500,560</u>

## 19 TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables	2,765,384	1,879,042
Less: provision for impairment	(132,820)	(128,375)
Trade receivables, net	<u>2,632,564</u>	<u>1,750,667</u>
Trade receivables, net	2,632,564	1,750,667
– Within one year	1,890,033	1,261,970
– After one year but not more than five years	<u>742,531</u>	<u>488,697</u>

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Up to 3 months	2,619,834	1,709,039
3 to 6 months	5,443	34,592
Over 6 months	<u>7,287</u>	<u>7,036</u>
	<u>2,632,564</u>	<u>1,750,667</u>

As at 31 December 2021 and 2020, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

	Provision for impairment	
	2021	2020
	RMB'000	RMB'000
At 1 January	128,375	97,398
Charge for the year	5,893	30,988
Reverse	(1,000)	–
Write off	<u>(448)</u>	<u>(11)</u>
At 31 December	<u>132,820</u>	<u>128,375</u>



## 20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Included in non-current assets:</b>		
Vehicles collected from financing lease customers	160,150	330,255
Deposits	94,047	64,021
Prepayment for a capital investment	17,500	–
Long-term prepaid expense	3,470	4,950
Others	75	16,849
	<u>275,242</u>	<u>416,075</u>
Less: provision for impairment of vehicles collected from financing lease customers	<u>(82,782)</u>	<u>(218,565)</u>
	<u><b>192,460</b></u>	<u><b>197,510</b></u>
<b>Included in current assets:</b>		
Other receivables from third parties	573,027	368,246
Loans to third parties (a)	293,178	140,475
Deposits	290,924	266,338
Other receivables from disposal of assets	270,403	115,947
Loans recognized as a result of payment under risk assurance	302,035	211,537
Prepaid taxes	91,431	78,769
Other receivables from related parties	61,310	237,897
Prepayments	17,679	28,732
Loans to related parties	19,000	41,000
Others	112,274	120,495
	<u>2,031,261</u>	<u>1,609,436</u>
Less: provision for impairment of other receivables	<u>(203,739)</u>	<u>(77,751)</u>
	<u><b>1,827,522</b></u>	<u><b>1,531,685</b></u>
<b>Total</b>	<u><b>2,019,982</b></u>	<u><b>1,729,195</b></u>

*Note:*

- (a) The loans to third parties are arranged to be recovered by the end of December 2022 given the business terms. As at 31 December 2021, the applicable interest rates on loans to third parties are from 6.00% to 10.00% per annum.

As at 31 December 2021 and 2020, 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 31 December 2021 and 2020, there are no significant balances that are past due.

	<b>Provision for impairment</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
As at 1 January	296,316	156,000
Provision for impairment	217,506	–
Recovery of write-off	3,303	–
Reversal of provision provided in relation to the recovery of write-off	(3,303)	201,028
Write-off	(227,301)	(60,712)
	<u>286,521</u>	<u>296,316</u>
As at 31 December	<u><b>286,521</b></u>	<u>296,316</u>

## 21 CASH AND BANK BALANCES

### (a) Cash and cash equivalents

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cash and cash equivalents	<u>3,051,720</u>	<u>2,711,558</u>

As at 31 December 2021 and 2020, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
US\$	189,501	12,109
HK\$	235,033	12,513
RMB	2,627,186	2,686,936
	<u>3,051,720</u>	<u>2,711,558</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 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cash deposited for loan facilitation services (a)	<b>1,596,131</b>	1,171,388
Term deposits pledged for bank borrowings (b)	<b>440,763</b>	1,070,112
Cash deposited for borrowings (c)	<b>16,530</b>	11,609
Others	<b>415,192</b>	343,750
	<b>2,468,616</b>	<b>2,596,859</b>
Of which are:		
Current restricted cash	<b>2,398,413</b>	2,529,500
Non-current restricted cash	<b>70,203</b>	67,359

*Notes:*

- (a) The balance represents the deposits placed with banks for the Group's loan facilitation services. Such balance is restricted from withdrawal by the Group.
- (b) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings (Note 27).
- (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 of the Group. Such balance is restricted from withdrawal by the Group.

As at 31 December 2021 and 2020, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
US\$	<b>8</b>	345,615
HK\$	<b>295,644</b>	597,564
RMB	<b>2,172,964</b>	1,653,680
	<b>2,468,616</b>	<b>2,596,859</b>

As at 31 December 2021, the applicable interest rates per annum on restricted cash ranged from 0.00% to 2.75% (2020: 0.01% to 2.75%).

**22 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>				
As at 1 January and 31 December 2021	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>
As at 1 January and 31 December 2020	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>
	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>				
At 1 January 2021	<u>6,376,600,363</u>	<u>629</u>	<u>4,182</u>	<u>34,882,666</u>
Newly issued ordinary shares	140,415,149	–	–	–
Release of ordinary shares from Share Scheme Trusts	–	1	9	47,972
Shares issued upon exercise of employee share options	2,034,500	–	1	7,291
Vesting of restricted awarded shares	–	2	12	38,151
<b>As at 31 December 2021</b>	<u><b>6,519,050,012</b></u>	<u><b>632</b></u>	<u><b>4,204</b></u>	<u><b>34,976,080</b></u>
<b>At 1 January 2020</b>	<u>6,373,685,048</u>	<u>625</u>	<u>4,148</u>	<u>34,739,193</u>
Release of ordinary shares from Share Scheme Trusts	–	2	17	87,411
Shares issued upon exercise of employee share options	2,915,315	–	2	10,450
Vesting of restricted awarded shares	–	2	15	45,612
<b>As at 31 December 2020</b>	<u><b>6,376,600,363</b></u>	<u><b>629</b></u>	<u><b>4,182</b></u>	<u><b>34,882,666</b></u>

**23 OTHER RESERVES**

	Note	Capital Reserves RMB'000	Statutory surplus reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for share award scheme RMB'000	Currency translation differences RMB'000	Total RMB'000
<b>At 1 January 2021</b>		(431,554)	88,410	1,128,336	(1,388)	187,622	971,426
Currency translation differences		-	-	-	-	(46,747)	(46,747)
Share-based compensation	24	-	-	131,020	-	-	131,020
Release of ordinary shares from Share Scheme Trusts	24	-	-	(47,861)	-	-	(47,861)
Shares issued upon exercise of employee share options		-	-	(7,274)	-	-	(7,274)
Vesting of restricted awarded shares		-	-	(43,662)	5,499	-	(38,163)
Purchase of restricted shares under share award scheme	24	-	-	-	(5,015)	-	(5,015)
Appropriation to statutory reserves		-	10,000	-	-	-	10,000
<b>At 31 December 2021</b>		<b>(431,554)</b>	<b>98,410</b>	<b>1,160,559</b>	<b>(904)</b>	<b>140,875</b>	<b>967,386</b>
<b>At 1 January 2020</b>		(431,554)	88,404	1,173,384	(1,889)	310,025	1,138,370
Currency translation differences		-	-	-	-	(122,403)	(122,403)
Share-based compensation	24	-	-	105,043	-	-	105,043
Release of ordinary shares from Share Scheme Trusts	24	-	-	(87,189)	-	-	(87,189)
Shares issued upon exercise of employee share options		-	-	(10,423)	-	-	(10,423)
Vesting of restricted awarded shares		-	-	(52,479)	6,852	-	(45,627)
Purchase of restricted shares under share award scheme	24	-	-	-	(6,351)	-	(6,351)
Appropriation to statutory reserves		-	6	-	-	-	6
<b>At 31 December 2020</b>		<b>(431,554)</b>	<b>88,410</b>	<b>1,128,336</b>	<b>(1,388)</b>	<b>187,622</b>	<b>971,426</b>

## 24 SHARE-BASED PAYMENTS

The total expenses recognized in the consolidated income statement for share-based awards granted to the Group's employees are RMB131,020,000 for the year ended 31 December 2021 (2020: RMB105,043,000).

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

Two batches of options were granted on 3 July 2017 and 1 October 2017. 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	
	2021	2020
Outstanding as at 1 January	251,766,880	303,617,740
Exercised during the year	(15,421,006)	(27,302,782)
Forfeited during the year	(266,526)	(234,507)
Cancelled during the year	–	(24,313,571)
	<u>236,079,348</u>	<u>251,766,880</u>
Outstanding as at 31 December	<u>236,079,348</u>	<u>251,766,880</u>
Exercisable as at 31 December	<u>235,379,348</u>	<u>218,759,576</u>

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

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

	3 July 2017	1 October 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 remaining contractual life	5.5 years	5.75 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. Before IPO, the directors have only granted two batches of share options to employees under the Pre-IPO Share Option Scheme.

**(b) Restricted share 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 (“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 1 January 2021	46,290,072	USD0.29
Granted during the year	187,573,627	USD0.28
Vested and sold during the year	(21,653,396)	USD0.30
Forfeited during the year	(4,830,578)	USD0.27
Outstanding as at 31 December 2021	<u>207,379,725</u>	<u>USD0.28</u>
Vested as at 31 December 2021	<u>74,705,925</u>	<u>USD0.30</u>
Outstanding as at 1 January 2020	75,610,787	USD0.29
Granted during the year	5,400,000	USD0.34
Vested and sold during the year	(26,106,259)	USD0.30
Forfeited during the year	(8,614,456)	USD0.31
Outstanding as at 31 December 2020	<u>46,290,072</u>	<u>USD0.29</u>
Vested as at 31 December 2020	<u>53,052,531</u>	<u>USD0.30</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 31 December 2021, the Expected Retention Rate for the Group’s directors, senior management members, and other employees was assessed to be 100%, 100% and 91%, respectively (31 December 2020: 100%, 100% and 91%).

## 25 TRADE PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<b>537,616</b>	317,760

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	<b>503,482</b>	207,322
3 to 6 months	<b>7,338</b>	14,061
6 months to 1 year	<b>4,347</b>	16,135
Over 1 year	<b>22,449</b>	80,242
	<b>537,616</b>	317,760

## 26 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Deposits payable	<b>199,586</b>	193,375
Other payables to related parties	<b>171,702</b>	58,693
Accrued expenses	<b>122,806</b>	42,898
Advances from customers	<b>122,205</b>	93,406
Staff costs and welfare accruals	<b>118,409</b>	67,163
Deferred other income – current	<b>87,287</b>	85,570
Tax payable	<b>61,031</b>	55,349
Interest payable	<b>41,067</b>	78,128
Others	<b>135,756</b>	211,494
	<b>1,059,849</b>	886,076

As at 31 December 2021 and 2020, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals, approximate their fair values at each of the reporting date.



## 27 BORROWINGS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Included in non-current liabilities:</b>		
Pledged borrowings	1,531,218	180,087
Asset-backed securitization debt	605,826	340,697
Other secured borrowings	1,196,216	946,306
Unsecured borrowings	133,913	94,710
	<u>3,467,173</u>	<u>1,561,800</u>
<b>Included in current liabilities:</b>		
Pledged borrowings	464,988	1,226,042
Asset-backed securitization debt	1,817,309	2,348,286
Other secured borrowings	2,769,878	4,385,544
Unsecured borrowings	903,055	625,711
	<u>5,955,230</u>	<u>8,585,583</u>
<b>Total borrowings</b>	<u><b>9,422,403</b></u>	<u><b>10,147,383</b></u>

## 28 DEFERRED INCOME TAX

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Deferred income tax assets:</b>		
– To be recovered within 12 months	<u>749,321</u>	<u>702,195</u>
<b>Deferred income tax liabilities:</b>		
– To be recovered after 12 months	(96,692)	(3,196)
– To be recovered within 12 months	<u>(146)</u>	<u>(256)</u>
	<u>(96,838)</u>	<u>(3,452)</u>
<b>Deferred income tax assets, net</b>	<u><b>652,483</b></u>	<u><b>698,743</b></u>

## 29 OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred other income	932,107	1,108,209
Long-term deposits payable	13,138	1,286
Other liabilities	15,106	91,026
	<u>960,351</u>	<u>1,200,521</u>

## 30 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2021 (2020: nil).

## 31 SUBSEQUENT EVENTS

Except for disclosed elsewhere in this announcement, there are no other material subsequent events undertaken by the Company or the Group after 31 December 2021.

## **OTHER INFORMATION**

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

During the year ended December 31, 2021, 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 our 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, 2021, 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 (or new code provision C.2.1) of the CG Code.

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

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, 2021.

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 regarding securities transactions (the "**Company's Securities Dealing Code**") regarding Directors' and relevant employees' dealings in the Company's securities on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code throughout the year ended December 31, 2021.

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

### **Event Occurring after the Reporting Period**

From 1 January 2022 to the date of this announcement, there was no important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders.

### **Audit Committee and Review of Financial Statements**

The Company has 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, 2021. 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, 2021.

The consolidated financial statements of the Group for the year ended December 31, 2021 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, 2021 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, 2021. 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, 2021, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to December 31, 2021		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	848,024	719,989	146,530	124,407	453,495	385,027
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	-	-	-	-
<b>Total</b>	<b>6,507,595</b>	<b>5,525,077</b>	<b>6,054,100</b>	<b>5,140,050</b>	<b>146,530</b>	<b>124,407</b>	<b>453,495</b>	<b>385,027</b>

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

### Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: nil).

### Annual General Meeting

The annual general meeting (the “AGM”) is scheduled to be held on May 26, 2022. A notice convening the AGM will be published and dispatched to our 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 Monday, May 23, 2022 to Thursday, May 26, 2022, 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 Friday, May 20, 2022.

### 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, 2021 will be published on the aforesaid websites and dispatched to our 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 23, 2022

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. Matthew Yun Ming Cheng, Mr. Jun Yang, Mr. Qin Miao and Ms. Amanda Chi Yan Chau
<b>Independent non-executive Directors</b>	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong