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)

PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of Yixin Group Limited 易鑫集团有限公司 is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2022. The results have been audited by PricewaterhouseCoopers, the Group's auditor, in accordance with International Standards on Auditing.

KEY HIGHLIGHTS

	Year ended December 31,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
Revenues	**5,201,508**	3,494,344	49%
Transaction Platform Business	**3,984,259**	2,302,279	73%
Loan Facilitation Services	**3,153,649**	1,951,709	62%
SaaS Services	**121,614**	–	N/A
Other Platform Services	**708,996**	350,570	102%
Self-Operated Financing Business	**1,217,249**	1,192,065	2%
Financing Lease Services	**1,188,496**	1,156,483	3%
Other Self-operated Services	**28,753**	35,582	-19%
Gross profit	**2,888,371**	1,778,341	62%
Operating profit	**400,024**	102,182	291%
Net profit	**370,814**	28,953	1,181%
Adjusted operating profit	**755,102**	274,760	175%
Adjusted net profit	**688,338**	273,219	152%

	Year ended December 31,		
	2022	2021	Year-on-year
	'000	*'000*	*%*
Total financed transactions	**556**	530	5%
– By auto type			
New	**265**	293	-9%
Used	**291**	237	23%
– By service type			
Through loan facilitation services	**463**	434	7%
Through self-operated financing business	**93**	96	-3%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Yixin Group Limited 易鑫集团有限公司, I hereby present the annual results announcement of the Group for the Reporting Period.

The Group faced a complex macro economic environment during the past year, with China's economy being stacked with a series of challenges. Due to the long-term de-leveraging of the real estate sector, decline of exports and the strict restrictions imposed to combat the spread of the COVID-19 pandemic, China's year-on-year GDP growth rate slipped to 3.0% for 2022.

Meanwhile, the automobile industry faced the challenges of chip shortage, market turbulence as a result of the COVID-19 pandemic and raw material inflation. In order to unleash the full consumption potential of the automobile industry as well as to stimulate the overall economy, the Chinese government rolled out a number of stimulus policies to boost the new and used automobile industry during the Reporting Period, including "reduction of vehicle purchase tax by half for new passenger cars that were priced under RMB300,000 (excluding value-added tax) and had engine displacements of two litres or less", "cancellation of restrictions on the sales of used vehicles". According to China Association of Automobile Manufacturers ("**CAAM**") and China Automobile Dealers Association ("**CADA**"), the total number of passenger cars sold (including new cars and used cars) increased slightly by 3% in 2022. NEVs demonstrated a strong growth momentum, with penetration rate of passenger vehicles reaching 27% in 2022.

Despite the complex macro economic environment and volatile industry situation, the Group made remarkable achievements for the Reporting Period. Thanks to the unremitting efforts of all staff, we realized an adjusted net profit of RMB688 million for the Reporting Period, representing a 152% increase compared to an adjusted net profit of RMB273 million for the year ended December 31, 2021, being the Group's best record since listing.

The Group recorded 556 thousand financing transactions in 2022, representing a 5% growth compared to 2021. The financing amount was RMB53.0 billion in 2022, representing a 18% growth compared to 2021. Used cars transactions accounted for 52% of the total financing amount for the Reporting Period. Due to the continuous growth of China's car ownership and the various stimulus policies, our used vehicle business is expected to embrace blooming opportunities.

Driven by the Group's robust business growth, our new core services revenues increased by 54% from RMB2,347 million for the year ended December 31, 2021 to RMB3,610 million for the Reporting Period.

In recent years, against the backdrop of China's volatile real estate market, investments in automotive-related assets are increasingly favored by financial institutions as alternatives. The Group enjoyed further reduced funding cost in 2022. For example, the interest rate of priority A1 class in the ABN project launched in November 2022 was 3.3%, representing the most favourable rate historically.

The Group closely monitored the prevailing uncertainties of external situations and proactively adjusted our risk policies during the Reporting Period. Our 90+ days past due ratio slightly decreased to 1.92% as of December 31, 2022, compared to 1.95% as of December 31, 2021. We also noticed a weakening of customers' repayment ability and payment collection measures cannot be implemented as usual due to the frequent resurgence of COVID-19 in China. Delayed economic recovery also undermined the asset quality under management. To handle the rising risks, the Group developed a decision-making engine based on our massive customer data so as to take automatic analysis and precautions on customer repayment behaviors. We also recorded provisions to meet foreseeable market volatilities based on the Expected Credit Loss ("**ECL**") model. As the assets under our management are generated by the automotive consumption with vehicles being used as collateral, our business is more resilient and relatively less affected by the economic cycle than other credit business.

We enhanced our core business by enriching our product portfolio, improving our service process, and strengthening our risk management capability. At the same time, we strive to make the best of our strengths and capabilities to explore potential business markets. We seized strategic opportunities and made solid progress in the following two areas:

1) NEV

The rapid development of NEV market has been beyond expectations and electrification has become an irreversible trend. In 2022, the NEV sales in China increased to 6.9 million, accounting for more than half of the global market share. The accelerating penetration of electric vehicles has brought profound changes to the entire automobile industry. In terms of marketing strategy, NEV brands pay more attention to the integration of online marketing and offline experience. Regarding sales channels, NEV brands prefer direct sales or agency rather than distribution mode. As for customer service, NEV brands subverted the traditional "product/ vehicle-centric mindset" and fully embrace "customer-centric thinking". As a result of China's stable supply chain cluster and large customer base, Chinese auto brands are taking a leading position in the current NEV wave.

The Group promptly kept up with the NEV trend in the past few years. The NEV financing amount contributed around 18% of the total new car financing amount in the second half of 2022. During the Reporting Period, our financed NEV transactions increased by 153% year-on-year to approximately 35 thousand. The Group has actively expanded the cooperative relationships with more domestic NEV brands in the Reporting Period, such as Leapmotor, Chery New Energy, BYD etc..

There is no doubt that NEV will continue to replace traditional fuel vehicles in the foreseeable future. According to Roland Berger, the sales of NEV passenger vehicles will account for 46% of the total passenger car sales in 2025. NEV is becoming more appealing to consumers in lower-tier cities and rural markets, where Yixin has prominent presence. Benefitting from our robust relationships with OEMs, iterative digital capability and diversified business model, the Group has substantial potential to thrive in the NEV industry.

By reducing the purchase threshold of NEV, BaaS (Battery as a Service) is more widely recognised and accepted among users. The technological advancement and improving infrastructure bring convenience and flexibility to customers. BaaS is a blue ocean market at present and is gradually growing into a trillion-dollar sector in terms of market size. Yixin can leverage on the efficiency of our traditional offline sales and enrich our asset diversity by exploring opportunities in this area through a variety of business models, including but not limited to battery leasing, battery swapping, battery cascade utilization etc..

We noticed that the NEV wave was accompanied by the development of automobile intelligence in the past few years. Driven by the trend of automatic driving, robot taxi, robot bus, commuting shuttle, etc., become new choices for mobility. In order to grasp opportunities in this industrial transformation, the Group continued to increase investment in this area. For example, we have invested in a high-tech enterprise which provides automatic driving solutions through the integration of "vehicle-road-cloud". We maintained close dialogue with it and looking for further cooperation in the near future. Based on our solid experience in automobile financing, strong product innovation capability, precise risk control ability, and vast customer base, we are confident to become a key market player in the NEV industry ecosystem. The Group will strive to extend its business operations to the upstream and downstream of the industrial chain through strategic cooperation and equity investment to explore business opportunities in a broader range of auto industry, such as smart transportation, fleet management and other fields relating to mobility as a service (MaaS).

2) FINTECH (SAAS)

Having been working in the field of auto finance for nearly a decade, we have witnessed an accelerating digital transformation in the industry. Higher requirements for financial institutions' technological capabilities drive the rising demand for the services of third-party technology solution providers. Based on our big data and risk management capability, we have built a FinTech center, which is dedicated to help various institutions achieve cross-boundary connection with clients via an innovative system called TianYi ("添億"), which comprises of multiple service modules including client acquisition, risk assessment, credit approval, post-financing monitoring etc..

During the inaugural year of our newly-established FinTech business, Yixin focused on validating demand and enhancing our market presence in 2022. We have established business partnerships with nearly 40 organizations as of December 31, 2022. In "Leapmotor, Pudong Development Bank and Yixin Joint Operation Project", we innovatively developed a multi-party alliance business model, which can satisfy different needs from financial institutions, OEMs, dealers, and end customers in the same business scenario and operation process. The Group recorded a promising result with a revenue of RMB122 million by providing services during the Reporting Period, including auto finance technology consultation, system implementation and transaction facilitation services. We will devote more R&D efforts to further enhance customer experience and stickiness so as to deepen cooperation with our existing SaaS partners with repeated businesses. The goal of our SaaS business in 2023 is to fulfill a financing amount that exceeds RMB10 billion based on our FinTech platform.

In the long run, we would like to build an ecosystem that integrates more types of strategic partnership into our platform, including but not limited to OEMs leasing companies, consumer finance companies, insurance companies, used car evaluation agencies, etc.. By constructing a technology-based one-stop platform that services the whole auto financing industry chain, we can break through capital constraints in our business expansion. The vision of our FinTech business is to become a leading technological service provider that empowers the entire automotive finance industry and beyond.

Looking forward to 2023, we are generally optimistic about the auto financing market since China's overall economy is expected to pick up in light of the lifting of majority of the COVID-19 epidemic prevention and containment measures. In the meantime, we strive to navigate against macro volatilities and adhere to the keynote of "seeking progress while maintaining stability". We will further accelerate digital transformation to improve operational efficiency and strengthen the risk management capability. We will deepen our value proposition in the automotive and mobility chain. Our synergetic business portfolios will further enhance Yixin's "Tech+Fin" ecosystem and enable the Group to be more resilient and vigorous amid rapid market development.

The Board is delighted to propose payment of final and special dividends to our shareholders for the first time since the Listing, fulfilling our promise and bringing higher returns to Shareholders. The Board has recommended the payment of a final dividend of HK1.95 cents per Share, representing approximately 30% of our net profit per Share for the Reporting Period, and has proposed a special dividend of HK1.30 cents per Share in recognition of Shareholders' unwavering support since the Listing. The proposed final and special dividends are subject to the approval of the Shareholders at the Annual General Meeting. It is expected that the proposed final and special dividends will be payable on Friday, June 2, 2023 to the Shareholders whose names appear on the register of members of the Company on Monday, May 22, 2023.

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

Andy Xuan Zhang
Chairman
Hong Kong
February 27, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC ENVIRONMENT

There are three powerful forces holding back global economy in 2022: the conflict between Russia and Ukraine, the tightening of monetary policy amid inflationary spiral, and the slowdown of the Chinese economy.

China's economy faced multiple challenges during the past year. The prolonged epidemic caused by the Omicron virus amplified China's economic slowdown. The continued pressure and adjustment of the real estate market also caused the contraction in aggregate demand and lack of confidence. China's economy has shown a U-shaped trend in 2022. Economic growth slowed to 0.4% in the second quarter from 4.8% in the first quarter. Along with major cities' resumption of work and production, and a package of stimulus policies issued by the State Council to stabilize the economy, the GDP ended up growing 3.0% for 2022.

China's macroeconomic indicators are expected to improve in 2023. The 20th National Congress of the Communist Party of China (CPC) provided new opportunities for China's high-level opening-up to the outside world and new momentum for world economic growth. According to the State Council, macro policies would focus on "stabilizing growth, promoting recovery, preventing risks and ensuring security", rebuilding the confidence and expectations of market players. China will further strengthen the implementation of a proactive fiscal policy in 2023 to underpin economic recovery despite many ongoing challenges. In the meantime, the government will expedite its actions on rural vitalization, technology enhancement, and the construction of a modernized industrial system and major infrastructure projects.

INDUSTRY OVERVIEW

China's automobile industry experienced troubles such as supply disturbance, demand weakening, and product delivery obstruction during the Reporting Period. The demand of new car market was effectively boosted under policy stimulus since second quarter, while the used car market was relatively underperformed than expected. According to CAAM and CADA, China's total sales of new and used passenger increased by 3% in the Reporting Period. Specifically, China's total sales of new passenger vehicles for the Reporting Period was 23.6 million, representing a 10% year-on-year increase compared to 2021. Total sales of used passenger vehicles for the Reporting Period was 12.9 million, representing a 8% year-on-year decrease compared to 2021.

The high growth rate of the NEV industry in 2022 was beyond expectations at the beginning of the year. According to CAAM, the annual sales of NEV is 6.9 million, representing an increase of 93% year-on-year compared to 2021. According to Roland Berger, NEV industry will continue to mature and the penetration rate of NEV passenger car will likely reach up to 34% by 2023.

Auto financing service plays an important role in accelerating the automobile industry in becoming a pillar industry in the national economy. We expect the demand of retail auto financing and vehicle owner derivative financing will keep growing, especially for NEV financing and used car financing. In addition, high quality and scarce auto financial assets are sought after by various financial institutions. Yixin, as an innovative auto financing enterprise in the industry value chain, will seize opportunities and enjoy a growing market space in this industry-changing era.

GOVERNMENT STIMULUS

The government launched a variety of stimulus policies to achieve a stable economy growth in 2022. The supporting measures for auto industry played an important role in the economic recovery process.

For new car sales, the "Announcement on Reducing Vehicle Acquisition Tax on Certain Passenger Vehicles" (《關於減征部分乘用車車輛購置稅的公告》), published by the Ministry of Finance and the State Taxation Administration on May 31, 2022, sparked a swift recovery. In addition, on November 21, 2022, the Ministry of Industry and Information Technology (MIIT), the National Development and Reform Commission (NDRC), and the State-owned Assets Supervision and Administration Commission (SASAC) announced seventeen specific measures in "Notice about consolidating the upturn trend and reinvigorating the industrial economy"(《關於鞏固回升向好趨勢加力振作工業經濟的通知》) to further expand automobile consumption.

For NEV market, the Ministry of Commerce and 17 other departments jointly issued the "Several Measures on Revitalising the Circulation of Vehicles and Expanding Automobile Consumptions" (《關於搞活汽車流通擴大汽車消費的若干措施》, hereafter referred to as "**Several Measures**") on July 7, 2022, which promoted the purchase of new energy vehicles, especially for rural areas. More critically, the "Announcement of Renewal of the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles" (《關於延續新能源汽車免征車輛購置稅政策的公告》) was published by the Ministry of Finance, the General Administration of Taxation, and the Ministry of Industry and Information Technology on September 18, 2022. The "Action Plan for the Standardisation and Enhancement of Energy Carbon Peaking and Carbon Neutrality" (《能源碳達峰碳中和標準化提升行動計劃》) was published by the Energy Bureau on October 9th, 2022 to accelerate the construction of charging and battery swapping infrastructure, as well as promote change of regulatory standards for electric vehicles' charging flexibility.

Regarding used car transactions, the "Several Measures" (《若干措施》) also applied, which proposed to remove arbitrary restrictions on the establishment of used car dealerships, expedite the circulation of commercialised used cars, and facilitate the market scale. The Ministry of Commerce and the Ministry of Public Security issued the "Notice on Improving the Record-keeping of Used Vehicle Market Entities and Vehicle Transaction Registration" (《關於完善二手車市場主體備案和車輛交易登記管理的通知》) in September 2022 to further reduce the cost of registration of used vehicle transactions, and to better promote automobile cascading consumption and the continued healthy development of the used vehicle market.

Lastly, in terms of auto financing, the "Several Measures" (《若干措施》) stipulated that financial institutions are guided to reasonably increase credit support for automobile consumption. Meanwhile, manufacturers and dealers were encouraged to cooperate with financing lease companies in an orderly manner. On November 22, 2022, the executive meeting of State Council (《國常會:部署抓實抓好穩經濟一攬子政策和接續措施全面落地見效，鞏固經濟回穩向上基礎》) emphasised "increasing financial support for the real economy, and continuing to motivate financial services for transportation and logistics".

BUSINESS REVIEW

Although the macro environment was volatile for the past year, the Group actively adopted steady development strategy to achieve solid business growth. The Group made great efforts in optimizing product design, simplifying service process, and bolstering risk resistance. Despite the epidemic resurgence, the decline of household income, and the contraction of consumption, the Group still achieved encouraging operating performance in 2022.

AUTO FINANCING TRANSACTIONS

	Year ended December 31,					
	2022		2021		Year-on-year	
	Number of Financing transactions	**Financing amount**	Number of Financing transactions	Financing amount	Number of Financing transactions	Financing amount
	'000	***'000***	*'000*	*'000*	*%*	*%*
New vehicles	**265**	**25,617,014**	293	25,371,884	-9%	1%
Used vehicles	**291**	**27,378,930**	237	19,556,042	23%	40%
Total	**556**	**52,995,944**	530	44,927,926	5%	18%
NEV	**35**	**3,705,442**	14	1,239,361	153%	199%

Our total financing transactions increased by 5% year-on-year to 556 thousand for the year ended December 31, 2022, compared to 530 thousand for the year ended December 31, 2021. The total financing amount increased by 18% year-on-year to RMB53.0 billion for the year ended December 31, 2022, compared to RMB44.9 billion for the year ended December 31, 2021.

Our new vehicle financing transactions decreased by 9% year-on-year to 265 thousand for the year ended December 31, 2022, compared to 293 thousand for the year ended December 31, 2021; while the financing amount increased by 1% year-on-year to RMB25.6 billion for the year ended December 31, 2022, compared to RMB25.4 billion for the year ended December 31, 2021. This is primarily because that we strategically tilted towards serving premium customers in the new car market.

Among our new vehicle financing transactions, our NEV financing transactions significantly increased by 153% year-on-year to 35 thousand for the year ended December 31, 2022, compared to 14 thousand for the year ended December 31, 2021. The financing amount increased by 199% year-on-year to RMB3.7 billion for the year ended December 31, 2022, compared to RMB1.2 billion for the year ended December 31, 2021. The Group closely followed the development trend of NEV industry. Our NEV financing amount contributed around 18% of total new vehicles financing amount in the second half of 2022, as compared to 7% of the same period of 2021. In 2022, we strengthened our cooperation with AION NEV, which contributed nearly 30% of our total NEV financing transactions. Other domestic brands such as BYD, Chery New Energy and Changan Auto also played important roles in our NEV business. The Group has been focusing on building connections with more new energy brands to expand our service offerings. Moreover, the advancement of technologies and infrastructure of NEV industry brings about more opportunities for market players, thus the Group tends to get more deeply involved in the new energy industry chain by exploring businesses among charging infrastructure, battery leasing, battery swapping, and new energy fleet management, etc., to make greater contribution to the national energy transformation and carbon neutrality strategy.

Our used vehicle financing transactions significantly increased by 23% year-on-year to 291 thousand for the year ended December 31, 2022, compared to 237 thousand for the year ended December 31, 2021. In 2022, we particularly allocated more resources to sales force and channel development to further expand our footprint in the used car market. As a result, 52% of our total vehicle financing transactions came from our used car business. The financing amount increased by 40% year-on-year to RMB27.4 billion for the year ended December 31, 2022, compared to RMB19.6 billion for 2021, and noticeably outperformed the used car industry in 2022. Looking forward, with the increase of China's car possession base, the scale of used car market is expected to be growing and expanding. Yixin will seize this opportunity and continue to polish our products to better serve mainstream customers in used car market.

AFTER-MARKET SERVICES

Since the second half of 2020, we have entered after-market services business by providing a variety of after-market products and services such as GPS, maintenance package, GAP Insurance, etc.. In 2022, we maintained solid development in our after-market business, with revenue of RMB184 million. We are delighted to note that more and more of our used car customers are using after-market services which accounted for 45% of our total after-market transactions in 2022. By the end of 2022, the Group has accumulated more than 3 million customers, forming a solid foundation to enable Yixin to further expand and differentiate its services along the service life cycle.

SAAS SERVICES

Leveraging on its profound experience in the auto financing service, the Group has incubated a FinTech business by commercializing our in-house developed system and products. We provide technology applications and technology-enabled business solutions in auto financing industry chain. Our FinTech platform helps OEMs, dealers, financial institutions, and other third-party tech companies to connect with auto financing customers. Our integrated solutions help these organizations reach out to customers more broadly, identify risks more accurately, and provide customer service more efficiently. The Group has a specific roadmap for our FinTech business at the very beginning of 2022, the first year of this strategic business. Our main goal is to verify the market demand, test the service model and build connections with industry partners. In general, we have made progress in this strategy as expected. During the Reporting Period, we have strengthened our business with Volvo Finance in syndicated leasing; and launched an innovative tripartite cooperation model in "Leapmotor, Pudong Development Bank and Yixin Joint Operation Project". By improving our products and service, we have established cooperation with nearly 40 institutional clients and realized a revenue of RMB122 million. In 2023, we will increase the investment in R&D, deepen our cooperation with our existing SaaS partners, so as to enhance customer experience and stickiness. This model in the long run will enable the Group to create commercial value in a more high-tech, compliant, and asset-light form, and help us tap into the whole auto financing market with a size of over RMB2 trillion. The vision of our FinTech business is to build a technology-based one-stop platform, serving the whole auto financing industry chain, promoting the growth of the ecosystem, including but not limited to OEMs leasing companies, consumer finance companies, insurance companies, used car evaluation agencies, etc..

NON-IFRSs FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared in accordance with the IFRSs, certain additional non-IFRSs financial measures (in terms of adjusted operating profit and adjusted net profit) have been presented in this announcement. These unaudited non-IFRSs financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRSs. We believe that these non-IFRSs measures provide additional information to investors and others in understanding and evaluating our consolidated financial information of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our peer companies. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

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

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

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

ADJUSTED OPERATING PROFIT

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Operating profit	**400,024**	102,182
Add:		
Fair value changes arising from investee companies	**9,927**	(397,523)
Amortization of intangible assets resulting from asset and business acquisitions	**210,617**	342,666
Impairment loss on investment in an associate	**–**	96,415
Share-based compensation expenses	**134,534**	131,020
Adjusted operating profit	**755,102**	274,760

Our adjusted operating profit was RMB755 million for the Reporting Period, compared to RMB275 million for the year ended December 31, 2021. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Net profit	**370,814**	28,953
Add:		
Fair value changes arising from investee companies	**1,232**	(303,864)
Amortization of intangible assets resulting from asset and business acquisitions	**210,471**	342,410
Impairment loss on investment in an associate	**–**	96,415
Share-based compensation expenses	**105,821**	109,305
Adjusted net profit	**688,338**	273,219

Our adjusted net profit was RMB688 million for the Reporting Period, compared to RMB273 million for the year ended December 31, 2021. The increase was mainly due to the increase in revenue.

YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

The following table sets forth the comparative figures for the years ended December 31, 2022 and 2021.

	Year ended December 31,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
Revenues	**5,201,508**	3,494,344	49%
Cost of revenues	**(2,313,137)**	(1,716,003)	35%
Gross profit	**2,888,371**	1,778,341	62%
Selling and marketing expenses	**(1,218,335)**	(1,358,417)	-10%
Administrative expenses	**(430,061)**	(397,736)	8%
Research and development expenses	**(192,045)**	(146,429)	31%
Credit impairment losses	**(790,296)**	(286,376)	176%
Other income and other gains, net	**142,390**	512,799	-72%
Operating profit	**400,024**	102,182	291%
Finance cost, net	**(9,769)**	(3,111)	214%
Share of profits/(losses) of investments accounted for using the equity method	**15,236**	(15,446)	-199%
Profit before income tax	**405,491**	83,625	385%
Income tax expense	**(34,677)**	(54,672)	-37%
Profit for the period	**370,814**	28,953	1,181%
Non-IFRSs measure			
Adjusted operating profit	**755,102**	274,760	175%
Adjusted net profit	**688,338**	273,219	152%

REVENUES

Our total revenues increased by 49% year-on-year to RMB5,202 million for the Reporting Period, compared to RMB3,494 million for the year ended December 31, 2021, mainly due to the rapid growth of transaction platform business. Our new core services revenues, which include revenues from loan facilitation services and new self-operated transactions during the Reporting Period, increased by 54% year-on-year to RMB3,610 million, compared to RMB2,347 million for the year ended December 31, 2021. The following table sets forth the comparative figures for the years ended December 31, 2022 and 2021.

	Year ended December 31,				
	2022			2021	
	RMB'000	***% of total revenues***	***Year-on-year***	*RMB'000*	*% of total revenues*
Revenues					
Transaction platform business					
Loan Facilitation Services	**3,153,649**	**61%**	**62%**	1,951,709	56%
SaaS Services	**121,614**	**2%**	**N/A**	–	–
Other Platform Services	**708,996**	**14%**	**102%**	350,570	10%
Guarantee services	**525,192**	**10%**	**136%**	222,473	6%
After-market services	**183,804**	**4%**	**49%**	123,253	4%
Other services	**–**	**–**	**-100%**	4,844	–
Subtotal	**3,984,259**	**77%**	**73%**	2,302,279	66%
Self-operated financing business					
Financing Lease Services	**1,188,496**	**22%**	**3%**	1,156,483	33%
From new transactions during the period	**456,650**	**8%**	**15%**	395,587	11%
From existing transactions in prior periods	**731,846**	**14%**	**-4%**	760,896	22%
Other Self-operated Services(1)	**28,753**	**1%**	**-19%**	35,582	1%
Subtotal	**1,217,249**	**23%**	**2%**	1,192,065	34%
Total	**5,201,508**	**100%**	**49%**	3,494,344	100%

Note:

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

Transaction platform business

Revenues from our transaction platform business increased by 73% year-on-year to RMB3,984 million for the Reporting Period, compared to RMB2,302 million for the year ended December 31, 2021, mainly due to the increase in revenue of our loan facilitation services. Our transaction platform business contributed 77% of total revenues for the Reporting Period, compared to 66% for the year ended December 31, 2021.

Revenues from our loan facilitation services increased by 62% year-on-year to RMB3,154 million for the Reporting Period, compared to RMB1,952 million for 2021, mainly due to the increase in total transaction volume and a larger proportion of used car transactions which provide a higher yield. During the Reporting Period, we facilitated approximately 463 thousand financed transactions through our loan facilitation services, representing a 7% year-on-year increase in volume. Given that we had deployed more resources for used cars, the proportion of used car transactions in all our facilitated transactions increased to 55%, compared to 41% for 2021.

Revenues from our SaaS services reached RMB79 million in the second half of 2022, which showed a clear growing trend and propelled our annual SaaS revenue to RMB122 million, contributing 2% of total revenue in 2022. Through SaaS services, we essentially built technology platforms and applications to connect financial institutions with auto financing customers.

Revenues from our other platform services increased by 102% to RMB709 million for the Reporting Period, compared to RMB351 million for the year ended December 31, 2021, mainly due to the increase in revenue from guarantee services and auto after-market services. Our revenue from guarantee services was RMB525 million for the Reporting Period, increased by 136% from RMB222 million for the year ended December 31, 2021, mainly due to the increase in customer base. We launched auto after-market services in July 2020 to enrich the scope and value added to our customers. During the Reporting Period, the revenue generated from after-market services reached RMB184 million, which increased by 49% from RMB123 million for the year ended December 31, 2021.

Self-operated financing business

Revenues from our self-operated financing business increased by 2% year-on-year to RMB1,217 million for the Reporting Period, compared to RMB1,192 million for 2021, primarily due to the increase in revenues from new financing lease transactions during the Reporting Period.

Revenues from our financing lease services increased by 3% year-on-year to RMB1,188 million for the Reporting Period, compared to RMB1,156 million for the year ended December 31, 2021, due to the increase in net finance receivables. The average yield of our net finance receivables(1) was 9.3% for the Reporting Period, compared to 9.8% for the year ended December 31, 2021, primarily due to the offering of products with lower interest rate to customers with better credit.

Note:

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

COST OF REVENUES

For the Reporting Period, the Group's cost of revenues was RMB2,313 million, representing an increase of 35% compared to RMB1,716 million for the year ended December 31, 2021, primarily due to the increase in commissions associated with loan facilitation services, and partially offset by the decrease in funding costs associated with self-operated financing lease services. Loan facilitation commissions increased to RMB1,711 million from RMB1,090 million in 2021, mainly due to the expansion of the scale of transaction platform business. Funding costs decreased to RMB492 million from RMB499 million in 2021, primarily due to the lower interest rate of new borrowings related to self-operated financing business. The average funding cost of our net finance receivables(2) was 3.8% for the Reporting Period, compared to 4.2% for the year ended December 31, 2021. The following table sets out the cost details of each business type during the period shown:

	Year ended December 31,				
	2022			2021	
	RMB'000	***% of total cost***	***Year-on-year***	*RMB'000*	*% of total cost*
Cost of revenues:					
Transaction platform business	**1,777,576**	**77%**	**52%**	1,169,740	68%
Self-operated financing business	**535,561**	**23%**	**-2%**	546,263	32%
Total	**2,313,137**	**100%**	**35%**	1,716,003	100%

Note:

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

GROSS PROFIT AND MARGIN

	Year ended December 31,			
	2022		2021	
	RMB'000	***Margin***	*RMB'000*	*Margin*
Segment gross profit and gross profit margins				
Transaction platform business	**2,206,683**	**55%**	1,132,539	49%
Self-operated financing business	**681,688**	**56%**	645,802	54%
Total	**2,888,371**	**56%**	1,778,341	51%

For the Reporting Period, the Group's gross profit was RMB2,888 million, representing an increase of RMB1,110 million or 62% compared to RMB1,778 million for the year ended December 31, 2021. For the Reporting Period and the year ended December 31, 2021, the Group's gross profit margin was 56% and 51%, respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 55%, compared to 49% for the year ended December 31, 2021. The profitability of our transaction platform business improved mainly due to a higher percentage of high-yield business conducted during the Reporting Period.

Self-operated financing business

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

	2022	2021	*Change %*
Interest income	**1,188,496**	1,156,483	3%
Funding costs	**492,397**	498,877	-1%
Net interest income	**696,099**	657,606	6%
Net interest margin(1)	**5.5%**	5.6%	-2%

For the Reporting Period, the net interest margin of the Group's self-operated financing business was 5.5%, an decrease of 10 basis points from 5.6% for the year ended December 31, 2021, primarily due to the decrease of the yield of our net finance receivables.

Note:

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

SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased by 10% year-on-year to RMB1,218 million for the Reporting Period, compared to RMB1,358 million for the year ended December 31, 2021, primarily due to the decrease in amortization of intangible assets arising from asset and business acquisitions. Share-based compensation expenses for our sales and marketing personnel were RMB45 million for the Reporting Period, compared to RMB43 million for the year ended December 31, 2021. After eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the selling and marketing expenses decreased by 1% year-on-year to RMB964 million for the Reporting Period, compared to RMB974 million for the year ended December 31, 2021, primarily due to the decrease of the service fee, partially offset by the increase in salaries and employee benefits which was in line with the increase of financing transactions.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 8% year-on-year to RMB430 million for the Reporting Period, compared to RMB398 million for the year ended December 31, 2021, primarily due to the increase in salaries and employee benefits. Share-based compensation expenses for our administrative personnel were RMB57 million for the Reporting Period, compared to RMB61 million for the year ended December 31, 2021. After eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the administrative expenses increased by 11% year-on-year to RMB373 million for the Reporting Period, compared to RMB336 million for the year ended December 31, 2021.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 31% year-on-year to RMB192 million for the Reporting Period, compared to RMB146 million for the year ended December 31, 2021, primarily due to the increase in salaries, employee benefits and share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB33 million for the Reporting Period, compared to RMB27 million for the year ended December 31, 2021. After eliminating the effect of certain non-cash item, namely share-based compensation expenses, research and development expenses increased by 33% year-on-year to RMB159 million for the Reporting Period, compared to RMB120 million for the year ended December 31, 2021, primarily due to the increase of research and development input in respect of the FinTech team.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses include (i) provision for expected credit losses of finance receivables; (ii) provision for expected credit losses of risk assurance liabilities and loans recognized because of payment under risk assurance, and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses increased by approximately 176% year-on-year to RMB790 million for the Reporting Period, compared to RMB286 million for the year ended December 31, 2021, which primarily resulted from the increase in provision for expected credit losses of finance receivables and risk assurance liabilities. The increase of provision was mainly due to the increase in Company's auto financing assets, the decrease in the reversal of impairment resulting from delayed recovery and litigation process as affected by COVID-19 pandemic, and more unbiased and prudential forward-looking factors built in our ECL model.

OTHER INCOME AND OTHER GAINS, NET

Our other income and other gains, net decreased by 72% year-on-year to RMB142 million for the Reporting Period, compared to RMB513 million for the year ended December 31, 2021. The decrease was primarily due to the decrease in other income from business cooperation agreements with Yusheng and the fair value changes arising from investee companies.

OPERATING PROFIT

Our operating profit for the Reporting Period was RMB400 million, compared to RMB102 million for the year ended December 31, 2021, mainly due to the increase in gross profit.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB10 million, compared to RMB3 million for the year ended December 31, 2021.

INCOME TAX EXPENSE

Our income tax expense was RMB35 million for the Reporting Period, compared to RMB55 million for the year ended December 31, 2021, primarily due to the tax preference enjoyed by the subsidiaries established in Xinjiang, as well as one of the principal subsidiaries of the Group being accredited as a "High-tech enterprise" , that is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws during the Reporting Period.

PROFIT FOR THE PERIOD

Our profit was RMB371 million for the Reporting Period, compared to RMB29 million for the year ended December 31, 2021, due to the increase in gross profit.

DIVIDEND

The Board has recommended the payment of a final dividend of HK1.95 cents per Share and a special dividend of HK1.30 cents per Share for the year ended December 31, 2022 (2021: nil). The total amount of the proposed final and special dividends is approximately HK$212.0 million (equivalent to approximately RMB185.5 million) (2021: nil), which is based on 6,523,873,012 Shares in issue on February 27, 2023.

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at December 31,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
Carrying amount of finance receivables	**13,742,013**	11,109,198	24%
Cash and cash equivalents	**3,433,182**	3,051,720	12%
Total borrowings	**12,512,272**	9,422,403	33%
Current assets	**16,852,216**	14,897,268	13%
Current liabilities	**11,116,350**	8,363,004	33%
Net current assets	**5,735,866**	6,534,264	-12%
Total equity	**15,326,213**	14,642,211	5%

FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment, and in return, customers pay us interest and principal monthly. Our carrying amount of finance receivables increased to RMB13.7 billion as at December 31, 2022, compared to RMB11.1 billion as at December 31, 2021.

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,	
	2022	2021
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**14,356,423**	11,510,629
Provision for expected credit losses (ending balance)	**(614,410)**	(401,431)
Provision to net finance receivables ratio(1)	**4.28%**	3.49%

Note:

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

Maturity Profile

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

	December 31, 2022		December 31, 2021	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Maturity date				
Within 1 year	**6,688,699**	**46.59%**	5,939,789	51.60%
1 to 2 years	**4,783,210**	**33.32%**	4,996,752	43.41%
2 years and beyond	**2,884,514**	**20.09%**	574,088	4.99%
Total	**14,356,423**	**100.00%**	11,510,629	100.00%

Net finance receivables due within one year represent net finance receivables which the Group will receive within one year as of the reporting dates indicated. As of December 31, 2022, net finance receivables due within one year as set forth in the table above represented 46.59% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the maturity of net finance receivables booked in past years.

With the recovery of China's economy and automobile industry, we facilitated approximately 93 thousand transactions through self-operated financing business for the year ended December 31, 2022, which contributed to the increase of net finance receivables due after one year and beyond. The evenly distributed maturity of the Group's net finance receivables could provide the Group with healthy liquidity and sustainable cash inflows.

OFF BALANCE-SHEET LOANS

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of December 31, 2022, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB44,638 million:

	As at December 31,	
	2022	2021
	(RMB'000, except for percentage)	
Loans with potential repurchase obligations, net (ending balance)	**44,637,563**	33,165,198
Risk assurance liabilities ("**RAL**"; net, ending balance)	**(1,137,788)**	(632,253)
RAL ratio[(1)]	**2.55%**	1.91%

Note:

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

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

DAY PAST DUE RATIO

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

	December 31, 2022	December 31, 2021
Past due ratio:		
180+ days[(1)]	**1.49%**	1.64%
90+ days (including 180+ days)[(2)]	**1.92%**	1.95%

Notes:

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

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

As at December 31, 2022, 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 1.49% and 1.92%, respectively (December 31, 2021: 1.64% and 1.95%, respectively). The asset quality remained resilient due to the effective response we have taken along the business procedure. The Group proactively tightens the standards of customer approval considering the uncertainties of macro-economic environment in 2022. During the contract period, the Group continuously monitors and analyzes customer repayment behaviours. Through our newly launched early warning and decision-making engine, we could approach customers with misconduct at early stage. As for asset recovery, we hedge against the adverse impact of the closure of some regional offices caused by pandemic prevention, by deploying backup offices for asset collection functions and adopting the automatic dispatching system, intelligent voice customer service and other digital tools to improve efficiency.

Internal Control

The Company has developed comprehensive risk management and internal control systems to address the credit risks that the Company is exposed to, being the Company's principal exposure. The Company has implemented the credit assessment process, which focuses on a consumer's ability and willingness to pay its financial obligations, and developed our data-driven credit assessment system, which is tailored to our business model. Our credit assessment and approval policies are similar across our service categories or product lines. While applicants may choose different financing product offerings based on their different financing needs, all applicants go through a similar credit assessment and approval process governed by similar policies and receive credit decisions, regardless of the product lines being applied for. We implement similar credit risk management measures across our service categories or product lines, by actively monitoring historical past due ratio and continuously improving our data analytics capabilities, as well as executing post-financing management and loss recovery measures by leveraging the vehicle telematics systems installed on all automobiles financed by us. For details, please refer to "Business – Risk Management and Internal Control – Credit Risk Management" of the prospectus of the Company dated November 6, 2017.

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

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

Credit Assessment and Approval Procedures

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

Assessment and Approval

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

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

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

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

Request of Draw-down

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

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

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

- A valid repayment bank account must be available.

Draw-down of Loans

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

- All the legal documents and agreements must have been duly signed with the witness by our own staff or the staff of the relevant dealership store and a photo of the onsite signing has been uploaded to our system.

- The underlying automobiles have been properly pledged to us, where appropriate.

- The required insurance policy and the vehicle telematics systems are in place.

Post-Financing Management

Our post-financing management process includes the following steps:

- Our post-financing management team will make welcome calls to our new consumers within 15 days after settlement in order to understand their customer experience as well as identify early stage of potential risks of delinquency.

- Our post-financing management team monitors the status of GPSs installed on the subject automobiles on a daily basis.

- In order to ensure that the consumers' repayments are on schedule, the post-financing service team will send reminders via text messages three days prior to the repayment due dates.

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

- our customer service team or outsourced call center team will remind the consumer of the repayment and send a collection notice to the said consumer within 10 days after the due date;

- our outsourced local collection specialists may conduct an on-site collection if there is any further delay;

- in the case of serious delinquency, based on the terms of the contract, we may investigate, monitor and track the automobile to re-possess the automobile directly and implement other necessary measures within the legal boundaries; and

- ultimately, we reserve the right to take legal action against the delinquent consumer.

Loss Recovery

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

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

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

CASH AND CASH EQUIVALENTS

As at December 31, 2022, our cash and cash equivalents amounted to RMB3,433 million, compared to RMB3,052 million as at December 31, 2021. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at December 31, 2022, RMB2,793 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,627 million as at December 31, 2021.

Our net cash used in operating activities was RMB2.0 billion for the Reporting Period, compared to the net cash inflow of RMB1.5 billion for the year ended December 31, 2021, mainly due to the increase in cash outflow in new financing lease transactions.

BORROWINGS AND SOURCE OF FUNDS

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

As at December 31 2022, our total borrowings were RMB12.5 billion, compared to RMB9.4 billion, as at December 31, 2021. The increase was mainly due to the increase in the scale of business. Total borrowings were comprised of (i) asset-backed securities and asset-backed notes of RMB4.0 billion as at December 31, 2022; and (ii) bank loans and borrowings from other institutions of RMB8.5 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 32% as at December 31, 2022.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 28 to the consolidated financial statements.

As at December 31, 2022, Yixin, as the original owner and sponsor, has issued in aggregate 37 standardized products, totaling RMB44.9 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc.. The structured product that was launched by the Group in November 2022 was the first asset-backed note project in China that received an international "AAA" rating, and its issuance price of Priority A1 Class was 3.3%, which has set the best record in Yixin's history.

NET CURRENT ASSETS

Our net current assets decreased by 12% to RMB5,736 million as at December 31, 2022, compared to RMB6,534 million as at December 31, 2021. Our current assets were RMB16.9 billion as at December 31, 2022, compared to RMB14.9 billion as at December 31, 2021, primarily due to the increase of cash and cash equivalents. Our current liabilities were RMB11.1 billion as at December 31, 2022, compared to RMB8.4 billion as at December 31, 2021, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB15.3 billion as at December 31, 2022, compared to RMB14.6 billion as at December 31, 2021, primarily due to the net profit incurred during the Reporting Period.

	As at December 31,	
	2022	2021
Current ratio (times)[(1)]	**1.52**	1.78
Gearing ratio[(2)]	**31%**	21%
Debt to equity ratio (times)[(3)]	**0.82**	0.64

Notes:

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

(2) Gearing ratio is net debt divided by total capital at the end of each financial period. Net debt is calculated as total borrowings plus lease liabilities, less our cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net debt.

(3) Debt to equity ratio is total borrowings plus lease liabilities divided by total equity at the end of each financial period.

Current Ratio

Our current ratio decreased to 1.52 as at December 31, 2022, compared to 1.78 as at December 31, 2021, mainly due to the increase in the current portion of borrowings of the Group.

Gearing Ratio

Our gearing ratio increased to 31% as at December 31, 2022, compared to 21% as at December 31, 2021, mainly due to the increase in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio increased to 0.82 as at December 31, 2022, compared to 0.64 as at December 31, 2021, mainly due to the increase in total borrowings. The Group continues to maintain a good debt-paying ability, and has further improved financial leverage while raising the return on assets.

CAPITAL EXPENDITURE AND INVESTMENTS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**33,576**	13,203
Prepayment for a capital investment	**80,000**	17,500
Purchase of intangible assets	**3,024**	1,871
Investments in financial assets at fair value through profit or loss	**12,500**	85,000
Investments in associates and joint ventures in the form of ordinary shares	**–**	311,000
Total	**129,100**	428,574

FOREIGN EXCHANGE RISK

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. A forward contract was entered into during the Reporting Period for hedging purpose, although hedge accounting was not applied.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 21 and Note 28 to the consolidated financial statements, respectively.

SIGNIFICANT INVESTMENTS HELD

On June 13, 2018, the Company and Yusheng, a company principally engaged in used automobile transaction business and an independent third party, entered into a convertible note purchase agreement (the "**Convertible Note Purchase Agreement**"), pursuant to which Yusheng agreed to issue, and the Company agreed to purchase, the convertible note (the "**Convertible Note**") in the principal amount of US$260 million (equivalent to approximately HK$2,040 million). The Convertible Note is interest free and convertible into 13 million non-voting Series Pre-A preferred shares of Yusheng with a par value of US$0.0001 per share (the "**Series Pre-A Preferred Shares**") at the conversion price of US$20.00 (equivalent to approximately HK$156.93). The Series Pre-A Preferred Shares convertible under the Convertible Note represent an interest of approximately 40.63% in the share capital of Yusheng assuming full subscription of the Series A-1 and Series A-2 preferred shares of Yusheng by the investors under the securities subscription agreement separately entered into by them with Yusheng and that all the equity securities which Yusheng intends to reserve for issuance pursuant to its future employee equity incentive plan have been issued. The Convertible Note will mature on June 12, 2038 (the "**Maturity Date**") or such later date as otherwise agreed by the Company and Yusheng. Unless converted into Series Pre-A Preferred Shares prior to the Maturity Date, the outstanding principal of the Convertible Note will be due and payable upon demand by the Company on the Maturity Date or any time thereafter.

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

In November 2019 and December 2020, the Company subscribed for additional convertible note issued by Yusheng with a cash consideration of US$43 million (equivalent to approximately HK$335 million) and a cash consideration of US$12 million (equivalent to approximately HK$95 million), respectively, to further strengthen our cooperation relationship with Yusheng in used automobile business.

Despite the continued impact of COVID-19, Yusheng achieved significant growth during the Reporting Period with a year-on-year increase in the volume of its retail transactions of more than 135%. The number of Yusheng's self-operated used car retail stores reached 49, which makes Yusheng the operator of the most used car retail stores in China. Yusheng also takes the lead in cooperation with NEV automobile manufacturers such as NIO, XPeng, Li Auto and Zeekr and in the second half of 2022 started collaborating with SAIC Feifan (RISING AUTO), AITO, and AVATR.

As at December 31, 2022, the fair value of our investment in Yusheng was RMB2,333,977,000 (December 31, 2021: RMB2,118,033,000), which constituted 7.3% of the total assets of the Group (December 31, 2021: 7.7%). The Company did not receive any dividends in respect of its investment in Yusheng for the years ended December 31, 2022 and 2021, and there were unrealised gains of approximately RMB19,613,000 from changes in fair value arising from investee companies for the year ended December 31, 2022 (2021: RMB37,419,000).

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEE AND REMUNERATION POLICY

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees 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, 2022, we had 4,106 full-time employees (December 31, 2021: 4,980). In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses, and contributions to benefit plans (including pensions). Employees of the Group are eligible participants of the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, the details of which are set out in the Prospectus and Note 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 training courses are provided to our employees.

The total remuneration cost (including share-based compensation expenses) incurred by the Group for the Reporting Period was RMB1,014 million, compared to RMB955 million for the year ended December 31, 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other material acquisitions and disposals of subsidiaries or associated companies for the Reporting Period.

PLEDGE OF ASSETS

Certain deposits placed with banks were used as pledged assets for the Group's bank borrowings and bank notes as well as loan facilitation services. Certain finance receivables were used as pledge for the borrowings and securitization transactions. For more details, please refer to the Notes 21 and 28 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at December 31, 2022, we did not have any material contingent liabilities (December 31, 2021: nil).

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenues	5		
Transaction Platform Business		**3,984,259**	2,302,279
Self-operated Financing Business		**1,217,249**	1,192,065
		5,201,508	3,494,344
Cost of revenues	7	**(2,313,137)**	(1,716,003)
Gross profit		**2,888,371**	1,778,341
Selling and marketing expenses	7	**(1,218,335)**	(1,358,417)
Administrative expenses	7	**(430,061)**	(397,736)
Research and development expenses	7	**(192,045)**	(146,429)
Credit impairment losses	7	**(790,296)**	(286,376)
Other income and other gains, net	6	**142,390**	512,799
Operating profit		**400,024**	102,182
Finance cost, net	9	**(9,769)**	(3,111)
Share of profits/(losses) of investments accounted for using the equity method	15	**15,236**	(15,446)
Profit before income tax		**405,491**	83,625
Income tax expense	10	**(34,677)**	(54,672)
Profit for the year		**370,814**	28,953
Profit attributable to:			
– Owners of the Company		**370,814**	28,953
– Non-controlling interests		**–**	–
		370,814	28,953
Profit per share attributable to owners of the Company for the year (expressed in RMB per share)	11		
– Basic		**0.058**	0.005
– Diluted		**0.056**	0.004

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**370,814**	28,953
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**194,116**	(46,747)
Total comprehensive income/(loss) for the year	**564,930**	(17,794)
Attributable to:		
– Owners of the Company	**564,930**	(17,794)
– Non-controlling interests	**–**	–
	564,930	(17,794)

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

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	**2022**	2021
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment	*12*	**450,305**	454,114
Right-of-use assets	*13*	**18,463**	20,386
Intangible assets	*14*	**1,160,102**	1,374,318
Associates and joint ventures using equity accounting	*15(a)*	**660,155**	605,103
Associates measured at fair value through profit or loss	*15(b)*	**56,000**	56,000
Financial assets at fair value through profit or loss	*16*	**3,204,387**	2,995,871
Deferred income tax assets	*29*	**708,558**	749,321
Prepayments, deposits and other assets	*20*	**292,121**	192,460
Finance receivables	*18*	**7,359,576**	5,379,618
Trade receivables	*19*	**1,288,399**	742,531
Restricted cash	*21*	**114,110**	70,203
		15,312,176	12,639,925
Current assets			
Finance receivables	*18*	**6,382,437**	5,729,580
Trade receivables	*19*	**2,948,923**	1,890,033
Prepayments, deposits and other assets	*20*	**2,071,940**	1,827,522
Restricted cash	*21*	**2,015,734**	2,398,413
Cash and cash equivalents	*21*	**3,433,182**	3,051,720
		16,852,216	14,897,268
Total assets		**32,164,392**	27,537,193
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*22*	**4,238**	4,204
Share premium	*22*	**35,080,671**	34,976,080
Other reserves	*23*	**1,195,082**	967,386
Accumulated losses		**(20,953,778)**	(21,305,459)
Total equity		**15,326,213**	14,642,211

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	*28*	**4,686,125**	3,467,173
Lease liabilities	*13*	**5,985**	7,616
Deferred income tax liabilities	*29*	**89,594**	96,838
Other non-current liabilities	*30*	**940,125**	960,351
		5,721,829	4,531,978
Current liabilities			
Trade payables	*25*	**841,351**	537,616
Risk assurance liabilities	*26*	**1,150,498**	651,958
Other payables and accruals	*27*	**1,143,024**	1,059,849
Current income tax liabilities		**145,697**	147,269
Borrowings	*28*	**7,826,147**	5,955,230
Lease liabilities	*13*	**9,633**	11,082
		11,116,350	8,363,004
Total liabilities		**16,838,179**	12,894,982
Total equity and liabilities		**32,164,392**	27,537,193

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2022		**4,204**	**34,976,080**	**967,386**	**(21,305,459)**	**14,642,211**
Comprehensive income						
Profit for the year		–	–	–	370,814	370,814
Currency translation differences	*23*	–	–	194,116	–	194,116
Total comprehensive income for the year		–	–	194,116	370,814	564,930
Transactions with owners in their capacity as owners						
Share-based compensation	*8, 23, 24*	–	–	134,534	–	134,534
Appropriation to statutory surplus reserve	*23*	–	–	19,133	(19,133)	–
Release of ordinary shares from Share Scheme Trusts	*22, 23, 24*	1	2,007	(2,002)	–	6
Shares issued upon exercise of employee share options	*22, 23, 24*	–	584	(583)	–	1
Vesting of restricted awarded shares	*22, 23, 24*	33	102,000	(102,033)	–	–
Purchase of restricted shares under share award scheme	*23, 24*	–	–	(15,469)	–	(15,469)
Total transactions with owners in their capacity as owners		34	104,591	33,580	(19,133)	119,072
Balance at 31 December 2022		**4,238**	**35,080,671**	**1,195,082**	**(20,953,778)**	**15,326,213**

	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2021		4,182	34,882,666	971,426	(21,324,412)	14,533,862
Comprehensive loss						
Profit for the year		–	–	–	28,953	28,953
Currency translation differences	*23*	–	–	(46,747)	–	(46,747)
Total comprehensive loss for the year		–	–	(46,747)	28,953	(17,794)
Transactions with owners in their capacity as owners						
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)
Total transactions with owners in their capacity as owners		22	93,414	42,707	(10,000)	126,143
Balance at 31 December 2021		4,204	34,976,080	967,386	(21,305,459)	14,642,211

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		**(2,035,414)**	1,457,831
Income tax (paid)/returned		**(2,730)**	1,944
Net cash (used in)/generated from operating activities		**(2,038,144)**	1,459,775
Cash flows from investing activities			
Interest received		**14,763**	46,884
Proceeds from disposal of property and equipment and intangible assets		**3,720**	3,726
Purchase of property and equipment and other non-current assets		**(33,576)**	(13,203)
Purchase of intangible assets		**(3,024)**	(1,871)
Loans to third parties		**(297,000)**	(170,000)
Collection of loans to third parties		**84,727**	43,900
Investments in financial assets at fair value through profit or loss	*16*	**(12,500)**	(85,000)
Proceeds from financial assets		**2,938**	5,087
Investment in associates and joint ventures		**–**	(311,000)
Prepayment for an investment	*20*	**(80,000)**	(17,500)
Placements of restricted cash		**(63,626)**	(456,690)
Maturity of restricted cash		**254,267**	1,019,056
Net cash (used in)/generated from investing activities		**(129,311)**	63,389

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**15,051,378**	11,463,235
Repayment of borrowings		**(11,963,897)**	(12,200,635)
Release of deposits for borrowings		**26,410**	164,943
Principal elements of lease payments		**(14,462)**	(12,401)
Proceeds from exercise of share options		**7**	1,501
Purchase of restricted shares under share award scheme		**(15,469)**	(5,015)
Interest paid		**(564,620)**	(580,698)
Net cash generated from/(used in) financing activities		**2,519,347**	(1,169,070)
Net increase in cash and cash equivalents		**351,892**	354,094
Cash and cash equivalents at beginning of year		**3,051,720**	2,711,558
Exchange gains/(losses) on cash and cash equivalents		**29,570**	(13,932)
Cash and cash equivalents at end of year		**3,433,182**	3,051,720

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

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

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. On 5 March 2021, the distributions in specie by Bitauto of all of the shares issued by Yixin and held directly or indirectly by Bitauto to its parent and by such parent to its shareholders respectively (the "Distributions") have been completed. Following the completion of the Distributions, Bitauto no longer had any equity interests in 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 2022, 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 "USD", Hong Kong Dollars are defined as "HKD" and Singapore Dollars are defined as "SGD".

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 2022:

Standards and amendments	**Effective for annual periods beginning on or after**
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to International Accounting Standards (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
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)	1 January 2022

The above amendments to IFRS effective for the financial year beginning on 1 January 2022 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 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	Effective for annual periods beginning on or after
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and other financial 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, investment in debt instruments and risk assurance liabilities.

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.

Loans recognized as a result of payment under risk assurance and risk assurance liabilities are typically secured with automobiles for loan facilitation services 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 the borrowers and its ongoing monitorting process of balances of outstanding off balance-sheet items. The Group maintains reserves for expected credit losses and these losses have generally been within its expectations.

For other receivables other than loans recognized as a result of payment under risk assurance, 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 FVPL 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

Stage I	**Stage II**	**Stage III**
(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.

Maximum exposure to credit risk of the Group As at 31 December 2022

	Stage I 12 months expected credit loss	**Stage II Expected credit loss since purchased**	**Stage III Expected credit loss since purchased**	**Simplified Approach Expected credit loss since purchased**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Cash and cash equivalents	**3,433,182**	**–**	**–**	**–**	**3,433,182**
Restricted cash	**2,129,844**	**–**	**–**	**–**	**2,129,844**
Finance receivables	**13,747,497**	**155,889**	**453,037**	**–**	**14,356,423**
Trade receivables	**–**	**–**	**–**	**4,276,820**	**4,276,820**
Other receivables	**–**	**1,639,364**	**620,112**	**–**	**2,259,476**
Gross balance	**19,310,523**	**1,795,253**	**1,073,149**	**4,276,820**	**26,455,745**
Allowance for impairment losses	**(303,249)**	**(197,867)**	**(340,239)**	**(39,498)**	**(880,853)**
Net balance	**19,007,274**	**1,597,386**	**732,910**	**4,237,322**	**25,574,892**
Off balance-sheet items	**44,389,808**	**852,755**	**–**	**–**	**45,242,563**
Risk assurance liabilities	**(1,024,713)**	**(125,785)**	**–**	**–**	**(1,150,498)**

Maximum exposure to credit risk of the Group As at 31 December 2021

	Stage I 12 months expected credit loss	Stage II Expected credit loss since purchased	Stage III Expected credit loss since purchased	Simplified Approach Expected credit loss since purchased	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
Gross balance	16,557,764	1,789,546	699,485	2,735,827	21,782,622
Allowance for impairment losses	(188,287)	(182,099)	(234,784)	(132,820)	(737,990)
Net balance	16,369,477	1,607,447	464,701	2,603,007	21,044,632
Off balance-sheet items	33,101,666	668,531	–	–	33,770,197
Risk assurance liabilities	(611,968)	(39,990)	–	–	(651,958)

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 2022 and 2021 was determined as follows for finance receivables:

31 December 2022	**Stage I**	**Stage II**	**Stage III**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Expected loss rate	**2.21%**	**41.88%**	**54.27%**	**4.28%**
Gross carrying amount *(Note 18)*	**13,747,497**	**155,889**	**453,037**	**14,356,423**
Provision for expected credit losses	**303,249**	**65,291**	**245,870**	**614,410**

31 December 2021	Stage I	Stage II	Stage III	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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	188,287	29,714	183,430	401,431

The most significant assumptions used for the ECL estimate as at 31 December 2022 are Consumer Price Index ("CPI") and Producer Price Index ("PPI") (31 December 2021: loan balance at financial institutions 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.

Key economic variable	**Scenario**	**2022**	2021
CPI	Base	**2.34%**	N/A
	Upside	**2.91%**	N/A
	Downside	**1.77%**	N/A
PPI	Base	**0.38%**	N/A
	Upside	**2.49%**	N/A
	Downside	**(1.73%)**	N/A
Loan balance at financial institutions	Base	**N/A**	11.50%
	Upside	**N/A**	11.73%
	Downside	**N/A**	11.27%
M2	Base	**N/A**	8.70%
	Upside	**N/A**	8.03%
	Downside	**N/A**	9.37%

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 2022 and 2021 were as follows:

Key economic variable	**Scenario**	**2022**	2021
CPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
PPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
Loan balance at financial institutions	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%
M2	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%

A sensitivity analysis is performed on the key economic variables, namely CPI and PPI. Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

			CPI	
		-5%	**No Change**	**5%**
		RMB'000	***RMB'000***	***RMB'000***
	-5%	**(28,638)**	**1,079**	**52,122**
PPI	No Change	**(29,727)**	**–**	**51,053**
	5%	**(30,811)**	**(1,075)**	**49,987**

Finance receivables are written off when there is no reasonable expectation of recovery (Note 18). 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 other than loans recognized as a result of payment under risk assurance

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime 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 and loans recognized as a result of payment under risk assurance

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 31 December 2022, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB44,638 million (2021: RMB33,165 million). As at 31 December 2022, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,137.8 million (2021: RMB632.3 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 2022 are CPI and PPI. (31 December 2021: loan balance at financial institutions 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.

Key economic variable	**Scenario**	**2022**	2021
CPI	Base	**2.34%**	N/A
	Upside	**2.91%**	N/A
	Downside	**1.77%**	N/A
PPI	Base	**0.38%**	N/A
	Upside	**2.49%**	N/A
	Downside	**(1.73%)**	N/A
Loan balance at financial institutions	Base	**N/A**	11.50%
	Upside	**N/A**	11.73%
	Downside	**N/A**	11.27%
M2	Base	**N/A**	8.70%
	Upside	**N/A**	8.03%
	Downside	**N/A**	9.37%

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 2022 and 2021 were as follows:

Key economic variable	**Scenario**	**2022**	2021
CPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
PPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
Loan balance at financial institutions	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%
M2	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%

A sensitivity analysis is performed on the key economic variables, namely CPI and PPI. Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

			CPI	
		-5%	**No Change**	**5%**
		RMB'000	***RMB'000***	***RMB'000***
	-5%	**10,028**	**2,552**	**(4,827)**
PPI	No Change	**7,457**	**–**	**(7,360)**
	5%	**4,892**	**(2,545)**	**(9,886)**

Under the guarantee agreement with Chetaotao (Ningbo) E-commerce Co., Ltd. ("Chetaotao"), Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), 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 2022, the total outstanding redemption price under the guarantee agreement was RMB605 million (2021: RMB605 million). As at 31 December 2022, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB12.7 million (2021: RMB19.7 million).

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

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

(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 Hainan Shengxin Financing Guarantee Co., Ltd ("Hainan Shengxin"), 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 institutions to transfer its existing guarantee obligations to financing guarantee companies, with proper license, of the Group.

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

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, credit impairment losses, and other income and other gains, net associated with the respective segment.

The "Finance cost, 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 2022 are as follows:

	Year ended 31 December 2022		
	Transaction Platform Business	**Self-operated Financing Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenues	**3,984,259**	**1,217,249**	**5,201,508**
– Recognized at a point in time	**3,459,067**	**9,827**	**3,468,894**
– Recognized over time	**525,192**	**1,207,422**	**1,732,614**
Gross profit	**2,206,683**	**681,688**	**2,888,371**
Operating profit/(loss)	**634,812**	**(234,788)**	**400,024**

The segment results for the year ended 31 December 2021 are as follows:

	Year ended 31 December 2021		
	Transaction Platform Business	Self-operated Financing Business	Total
	RMB'000	*RMB'000*	*RMB'000*
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	50,404	51,778	102,182

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 2022 and 2021, substantially all of the non-current assets of the Group were located in the PRC.

The reconciliation of operating profit to profit before income tax for the years ended 31 December 2022 and 2021 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 2022			Year ended 31 December 2021		
	Recognized at a point in time	**Recognized over time**	**Total**	Recognized at a point in time	Recognized over time	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Transaction Platform Business						
– Loan facilitation services	**3,153,649**	**–**	**3,153,649**	1,951,709	–	1,951,709
– Guarantee services	**–**	**525,192**	**525,192**	–	222,473	222,473
– After-market services	**183,804**	**–**	**183,804**	123,253	–	123,253
– SaaS services	**121,614**	**–**	**121,614**	–	–	–
– Other services	**–**	**–**	**–**	4,844	–	4,844
	3,459,067	**525,192**	**3,984,259**	2,079,806	222,473	2,302,279
Self-operated Financing Business						
– Financing lease services	**–**	**1,188,496**	**1,188,496**	–	1,156,483	1,156,483
– Operating lease services and others	**9,827**	**18,926**	**28,753**	14,418	21,164	35,582
	9,827	**1,207,422**	**1,217,249**	14,418	1,177,647	1,192,065
Total	**3,468,894**	**1,732,614**	**5,201,508**	2,094,224	1,400,120	3,494,344

6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Other income from business cooperation arrangements with Yusheng	**107,765**	205,598
Government grants	**24,893**	22,383
Losses on disposal of property and equipment and intangible assets	**(709)**	(1,148)
Fair value (losses)/gains on financial assets *(Note 16)*	**(3,541)**	397,523
Impairment loss on investment in joint venture *(Note 15(a))*	**–**	(96,415)
Foreign exchange losses, net	**(16,319)**	(5,705)
Bank fees and charges	**(7,522)**	(20,388)
Others, net	**37,823**	10,951
Total	**142,390**	512,799

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Loan facilitation commission fee	**1,711,063**	1,090,165
Employee benefit expenses *(Note 8)*	**1,014,251**	954,797
Provision for expected credit losses:		
– Finance receivables *(Note 18)*	**474,753**	120,733
– Risk assurance liabilities *(Note 26)*	**228,310**	10,016
– Other receivables *(Note 20)*	**76,041**	150,734
– Trade receivables *(Note 19)*	**11,192**	4,893
Funding costs	**492,397**	498,877
Depreciation and amortization charges	**262,559**	395,902
Expenses incurred for self-operated financing lease business	**211,197**	270,112
Office and administrative expenses	**105,415**	80,982
Provision for impairment of other non-current assets *(Note 20)*	**60,895**	63,469
Marketing and advertising expenditures	**85,205**	53,829
Auditors' remuneration		
– Audit services	**6,850**	6,961
– Non-audit services	**627**	363
Other expenses	**203,119**	203,128
Total	**4,943,874**	3,904,961

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**687,498**	641,601
Pension and benefits	**192,219**	182,176
Share-based compensation expenses *(Note 24)*	**134,534**	131,020
Total employee benefit expenses	**1,014,251**	954,797

9 FINANCE COST, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Finance income:		
– Interest income	**74,408**	54,069
Finance expenses:		
– Interest expenses	**(84,177)**	(57,180)
Net finance cost	**(9,769)**	(3,111)

10 INCOME TAX EXPENSE

Income tax expense of the Group for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax expense	**1,158**	8,412
Deferred income tax	**33,519**	46,260
Income tax expense	**34,677**	54,672

11 EARNINGS PER SHARE

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Weighted average number of issued ordinary shares	**6,382,033,854**	6,336,248,063
Less: shares held for restricted share scheme	**(4,628,099)**	(1,476,845)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,377,405,755**	6,334,771,218
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**370,814**	28,953
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**370,814**	28,953
Numbers of restricted shares with potential dilutive effect *(Note (b))*	**276,433,928**	255,768,702
Weighted average number of issued ordinary shares for calculating diluted earnings per share *(Note (b))*	**6,653,839,683**	6,590,539,920
Earnings per share		
– Basic (RMB per share)	**0.058**	0.005
– Diluted (RMB per share)	**0.056**	0.004

Notes:

(a) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2022 and 2021, 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 2022, 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 earnings per share.

12 PROPERTY AND EQUIPMENT

	Buildings *RMB'000*	**Office equipment** *RMB'000*	**Vehicles** *RMB'000*	**Leasehold improvement** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022					
Cost	**453,681**	**63,391**	**17,897**	**7,536**	**542,505**
Accumulated depreciation	**(28,332)**	**(48,163)**	**(7,298)**	**(4,598)**	**(88,391)**
Net book amount	**425,349**	**15,228**	**10,599**	**2,938**	**454,114**
For the year ended 31 December 2022					
Opening net book amount	**425,349**	**15,228**	**10,599**	**2,938**	**454,114**
Additions	**538**	**9,098**	**16,664**	**5,081**	**31,381**
Disposals	**–**	**(641)**	**(2,572)**	**(358)**	**(3,571)**
Depreciation charge	**(14,281)**	**(10,713)**	**(4,726)**	**(1,899)**	**(31,619)**
Closing net book amount	**411,606**	**12,972**	**19,965**	**5,762**	**450,305**
As at 31 December 2022					
Cost	**454,219**	**69,633**	**29,065**	**11,111**	**564,028**
Accumulated depreciation	**(42,613)**	**(56,661)**	**(9,100)**	**(5,349)**	**(113,723)**
Net book amount	**411,606**	**12,972**	**19,965**	**5,762**	**450,305**

	Buildings *RMB'000*	Office equipment *RMB'000*	Vehicles *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
As at 1 January 2021					
Cost	453,347	59,691	37,078	12,437	562,553
Accumulated depreciation	(14,716)	(38,206)	(19,629)	(5,058)	(77,609)
Net book amount	438,631	21,485	17,449	7,379	484,944
For the year ended 31 December 2021					
Opening net book amount	438,631	21,485	17,449	7,379	484,944
Additions	334	5,809	9,931	256	16,330
Disposals	–	(172)	(11,243)	(2,808)	(14,223)
Depreciation charge	(13,616)	(11,894)	(5,538)	(1,889)	(32,937)
Closing net book amount	425,349	15,228	10,599	2,938	454,114
As at 31 December 2021					
Cost	453,681	63,391	17,897	7,536	542,505
Accumulated depreciation	(28,332)	(48,163)	(7,298)	(4,598)	(88,391)
Net book amount	425,349	15,228	10,599	2,938	454,114

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of revenues	**416**	2,673
Selling and marketing expenses	**11,901**	11,232
Administrative expenses	**17,452**	17,109
Research and development expenses	**1,850**	1,923
	31,619	32,937

13 LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Right-of-use assets		
Properties	**18,463**	20,386
Lease liabilities		
Current	**9,633**	11,082
Non-current	**5,985**	7,616
	15,618	18,698

Additions to the right-of-use assets during the year ended 31 December 2022 were RMB11,383,000 (2021: RMB8,899,000).

(b) Amounts recognised in the income statement

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Properties	**13,306**	13,132
Interest expenses (included in finance expenses)	**1,296**	1,081
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**11,090**	1,170

The total cash outflow for leases in 2022 was RMB26,965,000 (2021: RMB14,504,000).

14 INTANGIBLE ASSETS

	Goodwill (a) RMB'000	Trademarks and licenses RMB'000	Domain names RMB'000	Computer software and technology RMB'000	Business Cooperation Agreements RMB'000	Total RMB'000
As at 1 January 2022						
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	**105,631**	**25,981**	**5,790**	**14,582**	**1,222,334**	**1,374,318**
For the year ended 31 December 2022						
Opening net book amount	**105,631**	**25,981**	**5,790**	**14,582**	**1,222,334**	**1,374,318**
Additions	**–**	**1,933**	**–**	**1,487**	**–**	**3,420**
Disposal	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Amortization charge	**–**	**(3,773)**	**(1,282)**	**(2,545)**	**(210,034)**	**(217,634)**
Closing net book amount	**105,631**	**24,141**	**4,508**	**13,522**	**1,012,300**	**1,160,102**
As at 31 December 2022						
Cost	**105,631**	**45,899**	**12,828**	**29,307**	**2,344,363**	**2,538,028**
Accumulated amortization	**–**	**(21,758)**	**(8,320)**	**(15,785)**	**(1,332,063)**	**(1,377,926)**
Net book amount	**105,631**	**24,141**	**4,508**	**13,522**	**1,012,300**	**1,160,102**

	Goodwill (a) RMB'000	Trademarks and licenses RMB'000	Domain names RMB'000	Computer software and technology RMB'000	Business Cooperation Agreements RMB'000	Total RMB'000
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	105,631	29,677	7,073	16,533	1,563,978	1,722,892
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	105,631	25,981	5,790	14,582	1,222,334	1,374,318
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	105,631	25,981	5,790	14,582	1,222,334	1,374,318

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Investments in associates and joint ventures:		
Associates and joint ventures using equity accounting *(a)*	**660,155**	605,103
Associates measured at fair value through profit or loss *(b)*	**56,000**	56,000
	716,155	661,103

(a) Associates and joint ventures using equity accounting

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**605,103**	461,973
Additions	**17,500**	255,000
Share of gains/(losses) of associates and joint ventures	**15,236**	(15,446)
Impairment provision	**–**	(96,415)
Currency translation differences	**22,316**	(9)
At end of the year	**660,155**	605,103

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**56,000**	–
Addition	**–**	56,000
At end of the year	**56,000**	56,000

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**2,995,871**	2,568,860
Additions	**12,500**	85,000
Disposals	**–**	(5,087)
Fair value (losses)/gains	**(3,541)**	397,523
Currency translation differences	**199,557**	(50,425)
At end of the year	**3,204,387**	2,995,871

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Assets as per balance sheet		
Financial assets at fair value through profit or loss:		
– Long-term investments *(Note 16)*	**3,204,387**	2,995,871
Financial assets at amortized cost:		
– Finance receivables *(Note 18)*	**13,742,013**	11,109,198
– Trade receivables *(Note 19)*	**4,237,322**	2,632,564
– Deposits and other receivables	**2,032,531**	1,812,091
– Restricted cash *(Note 21(b))*	**2,129,844**	2,468,616
– Cash and cash equivalents *(Note 21(a))*	**3,433,182**	3,051,720
	28,779,279	24,070,060

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Liabilities as per balance sheet		
Financial liabilities at amortized cost:		
– Borrowings *(Note 28)*	**12,512,272**	9,422,403
– Trade payables *(Note 25)*	**841,351**	537,616
– Other payables (excluding advance from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals)	**661,106**	548,111
– Other non-current liabilities (excluding deferred revenue) *(Note 30)*	**10,294**	28,244
Risk assurance liabilities *(Note 26)*	**1,150,498**	651,958
Lease liabilities *(Note 13)*	**15,618**	18,698
	15,191,139	11,207,030

18 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 31 December 2022 and 2021 are as below:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Finance receivables		
– Finance receivables, gross	**15,851,025**	12,738,754
– Unearned finance income	**(1,494,602)**	(1,228,125)
Finance receivables, net	**14,356,423**	11,510,629
Less: provision for expected credit losses	**(614,410)**	(401,431)
Carrying amount of finance receivables	**13,742,013**	11,109,198
Finance receivables, gross		
– Within one year	**7,633,651**	6,773,483
– After one year but not more than two years	**5,220,387**	5,383,379
– After two year but not more than five years	**2,996,987**	581,892
	15,851,025	12,738,754
Finance receivables, net		
– Within one year	**6,688,699**	5,939,789
– After one year but not more than two years	**4,783,210**	4,996,752
– After two year but not more than five years	**2,884,514**	574,088
Total	**14,356,423**	11,510,629

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Finance receivables:		
– Individual customers	**13,358,163**	10,764,203
– Auto dealers	**383,850**	344,995
	13,742,013	11,109,198

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

	Year ended 31 December 2022			
	Stage I	**Stage II**	**Stage III**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Opening balance at 1 January 2022	**188,287**	**29,714**	**183,430**	**401,431**
Provision for impairment	**280,261**	**14,097**	**289,596**	**583,954**
Reversal of impairment	**–**	**–**	**(109,201)**	**(109,201)**
Transfer for the period:				
Conversion to Stage I	***88***	***(70)***	***(18)***	**–**
Conversion to Stage II	***(48,151)***	***48,223***	***(72)***	**–**
Conversion to Stage III	***(117,236)***	***(26,673)***	***143,909***	**–**
Asset derecognised (including final repayment)	**–**	**–**	**109,201**	**109,201**
Write-off	**–**	**–**	**(370,975)**	**(370,975)**
Ending balance at 31 December 2022	**303,249**	**65,291**	**245,870**	**614,410**

	Year ended 31 December 2021			
	Stage I	Stage II	Stage III	Total
	RMB'000	*RMB'000*	*RMB'000*	*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:				
Conversion to Stage I	*271*	*(195)*	*(76)*	–
Conversion to Stage II	*(11,039)*	*11,256*	*(217)*	–
Conversion to Stage III	*(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	188,287	29,714	183,430	401,431

19 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**4,276,820**	2,765,384
Less: provision for impairment	**(39,498)**	(132,820)
Trade receivables, net	**4,237,322**	2,632,564
Trade receivables, net	**4,237,322**	2,632,564
– Within one year	**2,948,923**	1,890,033
– After one year but not more than five years	**1,288,399**	742,531

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Up to 3 months	**4,171,063**	2,619,834
3 to 6 months	**7,800**	5,443
Over 6 months	**58,459**	7,287
	4,237,322	2,632,564

As at 31 December 2022 and 2021, 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	
	2022	2021
	RMB'000	*RMB'000*
At 1 January	**132,820**	128,375
Charge for the year	**16,493**	5,893
Reverse	**(1,220)**	(1,000)
Recovery of write-off	**4,081**	–
Reversal of provision provided in relation to the recovery of write-off	**(4,081)**	–
Write-off	**(108,595)**	(448)
At 31 December	**39,498**	132,820

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Included in non-current assets:		
Vehicles collected from financing lease customers	**186,417**	160,150
Deposits	**163,225**	94,047
Prepayment for a capital investment	**80,000**	17,500
Long-term prepaid expense	**1,851**	3,470
Others	**4,305**	75
	435,798	275,242
Less: provision for impairment of vehicles collected from financing lease customers	**(143,677)**	(82,782)
	292,121	192,460
Included in current assets:		
Loans recognized as a result of payment under risk assurance	**540,112**	302,035
Other receivables from third parties	**527,231**	573,027
Loans to third parties *(a)*	**384,451**	293,178
Deposits	**393,894**	290,924
Other receivables from disposal of assets	**128,942**	270,403
Prepaid taxes	**103,190**	91,431
Prepayments	**23,368**	17,679
Loans to related parties	**59,000**	19,000
Other receivables from related parties	**3,022**	61,310
Others	**135,675**	112,274
	2,298,885	2,031,261
Less: provision for impairment of other receivables	**(226,945)**	(203,739)
	2,071,940	1,827,522
Total	**2,364,061**	2,019,982

Note:

(a) The loans to third parties are arranged to be recovered by the end of December 2023 given the business terms. As at 31 December 2022, the applicable interest rates on loans to third parties are from 7.00% to 10.00% (2021: 6.00% to 10.00%) per annum.

As at 31 December 2022 and 2021, 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 2022 and 2021, there are no significant balances that are past due.

Movements on the Group's provision for impairment of prepayments, deposits and other assets are as follows:

	Provision for impairment	
	2022	2021
	RMB'000	*RMB'000*
As at 1 January	**286,521**	296,316
Provision for impairment	**140,539**	217,506
Recovery of write-off	**3,603**	3,303
Reversal of provision provided in relation to the recovery of write-off	**(3.603)**	(3,303)
Write-off	**(56,438)**	(227,301)
As at 31 December	**370,622**	286,521

21 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cash and cash equivalents	**3,433,182**	3,051,720

As at 31 December 2022 and 2021, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
RMB	**2,792,535**	2,627,186
USD	**378,296**	189,501
HKD	**252,755**	235,033
SGD	**9,596**	–
	3,433,182	3,051,720

(b) Restricted cash

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cash deposited for loan facilitation services *(a)*	**1,765,723**	1,596,131
Term deposits pledged for bank borrowings *(b)*	**102,328**	440,763
Cash deposited for borrowings *(c)*	**65,228**	16,530
Others	**196,565**	415,192
	2,129,844	2,468,616
Of which are:		
Current restricted cash	**2,015,734**	2,398,413
Non-current restricted cash	**114,110**	70,203

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 28).

(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 2022 and 2021, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
RMB	**2,040,517**	2,172,964
HKD	**89,327**	295,644
USD	**–**	8
	2,129,844	2,468,616

As at 31 December 2022, the applicable interest rates per annum on restricted cash ranged from 0.00% to 2.10% (2021: 0.00% to 2.75%).

22 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Number of preferred shares	Nominal value of preferred shares *US$'000*
Authorized:				
As at 1 January and 31 December 2022	**15,000,000,000**	**1,500**	**–**	**–**
As at 1 January and 31 December 2021	**15,000,000,000**	**1,500**	**–**	**–**

	Number of ordinary shares	Nominal value of ordinary shares *US$'000*	Equivalent nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*
Issued:				
At 1 January 2022	**6,519,050,012**	**632**	**4,204**	**34,976,080**
Newly issued ordinary shares	**4,660,000**	**–**	**–**	**–**
Release of ordinary shares from Share Scheme Trusts	**–**	**–**	**1**	**2,007**
Shares issued upon exercise of employee share options	**163,000**	**–**	**–**	**584**
Vesting of restricted awarded shares	**–**	**4**	**33**	**102,000**
As at 31 December 2022	**6,523,873,012**	**636**	**4,238**	**35,080,671**
At 1 January 2021	6,376,600,363	629	4,182	34,882,666
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
As at 31 December 2021	6,519,050,012	632	4,204	34,976,080

23 OTHER RESERVES

	Note	Capital Reserves RMB'000	Statutory surplus reserve *(a)* RMB'000	Share-based compensation reserve RMB'000	Shares held for share award scheme RMB'000	Currency translation differences *(b)* RMB'000	Total RMB'000
At 1 January 2022		**(431,554)**	**98,410**	**1,160,559**	**(904)**	**140,875**	**967,386**
Currency translation differences		**–**	**–**	**–**	**–**	**194,116**	**194,116**
Share-based compensation	*24*	**–**	**–**	**134,534**	**–**	**–**	**134,534**
Release of ordinary shares from Share Scheme Trusts	*24*	**–**	**–**	**(2,002)**	**–**	**–**	**(2,002)**
Shares issued upon exercise of employee share options		**–**	**–**	**(583)**	**–**	**–**	**(583)**
Vesting of restricted awarded shares		**–**	**–**	**(116,917)**	**14,884**	**–**	**(102,033)**
Purchase of restricted shares under share award scheme	*24*	**–**	**–**	**–**	**(15,469)**	**–**	**(15,469)**
Appropriation to statutory reserves		**–**	**19,133**	**–**	**–**	**–**	**19,133**
At 31 December 2022		**(431,554)**	**117,543**	**1,175,591**	**(1,489)**	**334,991**	**1,195,082**
At 1 January 2021		(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
At 31 December 2021		(431,554)	98,410	1,160,559	(904)	140,875	967,386

24 SHARE-BASED PAYMENTS

The total expenses recognized in the consolidated income statement for share-based awards granted to the Group's employees are RMB134,534,000 for the year ended 31 December 2022 (2021: RMB131,020,000).

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

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

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

	Number of share options	
	2022	2021
Outstanding as at 1 January	**236,079,348**	251,766,880
Exercised during the year	**(723,000)**	(15,421,006)
Forfeited during the year	**–**	(266,526)
Outstanding as at 31 December	**235,356,348**	236,079,348
Exercisable as at 31 December	**235,356,348**	235,379,348

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	USD3.70	USD4.90
Exercise price	USD0.01	USD0.01
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	4.5 years	4.75 years
Weighted-average fair value per option granted	USD3.69	USD4.89
Weighted-average fair value per option granted (after the effect of the Capitalization Issue)	USD0.53	USD0.70

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.

1,200,000 RSUs under the 2019 Share Award Scheme, 2,700,000 RSUs under the 2020 Share Award Scheme and 106,510,000 RSUs under the 2021 Share Award Scheme were modified in the year ended 31 December 2022. There was no incremental fair value incurred and no impact on the related accounting treatments.

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

	Number of RSUs	**Weighted average fair value per RSU** *(USD)*
Outstanding as at 1 January 2022	**207,379,725**	**USD0.28**
Granted during the year	**4,660,000**	**USD0.10**
Vested and sold during the year	**(63,785,375)**	**USD0.24**
Forfeited during the year	**(16,974,990)**	**USD0.23**
Outstanding as at 31 December 2022	**131,279,360**	**USD0.30**
Vested as at 31 December 2022	**138,491,300**	**USD0.29**
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	207,379,725	USD0.28
Vested as at 31 December 2021	74,705,925	USD0.30

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

(c) Expected Retention Rate

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options and RSUs (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at 31 December 2022, 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 2021: 100%, 100% and 91%).

25 TRADE PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables	**841,351**	537,616

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Up to 3 months	**785,384**	503,482
3 to 6 months	**15,870**	7,338
6 months to 1 year	**15,355**	4,347
Over 1 year	**24,742**	22,449
	841,351	537,616

26 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the years ended 31 December 2022 and 2021 is presented below:

	2022	2021
	RMB'000	*RMB'000*
As at 1 January	**651,958**	277,457
Addition arising from new business	**1,136,708**	698,451
Gains from risk assurance liabilities	**(556,703)**	(235,821)
ECL	**228,310**	10,016
Payouts during the year, net	**(309,775)**	(98,145)
As at 31 December	**1,150,498**	651,958

27 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Other payables to related parties	**340,945**	171,702
Accrued expenses	**147,186**	122,806
Deposits payable	**144,796**	199,586
Staff costs and welfare accruals	**117,813**	118,409
Advances from customers	**93,855**	122,205
Deferred other income – current	**75,509**	87,287
Interest payable	**50,634**	41,067
Tax payable	**47,555**	61,031
Others	**124,731**	135,756
	1,143,024	1,059,849

As at 31 December 2022 and 2021, 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.

28 BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Included in non-current liabilities:		
Pledged borrowings	**1,282,875**	1,531,218
Asset-backed securitization debt	**1,585,582**	605,826
Other secured borrowings	**953,987**	1,196,216
Unsecured borrowings	**863,681**	133,913
	4,686,125	3,467,173
Included in current liabilities:		
Pledged borrowings	**160,280**	464,988
Asset-backed securitization debt	**2,383,527**	1,817,309
Other secured borrowings	**3,633,791**	2,769,878
Unsecured borrowings	**1,648,549**	903,055
	7,826,147	5,955,230
Total borrowings	**12,512,272**	9,422,403

29 DEFERRED INCOME TAX

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Deferred income tax assets:		
– To be recovered within 12 months	**708,558**	749,321
Deferred income tax liabilities:		
– To be recovered after 12 months	**(89,503)**	(96,692)
– To be recovered within 12 months	**(91)**	(146)
	(89,594)	(96,838)
Deferred income tax assets, net	**618,964**	652,483

30 OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Deferred other income	**929,831**	932,107
Long-term deposits payable	**9,302**	13,138
Other liabilities	**992**	15,106
	940,125	960,351

31 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2022 (2021: nil).

32 SUBSEQUENT EVENTS

Since year end, the directors have recommended the payment of final and special dividends of HKD3.25 cents per fully paid ordinary share. Subject to the approval at the Annual General Meeting, the aggregate amount of the proposed dividend expected to be paid on 2 June 2023 out of retained earnings at 31 December 2022, but not recognised as a liability at year end, is HKD212.0 million (equivalent to RMB185.5 million).

OTHER INFORMATION

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 CG Code contained in Appendix 14 to the Listing Rules. In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, save and except for the following deviation from code provision C.2.1 of the CG Code.

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

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 Reporting Period.

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 of Listed Issuers

The Company has devised its own code of conduct regarding securities transactions, regarding Directors' and relevant employees' dealings in the Company's securities on terms no less exacting than the Model Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code during the Reporting Period.

The Company's Securities Dealing Code also applies to all relevant employees of the Company who are likely to be in possession of inside information of the Company. 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 January 1, 2023 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 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 Reporting Period. 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 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 Reporting Period.

The consolidated financial statements of the Group for the Reporting Period have been audited by PricewaterhouseCoopers.

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 Reporting Period have been agreed by PricewaterhouseCoopers, to the figures set out in the audited consolidated financial statements of the Group for the Reporting Period. 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 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, 2022, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to December 31, 2022		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	1,044,555	886,848	196,531	166,859	256,964	218,168
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	–	–	–	–
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	–	–	–	–
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	–	–	–	–
Total	**6,507,595**	**5,525,077**	**6,250,631**	**5,306,909**	**196,531**	**166,859**	**256,964**	**218,168**

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.

Dividend

The Board recommended the payment of a final dividend of HK1.95 cents per Share and a special dividend of HK1.30 cents per Share for the year ended December 31, 2022 (2021: nil) to Shareholders whose names appear on the register of members of the Company on Monday, May 22, 2023. The total amount of the proposed final and special dividends is estimated to be approximately HK$212.0 million (equivalent to approximately RMB185.5 million) based on 6,523,873,012 Shares in issue as at the date of this announcement. The Shareholders are reminded that there is no assurance that a dividend will be proposed or declared in any subsequent periods. The Board will continue to review and assess from time to time in accordance with the dividend policy of the Company to determine whether any dividend payment will be proposed or declared in the future.

Annual General Meeting

The Annual General Meeting is scheduled to be held on Wednesday, May 10, 2023. A notice convening the Annual General Meeting 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 Annual General Meeting, the register of members of the Company will be closed from Friday, May 5, 2023 to Wednesday, May 10, 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, 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 Thursday, May 4, 2023.

For determining the entitlement to the proposed final and special dividends, the register of members of the Company will be closed from Wednesday, May 17, 2023 to Monday, May 22, 2023, both dates inclusive, during which period no transfer of shares will be registered. The record date on which the Shareholders are qualified to receive the proposed final and special dividends is Monday, May 22, 2023. In order to be qualified for the proposed final and special dividends, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, May 16, 2023.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yixincars.com). The annual report of the Group for the Reporting Period 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"affiliate(s)"	any company that directly or indirectly controls, is controlled by or is under common control of the company in question, provided that control shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of a company, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise, and accordingly, for the purpose of the definition of affiliate(s), a company shall be deemed to control another company if such first company, directly or indirectly, owns or holds more than 50% of the voting equity securities in such other company, and terms deriving from control, such as "controlling" and "controlled", shall have a meaning corollary to that of control
"Annual General Meeting"	the annual general meeting of the Company to be held on Wednesday, May 10, 2023
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Beijing Yixin"	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC and the Consolidated Affiliated Entity
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "Yixin"	Yixin Group Limited 易鑫集团有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2858)
"Company's Securities Dealing Code"	the Company's own code of conduct for securities transactions regarding the Directors' and relevant employees' dealings in the securities of the Company on terms no less exacting than the Model Code

"Consolidated Affiliated Entity"	the entity the Company controls through the Contractual Arrangements, namely Beijing Yixin
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, our Consolidated Affiliated Entity and its shareholders in respect of, among others, the Company's effective control over the Consolidated Affiliated Entity
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this annual results announcement, refers to Tencent and Morespark and each of them shall be referred to as a controlling Shareholder
"Director(s)"	the director(s) of the Company
"FinTech"	the financial technology
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme" in Appendix IV to the Prospectus
"Group", "our Group", "we", "us" or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entity (the financial results of which have been consolidated and accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements) from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IPO"	initial public offering of the Shares on the Main Board
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	November 16, 2017, the date the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Morespark"	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
"NEV(s)"	the new energy vehicle(s)
"OEM(s)"	the original equipment manufacturer(s)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Board on May 26, 2017 and amended on September 1, 2017, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme" of the Prospectus
"PricewaterhouseCoopers"	the Group's auditor
"Prospectus"	the prospectus of the Company dated November 6, 2017
"Reporting Period"	the year ended December 31, 2022
"RMB"	Renminbi, the lawful currency of PRC
"SaaS"	software-as-a-service
"Second Share Award Scheme"	the share award scheme conditionally approved and adopted by written resolutions of all the Shareholders on September 1, 2017 and effective from the Listing Date, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Second Share Award Scheme" of the Prospectus
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of Share(s) from time to time
"State Council"	the State Council of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules

"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder
"Tianjin Kars"	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
"United States" or "US"	the United States of America, its territories, possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"Yusheng"	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands with limited liability
"%"	per cent

* *for identification purpose only*

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

Hong Kong, February 27, 2023

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

Executive Directors	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors	Mr. Qing Hua Xie, Mr. Qin Miao, and Ms. Amanda Chi Yan Chau
Independent non-executive Directors	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong