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**易鑫集团**  
**YIXIN GROUP**  
**YIXIN GROUP LIMITED**  
**易鑫集团有限公司**

*(incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as “Yixin Automotive Technology Group Limited”)*  
**(Stock Code: 2858)**

**PRELIMINARY INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2020. The interim results have been reviewed by the Audit Committee and by PwC, in accordance with International Standards on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board. PwC’s unmodified review report is included in the interim report to be sent to the Shareholders.

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

**KEY HIGHLIGHTS**

	<b>Six months ended June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Year-on-year</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>%</b>
<b>Revenues</b>	<b>1,623,834</b>	3,161,739	-49%
<b>Transaction platform business</b>			
<i>Loan facilitation services</i>	<b>462,085</b>	839,049	-45%
<i>Advertising and other services</i>	<b>33,738</b>	42,389	-20%
<b>Subtotal</b>	<b>495,823</b>	881,438	-44%
<b>Self-operated financing business</b>			
<i>Financing lease services</i>	<b>1,111,166</b>	2,080,712	-47%
<i>Other self-operated services</i>	<b>16,845</b>	199,589	-92%
<b>Subtotal</b>	<b>1,128,011</b>	2,280,301	-51%
<b>Gross profit</b>	<b>735,100</b>	1,531,956	-52%
<b>Operating (loss)/profit</b>	<b>(1,372,304)</b>	163,638	N/A
<b>Net (loss)/profit</b>	<b>(1,052,912)</b>	123,141	N/A
<b>Adjusted operating (loss)/profit<sup>(1)</sup></b>	<b>(1,189,854)</b>	383,743	N/A
<b>Adjusted net (loss)/profit<sup>(2)</sup></b>	<b>(870,545)</b>	343,164	N/A

Notes:

(1) Details for the calculation of adjusted operating (loss)/profit is set out under the section header “Non-IFRS Measures” on page 11 of this announcement.

(2) Details for the calculation of adjusted net (loss)/profit is set out under the section headed “Non-IFRS Measures” on page 11 of this announcement.

	<b>Six months ended June 30,</b>		
	<b>2020</b>	2019	Year-on-year
	<b>'000</b>	'000	%
<b>Total financed automobile transactions</b>	<b>121</b>	285	-58%
– By auto type			
New	<b>83</b>	174	-52%
Used	<b>38</b>	111	-66%
– By service type			
Through loan facilitation services	<b>103</b>	164	-37%
Through self-operated financing business	<b>18</b>	121	-85%

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present our interim results announcement for the six months ended June 30, 2020.

The first half of 2020 bears the imprint of COVID-19, which left an indelible memory in the history of Yixin, the whole industry, even the whole nation and the world.

During the first half of 2020, China's total sales of new and used passenger vehicle decreased by approximately 21% year-on-year, according to data from China Association of Automobile Manufacturers ("CAAM") and China Automobile Dealers Association ("CADA"). Adversely affected by such pressure on the sales of China's auto market and the reduced consumption capabilities, Yixin's total financed automobile transactions were 121 thousand for the first half of 2020, representing a 58% year-on-year decrease and the aggregate financing amount we facilitated through our loan facilitation services and our self-operated financing business was approximately RMB9.3 billion. Our financed new and used automobile transactions contributed 69% and 31% of total financed transactions in the first half of 2020, respectively, compared to 61% and 39% for the same period last year.

Our revenues for the first half of 2020 were approximately RMB1,624 million, representing a 49% year-on-year decrease, mainly due to the negative impact of COVID-19. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transaction services we facilitated during the six months ended June 30, 2020 were approximately RMB476 million, representing a 57% year-on-year decrease. Accordingly, our gross profit for the first half of 2020 decreased by 52% to approximately RMB735 million, mainly due to the decrease in our revenues.

Impacted by the outbreak of COVID-19 and the reduced consumer's repayment capability, we booked approximated RMB1,381 million for net impairment losses on finance receivables for the six months ended June 30, 2020, compared to RMB256 million for the same period last year, which negatively affected our profit. As a result, our adjusted net loss for the six months ended June 30, 2020 was approximately RMB871 million, compared to an adjusted net profit of RMB343 million for the same period last year.

Despite the unprecedented challenges and uncertainties arising from COVID-19, the social activities as well as the sales of China auto industry were gradually resuming in the second quarter. The total sales of new and used passenger vehicle for the second quarter increased by approximately 73% quarter-on-quarter. At the same time, we also saw gradual improvement in our business since the second quarter. Yixin's total financed automobile transactions, including new and used, for the second quarter increased by 33% quarter-on-quarter to approximately 69,000 and our new core services revenues for the second quarter increased by 15% quarter-on-quarter.

Starting from the second quarter of 2020, along with the work resumption and economic recovery, the repayment cash flow on a daily basis has been improved. As of June 30, 2020, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratios for all financed transactions through both our self-operated financing lease services and our loan facilitation services were 1.40% and 2.46%, respectively, compared to 1.55% and 2.60% as of March 31, 2020, respectively.

As you may all know, on June 12, 2020, Bitauto, one of the Controlling Shareholders of the Company, announced that it has entered into an agreement and plan of merger, pursuant to which Bitauto will be acquired by an investor consortium led by Tencent (through its wholly-owned subsidiary Morespark) and Hammer Capital. Upon the Merger becoming effective, there will be a change in statutory control in Bitauto and as a result the Consortium or their affiliates will acquire control of Yixin. Further details of the Merger and the possible unconditional mandatory cash offers are set out in the announcement of the Company dated June 15, 2020. After the close of the cash offers (if materialised), while Yixin will remain as a Hong Kong Main Board listed company with an independent management team, it is expected that we could utilize more resources to solidify our leadership position.

Looking ahead, we believe that the challenges arising from COVID-19 will continue and the business will take some time for a full recovery. We will work closely with our partners to further improve our financing products and services. Meanwhile, we will continue to adopt stricter risk assessments to ensure the healthy development of Yixin.

### **Appreciation**

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

**Andy Xuan Zhang**  
*Chairman*  
Hong Kong  
August 24, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

The following table sets forth the comparative figures for the six months ended June 30, 2020 and 2019.

	<b>Six months ended June 30,</b>		Year-on-year %
	<b>2020</b>	2019	
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	
<b>Revenues</b>	<b>1,623,834</b>	3,161,739	-49%
Cost of revenues	<b>(888,734)</b>	(1,629,783)	-45%
<b>Gross profit</b>	<b>735,100</b>	1,531,956	-52%
Selling and marketing expenses	<b>(401,885)</b>	(578,829)	-31%
Administrative expenses	<b>(223,700)</b>	(206,550)	8%
Research and development expenses	<b>(82,023)</b>	(103,578)	-21%
Credit impairment losses	<b>(1,488,568)</b>	(529,997)	181%
Other gains, net	<b>88,772</b>	50,636	75%
<b>Operating (loss)/profit</b>	<b>(1,372,304)</b>	163,638	N/A
Finance (cost)/income, net	<b>(2,898)</b>	25,355	N/A
Share of loss of an investment accounted for using the equity method	<b>(833)</b>	(712)	17%
<b>(Loss)/profit before income tax</b>	<b>(1,376,035)</b>	188,281	N/A
Income tax expense	<b>323,123</b>	(65,140)	N/A
<b>(Loss)/profit for the period</b>	<b>(1,052,912)</b>	123,141	N/A
<i>Non-IFRSs measure (unaudited)</i>			
<b>Adjusted operating (loss)/profit (unaudited)</b>	<b>(1,189,854)</b>	383,743	N/A
<b>Adjusted net (loss)/profit (unaudited)</b>	<b>(870,545)</b>	343,164	N/A

## Revenues

Our total revenues decreased by 49% year-on-year to RMB1,624 million for the six months ended June 30, 2020, compared to RMB3,162 million for the same period last year, mainly due to the decrease in our loan facilitation services and financing lease services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the period, decreased by 57% year-on-year to RMB476 million, compared to RMB1,100 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2020 and 2019.

	Six months ended June 30,		2019	
	2020	Year-on-	2019	% of total
	RMB'000	year	RMB'000	revenues
<b>Revenues</b>				
<b>Transaction platform business</b>				
Loan facilitation services	462,085	-45%	839,049	27%
Advertising and other services	33,738	-20%	42,389	1%
<b>Subtotal</b>	<b>495,823</b>	<b>-44%</b>	<b>881,438</b>	<b>28%</b>
<b>Self-operated financing business</b>				
Financing lease services	1,111,166	-47%	2,080,712	66%
From new transactions during the period	13,777	-95%	261,182	8%
From existing transactions in prior periods	1,097,389	-40%	1,819,530	58%
Other self-operated services <sup>(1)</sup>	16,845	-92%	199,589	6%
<b>Subtotal</b>	<b>1,128,011</b>	<b>-51%</b>	<b>2,280,301</b>	<b>72%</b>
<b>Total</b>	<b>1,623,834</b>	<b>-49%</b>	<b>3,161,739</b>	<b>100%</b>

Note:

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

### ***Transaction platform business***

Revenues from our transaction platform business decreased by 44% year-on-year to RMB496 million for the six months ended June 30, 2020, compared to RMB881 million for the same period last year, mainly due to the decrease in revenues from our loan facilitation services. Our transaction platform business contributed 31% of total revenue for the six months ended June 30, 2020, increased from 28% for the same period last year.

Revenues from our loan facilitation services decreased by 45% year-on-year to RMB462 million for the six months ended June 30, 2020, compared to RMB839 million for the same period last year. For the six months ended June 30, 2020, we facilitated approximately 103 thousand financed transactions, through loan facilitation services, representing a 37% year-on-year decrease in volume. Revenue contribution from our loan facilitation services increased to 29% during the six months ended June 30, 2020, compared to 27% for the same period last year.

Revenues from our advertising and other services decreased by 20% year-on-year to RMB34 million for the six months ended June 30, 2020, compared to RMB42 million for the same period last year, mainly due to our strategy to de-emphasize such services.

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

Revenues from our self-operated financing business decreased by 51% year-on-year to RMB1,128 million for the six months ended June 30, 2020, compared to RMB2,280 million for the same period last year, primarily due to the decrease in revenues from financing lease services. During the six months ended June 30, 2020, we facilitated approximately 18 thousand financed transactions through self-operated financing business, representing a 85% year-on-year decrease in volume, mainly due to our strategy to focus on loan facilitation services.

Revenues from our financing lease services decreased by 47% year-on-year to RMB1,111 million for the six months ended June 30, 2020, compared to RMB2,081 million for the same period last year, due to the decrease in revenues from both existing financing lease transactions in prior periods and new financing lease transactions during the six months ended June 30, 2020. During the six months ended June 30, 2020, we generated RMB1,097 million revenues from existing financing lease transactions in prior periods and RMB14 million revenues from new financing lease transactions, compared to RMB1,820 million and RMB261 million, respectively, for the same period last year. The average yield of our net finance receivables<sup>(1)</sup> was 9.7% for the six months ended June 30, 2020, compared to 11.7% for the same period last year, primarily due to our sales promotion and offering of more products with lower interest rate to stimulate the recovery of financed automobile transactions.

*Note:*

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

Revenues from our other self-operated services decreased by 92% year-on-year to RMB17 million for the six months ended June 30, 2020, compared to RMB200 million for the same period last year, primarily due to the decrease in automobile sales. Revenue from automobile sales was RMB11 million for the six months ended June 30, 2020, compared to RMB171 million for the same period last year.

### **Cost of Revenues**

Cost of revenues decreased by 45% year-on-year to RMB889 million for the six months ended June 30, 2020, compared to RMB1,630 million for the same period last year, primarily due to the decrease in commissions associated with our loan facilitation services, the decrease in funding costs associated with our self-operated financing business and the decrease in costs associated with automobile sales.

Cost of revenues of our transaction platform business decreased by 40% year-on-year to RMB207 million for the six months ended June 30, 2020, compared to RMB344 million for the same period last year. The decrease was primarily due to the decrease in commissions associated with our loan facilitation services. Loan facilitation commissions were RMB193 million for the six months ended June 30, 2020, compared to RMB314 million for the same period last year.

Cost of revenues of our self-operated financing business decreased by 47% year-on-year to RMB681 million for the six months ended June 30, 2020, compared to RMB1,285 million for the same period last year, primarily due to the decrease in funding costs associated with our self-operated financing business and the decrease in costs associated with automobile sales. Funding costs decreased by 37% year-on-year to RMB637 million for the six months ended June 30, 2020, compared to RMB1,012 million for the same period last year. The average funding cost of our net finance receivables<sup>(1)</sup> was 5.6% for the six months ended June 30, 2020, slightly decreased from 5.7% for the same period last year.

*Note:*

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



## Gross Profit and Margin

	Six months ended June 30,		2019	
	2020	Margin	RMB'000	Margin
<b>Segment gross profit and gross profit margins</b>				
Transaction platform business	<b>288,396</b>	<b>58%</b>	537,071	61%
Self-operated financing business	<b>446,704</b>	<b>40%</b>	994,885	44%
<b>Total</b>	<b>735,100</b>	<b>45%</b>	1,531,956	48%

Our total gross profit decreased by 52% year-on-year to RMB735 million for the six months ended June 30, 2020, compared to RMB1,532 million for the same period last year, primarily due to the decrease in total revenues. Our overall gross profit margin decreased to 45% for the six months ended June 30, 2020, compared to 48% for the same period last year.

Gross profit of our transaction platform business decreased by 46% year-on-year to RMB288 million for the six months ended June 30, 2020, compared to RMB537 million for the same period last year, mainly due to the revenue decrease in our loan facilitation services. Gross profit margin of our transaction platform business decreased to 58% for the six months ended June 30, 2020, compared to 61% for the same period last year, primarily due to the change of revenue mix in our transaction platform business.

Gross profit of our self-operated financing business decreased by 55% year-on-year to RM447 million for the six months ended June 30, 2020, compared to RMB995 million for the six months ended June 30, 2019, mainly due to the revenue decrease in financing lease services. Gross profit margin of our self-operated financing business decreased to 40% for the six months ended June 30, 2020, compared to 44% for the same period last year, primarily due to the decrease in revenues from financing lease services. The average spread of our net finance receivables<sup>(1)</sup> was 4.1% for the six months ended June 30, 2020, compared to 6.0% for the same period last year, primarily due to our sales promotion which offered more products with lower interest rate.

*Note:*

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

## **Selling and Marketing Expenses**

Selling and marketing expenses decreased by 31% year-on-year to RMB402 million for the six months ended June 30, 2020, compared to RMB579 million for the same period last year, primarily due to the decrease in salary, employee benefit, share-based compensation expenses and professional service fees. Share-based compensation expenses for our sales and marketing personnel were RMB9 million for the six months ended June 30, 2020, compared to RMB30 million for the same period last year.

## **Administrative Expenses**

Our administrative expenses increased by 8% year-on-year to RMB224 million for the six months ended June 30, 2020, compared to RMB207 million for the same period last year, primarily due to the increase of provision for impairment of other non-current assets, and partially offset by the decrease of salary, employee benefit and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB47 million for the six months ended June 30, 2020, compared to RMB88 million for the same period last year.

## **Research and Development Expenses**

Our research and development expenses decreased by 21% year-on-year to RMB82 million for the six months ended June 30, 2020, compared to RMB104 million for the same period last year, primarily due to the decrease in salary, employee benefit and share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB8 million for the six months ended June 30, 2020, compared to RMB23 million for the same period last year.

## **Credit Impairment Losses**

Credit impairment losses include provision for expected credit losses of finance receivables, provision for expected credit losses of risk assurance liabilities, and provision for impairment of trade receivables and other receivables. It increased by approximately 181% year-on-year to RMB1,489 million for the six months ended June 30, 2020, compared to RMB530 million for the same period last year, primarily due to the increase in provision for expected credit losses of finance receivables. Provision for expected credit losses of finance receivables was RMB1,381 million for the six months ended June 30, 2020, compared to RMB256 million for the same period last year, primarily due to the outbreak of COVID-19 and the reduced consumer's repayment capability.

## **Other Gains, Net**

Our other gains, net increased by 75% year-on-year to RMB89 million for the six months ended June 30, 2020, compared to RMB51 million for the same period last year. The increase was primarily attributable to the increase in gains associated with business cooperation agreements with Yusheng and the decrease in bank fees and charges.

## **Operating (Loss)/Profit**

Our operating loss for the six months ended June 30, 2020 was RMB1,372 million, compared to an operating profit of RMB164 million for the same period last year, mainly due to the decrease in gross profit and the increase in credit impairment losses.

## **Finance (Cost)/Income, Net**

Our finance cost, net for the six months ended June 30, 2020 was RMB3 million, compared to a finance income, net of RMB25 million for the same period last year, mainly due to the decrease in interest income from our bank deposits.

## **Income Tax Expense**

Our income tax benefit was RMB323 million for the six months ended June 30, 2020, compared to an income tax expense of RMB65 million for the same period last year, mainly due to operating loss incurred during the period.

## **(Loss)/Profit for the Period**

Our loss was RMB1,053 million for the six months ended June 30, 2020, compared to a profit of RMB123 million for the same period last year due to the decrease in gross profit and the increase in credit impairment losses.

## **Interim Dividend**

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2020 (2019: nil).

## **Non-IFRSs Measures**

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

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

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

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Operating (loss)/profit</b>	<b>(1,372,304)</b>	163,638
Add:		
Amortization of intangible assets resulting from asset and business acquisitions	<b>119,041</b>	78,925
Share-based compensation expenses	<b>63,409</b>	141,180
	<u><b>(1,189,854)</b></u>	<u>383,743</u>

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Net (loss)/profit</b>	<b>(1,052,912)</b>	123,141
Add:		
Amortization of intangible assets resulting from asset and business acquisitions	<b>118,958</b>	78,843
Share-based compensation expenses	<b>63,409</b>	141,180
	<u><b>(870,545)</b></u>	<u>343,164</u>

#### **Adjusted Operating (Loss)/Profit**

Our adjusted operating loss was RMB1,190 million for the six months ended June 30, 2020, compared to an adjusted operating profit of RMB384 million for the same period last year. The decrease was mainly due to the decrease in gross profit and the increase in credit impairment losses.

## Adjusted Net (Loss)/Profit

Our adjusted net loss was RMB871 million for the six months ended June 30, 2020, compared to an adjusted net profit of RMB343 million for the same period last year. The decrease was mainly due to the decrease in gross profit and the increase in credit impairment losses.

## Selected Financial Information from Our Consolidated Balance Sheet

	As at		Year-on-year change %
	June 30, 2020 <i>RMB'000</i>	December 31, 2019 <i>RMB'000</i>	
Carrying amount of finance receivables	17,744,509	26,904,149	-34%
Cash and cash equivalent	2,168,000	1,586,817	37%
Total borrowings	13,957,206	19,840,169	-30%
Current assets	18,903,908	22,409,003	-16%
Current liabilities	14,121,706	18,890,005	-25%
Net current assets	4,782,202	3,518,998	36%
Total equity	14,749,409	15,713,054	-6%

## Finance Receivables

We provide financing lease services in our self-operated financing business segment. Customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables decreased to RMB17.7 billion as at June 30, 2020, compared to RMB26.9 billion as at December 31, 2019, mainly due to our strategy to focus on loan facilitation services.

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

	As at	
	June 30, 2020 <i>(RMB'000, except for percentage)</i>	December 31, 2019
Finance receivables, net (ending balance)	18,530,669	27,583,876
Provision for expected credit losses (ending balance)	(786,160)	(679,727)
Provision to net finance receivables ratio <sup>(1)</sup>	4.24%	2.46%

Note:

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

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

	<b>As at</b>	
	<b>June 30, 2020</b>	December 31, 2019
	<i>(RMB'000, except for percentage)</i>	
Past due ratio:		
180+ days <sup>(1)</sup>	<b>1.40%</b>	0.33%
90+ days (including 180+ days) <sup>(2)</sup>	<b>2.46%</b>	1.30%

*Notes:*

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

As at June 30, 2020, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions including both our self-operated financing lease services and loan facilitation services were 1.40% and 2.46% respectively (December 31, 2019: 0.33% and 1.30% respectively).

### **Cash and Cash Equivalents**

As at June 30, 2020, we had cash and cash equivalents of RMB2,168 million, compared to RMB1,587 million as at December 31, 2019. The increase in cash and cash equivalent was mainly due to the collection of interest and principal from our financing lease services.

As at June 30, 2020, RMB2,121 million of cash and cash equivalents were denominated in RMB, compared to RMB1,530 million as at December 31, 2019.

Our net cash inflow generated from operating activities was RMB7.4 billion for the six months ended June 30, 2020, compared to RMB3.9 billion for the same period last year.

### **Borrowings and Source of Funds**

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

For our loan facilitation services, we currently work with 14 banks and financial institutions as our partners. In addition to our equity funding and cash flow from operations, we also issued asset backed securities and notes as well as obtained loans and borrowings from banks and other financial institutions.

As at June 30, 2020, our total borrowings were RMB14.0 billion, compared to RMB19.8 billion as at December 31, 2019. The decrease was mainly due to the Company's reduced direct lending and strategy to focus on loan facilitation services. Total borrowings comprised of (i) asset backed securities and notes of RMB4.4 billion as at June 30, 2020; and (ii) bank loans and borrowings from other institutions of RMB9.6 billion. Asset backed securities and notes as a percentage of our total borrowings was 31% as at June 30, 2020.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 23 to the interim condensed consolidated financial statements.

Yixin is a seasoned and highly recognized issuer in China's asset backed securities market. As at June 30, 2020, Yixin has offered accumulatively 24 asset backed securities and notes publicly with a total issuance amount of over RMB34.6 billion on Shanghai Stock Exchange ("SSE"), National Association of Financial Market Institutional Investors ("NAFMII"), and Shanghai Insurance Exchange ("SHIE").

### Net Current Assets

Our net current assets were RMB4,782 million as at June 30, 2020, compared to RMB3,519 million as at December 31, 2019. Our current assets were RMB18.9 billion as at June 30, 2020, compared to RMB22.4 billion as at December 31, 2019, primarily due to the decrease of finance receivables as a result of our strategy to focus on loan facilitation services. Our current liabilities were RMB14.1 billion as at June 30, 2020, compared to RMB18.9 billion as at December 31, 2019, primarily due to the repayment of borrowings due.

### Total Equity

Our total equity was RMB14.7 billion as at June 30, 2020, compared to RMB15.7 billion as at December 31, 2019, primarily due to the net loss occurred for the six months ended June 30, 2020 and the increase in share premium.

### Key Financial Ratios

	As at	
	June 30, 2020	December 31, 2019
Current ratio (times) <sup>(1)</sup>	<b>1.34</b>	1.19
Gearing ratio <sup>(2)</sup>	<b>39%</b>	51%
Debt to equity ratio (times) <sup>(3)</sup>	<b>0.95</b>	1.28

#### Notes:

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

### ***Current Ratio***

Our current ratio increase to 1.34 as at June 30, 2020, compared to 1.19 as at December 31, 2019, mainly due to the decrease in current liabilities of the Group.

### ***Gearing Ratio***

Our gearing ratio decreased to 39% as at June 30, 2020, compared to 51% as at December 31, 2019, mainly due to the decrease in net debt of the Group.

### ***Debt to Equity Ratio***

Our debt to equity ratio decreased to 0.95 as at June 30, 2020, compared to 1.28 as at December 31, 2019, mainly due to the decrease in total borrowings.

### **Capital Expenditure and Investments**

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Purchase of property and equipment and non-current assets	<b>9,656</b>	11,831
Purchase of intangible assets	–	2,999
Investments in financial assets at fair value through profit or loss	–	120,927
Investments in associates and subsidiaries in the form of ordinary shares	<b>75,000</b>	500
Total	<b><u>84,656</u></b>	<b><u>136,257</u></b>

### **Foreign Exchange Risk**

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not hedge against any fluctuation in foreign currency nor did we use any financial instruments for hedging purposes during the six months ended June 30, 2020 and 2019.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 18 and Note 23 to the interim condensed consolidated financial statements, respectively.



## Significant Investments Held

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

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

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

Yusheng is determined to be a leading China online used automobile transaction platform. As of June 30, 2020, Yusheng had approximately 1,700 employees with a wide dealership network covering approximately 10,000 dealers across more than 100 cities nationwide. Yusheng has 20 self-operated offline stores, while it provides high quality services to approximately 3,000 paying members, including online traffic, inventory of used automobiles, operation management platform and other value-added services. As of June 30, 2020, Yusheng has become not only an important distributor, but also a reliable and respected partner of the Group.

As at June 30, 2020, fair value of our investment in Yusheng was RMB2,150,285,000 (December 31, 2019: RMB2,118,909,000) which constituted 6.8% of total assets (December 31, 2019: 5.4%). The Company did not recognize any realized or unrealized gain or loss from the investment nor did the Company receive any dividend for the six months ended June 30, 2020 and June 30, 2019.

Save as disclosed above, we did not hold any significant investments in the equity interests of any other companies for the six months ended June 30, 2020.

## **Future Plans for Material Investments and Capital Assets**

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

## **Employee and Remuneration Policy**

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

As at June 30, 2020, we had 2,987 full-time employees (December 31, 2019: 4,177). 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 20 to the interim condensed consolidated financial statements.

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

The total remuneration cost (including share-based compensation) incurred by the Group for the six months ended June 30, 2020 was RMB356 million, compared to RMB539 million for the same period last year.

## **Material Acquisitions and Disposals**

Save as disclosed in this interim results announcement, the Group did not have any other material acquisitions and disposals of subsidiaries or associated companies for the six months ended June 30, 2020.

## **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 18 and 23 to the interim condensed consolidated financial information.

## **Contingent Liabilities**

As at June 30, 2020, we did not have any material contingent liabilities (December 31, 2019: nil).

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended June 30,	
		2020	2019
		RMB'000	RMB'000
		Unaudited	Unaudited
<b>Revenues</b>	6		
Transaction platform business		495,823	881,438
Self-operated financing business		1,128,011	2,280,301
		<u>1,623,834</u>	<u>3,161,739</u>
Cost of revenues	8	(888,734)	(1,629,783)
<b>Gross profit</b>		<b>735,100</b>	<b>1,531,956</b>
Selling and marketing expenses	8	(401,885)	(578,829)
Administrative expenses	8	(223,700)	(206,550)
Research and development expenses	8	(82,023)	(103,578)
Credit impairment losses	8	(1,488,568)	(529,997)
Other gains, net	7	88,772	50,636
<b>Operating (loss)/profit</b>		<b>(1,372,304)</b>	<b>163,638</b>
Finance (cost)/income, net	9	(2,898)	25,355
Share of loss of an investment accounted for using the equity method		(833)	(712)
<b>(Loss)/profit before income tax</b>		<b>(1,376,035)</b>	<b>188,281</b>
Income tax expense	10	323,123	(65,140)
<b>(Loss)/profit for the period</b>		<b>(1,052,912)</b>	<b>123,141</b>
<b>(Loss)/profit attributable to:</b>			
– Owners of the Company		(1,052,912)	123,141
– Non-controlling interests		–	–
		<u>(1,052,912)</u>	<u>123,141</u>
<b>Earnings per share from operations attributable to owners of the Company for the period (expressed in RMB per share)</b>	11		
– Basic		(0.17)	0.02
– Diluted		(0.17)	0.02

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>(Loss)/profit for the period</b>	<u><b>(1,052,912)</b></u>	<u>123,141</u>
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u><b>31,998</b></u>	<u>4,766</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(1,020,914)</b></u>	<u>127,907</u>
<b>Attributable to:</b>		
– Owners of the Company	<u><b>(1,020,914)</b></u>	<u>127,907</u>
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>(1,020,914)</b></u>	<u>127,907</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at June 30, 2020 <i>RMB'000</i> Unaudited	As at December 31, 2019 <i>RMB'000</i> Audited
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	505,163	108,380
Right-of-use assets	13	31,337	34,958
Intangible assets	12	1,866,960	1,990,078
Investment in an associate		14,713	15,546
Financial assets at fair value through profit or loss	14	2,582,494	2,550,085
Deferred income tax assets	24	743,302	423,679
Prepayments, deposits and other assets	17	1,223,261	1,707,953
Finance receivables	15	5,796,143	10,192,954
Restricted cash	18(b)	181,858	114,318
		<b>12,945,231</b>	<b>17,137,951</b>
<b>Current assets</b>			
Finance receivables	15	11,948,366	16,711,195
Trade receivables	16	1,107,513	1,056,213
Prepayments, deposits and other assets	17	1,519,882	1,261,769
Cash and cash equivalents	18(a)	2,168,000	1,586,817
Restricted cash	18(b)	2,160,147	1,793,009
		<b>18,903,908</b>	<b>22,409,003</b>
<b>Total assets</b>		<b>31,849,139</b>	<b>39,546,954</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	4,176	4,148
Share premium	19	34,854,037	34,739,193
Other reserves		1,112,765	1,138,370
Accumulated losses		(21,221,569)	(20,168,657)
<b>Total equity</b>		<b>14,749,409</b>	<b>15,713,054</b>

	<i>Note</i>	<b>As at June 30, 2020 RMB'000 Unaudited</b>	<b>As at December 31, 2019 RMB'000 Audited</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	23	<b>1,555,302</b>	3,431,524
Lease liabilities	13	<b>16,336</b>	17,101
Deferred income tax liabilities	24	<b>2,655</b>	2,737
Other non-current liabilities	25	<b>1,403,731</b>	1,492,533
		<b>2,978,024</b>	4,943,895
<b>Current liabilities</b>			
Trade payables	21	<b>346,518</b>	472,328
Other payables and accruals	22	<b>1,177,242</b>	1,758,995
Current income tax liabilities		<b>183,601</b>	237,758
Borrowings	23	<b>12,401,904</b>	16,408,645
Lease liabilities	13	<b>12,441</b>	12,279
		<b>14,121,706</b>	18,890,005
<b>Total liabilities</b>		<b>17,099,730</b>	23,833,900
<b>Total equity and liabilities</b>		<b>31,849,139</b>	39,546,954

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited	<i>Note</i>	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>Balance at January 1, 2020</b>		<b><u>4,148</u></b>	<b><u>34,739,193</u></b>	<b><u>1,138,370</u></b>	<b><u>(20,168,657)</u></b>	<b><u>15,713,054</u></b>
<b>Comprehensive income</b>						
Loss for the period		-	-	-	(1,052,912)	(1,052,912)
Currency translation differences		-	-	31,998	-	31,998
<b>Total comprehensive income for the period</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>31,998</u></b>	<b><u>(1,052,912)</u></b>	<b><u>(1,020,914)</u></b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	20	-	-	63,409	-	63,409
Release of ordinary shares from Share Scheme Trusts	19, 20	14	71,613	(71,429)	-	198
Shares issued upon exercise of employee share options	19, 20	1	4,576	(4,564)	-	13
Vesting of restricted awarded shares	19, 20	13	38,655	(38,668)	-	-
Purchase of restricted shares under share award scheme		-	-	(6,351)	-	(6,351)
<b>Total transactions with owners in their capacity as owners</b>		<b><u>28</u></b>	<b><u>114,844</u></b>	<b><u>(57,603)</u></b>	<b><u>-</u></b>	<b><u>57,269</u></b>
<b>Balance at June 30, 2020</b>		<b><u>4,176</u></b>	<b><u>34,854,037</u></b>	<b><u>1,112,765</u></b>	<b><u>(21,221,569)</u></b>	<b><u>14,749,409</u></b>

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Balance at January 1, 2019</b>		<u>4,114</u>	<u>34,592,150</u>	<u>1,010,748</u>	<u>(20,189,194)</u>	<u>15,417,818</u>
<b>Comprehensive income</b>						
Profit for the period		-	-	-	123,141	123,141
Currency translation differences		-	-	4,766	-	4,766
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>4,766</u>	<u>123,141</u>	<u>127,907</u>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation	20	-	-	141,180	-	141,180
Release of ordinary shares from Share Scheme Trusts	19, 20	12	62,540	(62,387)	-	165
Shares issued upon exercise of employee share options	19, 20	-	1,803	(1,798)	-	5
Vesting of restricted awarded shares		13	41,823	(41,836)	-	-
Purchase of restricted shares under share award scheme		-	-	(2,581)	-	(2,581)
<b>Total transactions with owners in their capacity as owners</b>		<u>25</u>	<u>106,166</u>	<u>32,578</u>	<u>-</u>	<u>138,769</u>
<b>Balance at June 30, 2019</b>		<u>4,139</u>	<u>34,698,316</u>	<u>1,048,092</u>	<u>(20,066,053)</u>	<u>15,684,494</u>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>7,466,518</b>	3,942,618
Income tax paid	<b>(51,187)</b>	(83,742)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>7,415,331</b>	<b>3,858,876</b>
<b>Cash flows from investing activities</b>		
Interest received	<b>16,105</b>	37,542
Proceeds from disposal of property and equipment and intangible assets	<b>8,709</b>	2,498
Purchase of property and equipment and other non-current assets	<b>(13,253)</b>	(13,815)
Prepayment for property	–	(222,536)
Purchase of intangible assets	–	(2,649)
Loans to a related party	–	(22,000)
Loans to third parties	<b>(30,000)</b>	(263,000)
Repayments from loans to third parties	–	103,000
Prepayment for an investment	<b>(75,000)</b>	–
Investments in financial assets at fair value through profit or loss	–	(120,927)
Payments to acquire a subsidiary	–	(500)
Placements of restricted cash	<b>(997,974)</b>	(2,765,876)
Maturity of restricted cash	<b>1,062,322</b>	3,617,220
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>(29,091)</b>	<b>348,957</b>
	<hr/> <hr/>	<hr/> <hr/>

		<b>Six months ended June 30,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>4,189,252</b>	13,196,135
Repayment of borrowings		<b>(10,116,903)</b>	(16,403,144)
Deposits for borrowings		<b>105,809</b>	(57,489)
Proceeds of loans from Bitauto Group		<b>300,000</b>	–
Repayment of loans from Bitauto Group		<b>(600,000)</b>	(366,010)
Principal elements of lease payments		<b>(3,161)</b>	(17,621)
Proceeds from exercise of share options		<b>13</b>	5
Purchase of restricted shares under share award scheme		<b>(6,351)</b>	(2,581)
Interest paid		<b>(684,182)</b>	(970,714)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(6,815,523)</b>	(4,621,419)
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>570,717</b>	(413,586)
Cash and cash equivalents at beginning of the period	18(a)	<b>1,586,817</b>	2,116,197
Exchange gains on cash and cash equivalents		<b>10,466</b>	8,923
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	18(a)	<b><u>2,168,000</u></b>	<b><u>1,711,534</u></b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

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

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

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

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since November 16, 2017 by way of its initial public offering (“**IPO**”).

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 June 30, 2020, 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 interim condensed consolidated financial information is presented in RMB, unless otherwise stated. All companies comprising the Group have adopted December 31 as their financial year-end date.

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

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended June 30, 2020 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2019 which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) by the Group.

The ultimate impact of the Coronavirus (“**COVID-19**”) pandemic on the Group is uncertain at the date on which the interim condensed consolidated financial information was authorised for issue. Management has assessed the future business operation and cash flow of the Group. On the basis of these assessments, the Group have determined that the use of the going concern basis of accounting to prepare the interim condensed consolidated financial information is appropriate.

### **3 ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2019, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

#### **New and amended standards adopted by the Group**

The following amended standards are mandatory for the first time for the Group's financial year beginning on January 1, 2020 and are applicable for the Group:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of Business – Amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

Amendments to IFRS effective for the financial year beginning on January 1, 2020 do not have a material impact on the Group's interim financial information.

### **4 ESTIMATES**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The Group has made estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the COVID-19 pandemic is not a long-term norm. Although such estimates and assumptions contemplate current and expected future conditions that the Group considers are relevant and reasonable, it is reasonably possible that actual conditions could differ significantly from current expectations. As there remain challenges and uncertainties arising from COVID-19 pandemic, our accounting estimates and assumptions may change over time in response to how market conditions develop.

Other than the aforementioned consideration, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2019.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

There have been no significant changes in the Group's risk management department or in any risk management policies since December 31, 2019.

#### (a) Impairment of financial assets – Finance receivables

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

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

Provision for expected credit losses as at June 30, 2020 and December 31, 2019 was determined as follows for finance receivables:

<b>June 30, 2020</b>	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Expected loss rate	1.41%	29.17%	42.47%	4.24%
Gross carrying amount (Note 15)	16,890,600	1,116,260	523,809	18,530,669
Provision for expected credit losses	<u>238,064</u>	<u>325,632</u>	<u>222,464</u>	<u>786,160</u>
December 31, 2019	Stage I	Stage II	Stage III	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.68%	23.35%	40.31%	2.46%
Gross carrying amount (Note 15)	25,912,302	1,000,376	671,198	27,583,876
Provision for expected credit losses	<u>175,605</u>	<u>233,587</u>	<u>270,535</u>	<u>679,727</u>

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

**(b) Off balance-sheet items**

Under our arrangements with certain financial institutions in loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As at June 30, 2020, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB11,030 million (December 31, 2019: 6,374 million).

**(c) Other financial risk**

Towards the end of 2019, the Group found itself facing a stricter regulatory environment following the release of some regulations which could adversely affected its loan facilitation services if proper actions are not adopted. In response the Group has commenced a number of actions to address this matter. Management has assessed that in all likelihood the 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 financial resources during the process of complying with the new regulations. Management will continue to assess the financial impact of these regulations on its business.

## 5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at June 30, 2020 and as at December 31, 2019, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2020:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Financial assets at fair value through profit or loss (Note 14)	<u>–</u>	<u>–</u>	<u>2,582,494</u>	<u>2,582,494</u>

The following table presents the Group's assets and liabilities that are measured at fair value as at December 31, 2019:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>2,550,085</u>	<u>2,550,085</u>

**(a) Financial instruments in level 1**

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

**(b) Financial instruments in level 2**

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

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

Specific valuation techniques used to value financial instruments include:

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

**(c) Financial instruments in level 3**

Level 3 instruments of the Group's assets and liabilities include financial assets at fair value through profit or loss.

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss for the six months ended June 30, 2020 and 2019.

	<b>Financial assets at fair value through profit or loss</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>At January 1</b>	<b>2,550,085</b>	2,098,200
Additions	–	120,927
Currency translation differences	<b>32,409</b>	3,502
<b>At June 30</b>	<b>2,582,494</b>	<b>2,222,629</b>
Total unrealized gains and change in fair value for the period	<b>–</b>	<b>–</b>

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included investments in private companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows, comparable companies etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of weighted average cost of capital (WACC), recent market transactions, estimated discount for marketing and other exposure etc.

## 6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Transaction Platform Business
- Self-operated Financing Business

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

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

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

The segment results for the six months ended June 30, 2020 are as follows:

	<b>Unaudited</b>		
	<b>Six months ended June 30, 2020</b>		
	<b>Transaction Platform Business</b>	<b>Self-operated Financing Business</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenues	495,823	1,128,011	1,623,834
– Recognized at a point in time	462,085	12,867	474,952
– Recognized over time	33,738	1,115,144	1,148,882
Gross profit	288,396	446,704	735,100
Operating loss	<u>(18,530)</u>	<u>(1,353,774)</u>	<u>(1,372,304)</u>

The segment results for the six months ended June 30, 2019 are as follows:

	<b>Unaudited</b>		
	<b>Six months ended June 30, 2019</b>		
	<b>Transaction Platform Business</b>	<b>Self-operated Financing Business</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenues	881,438	2,280,301	3,161,739
– Recognized at a point in time	839,088	184,991	1,024,079
– Recognized over time	42,350	2,095,310	2,137,660
Gross profit	537,071	994,885	1,531,956
Operating profit	144,820	18,818	163,638



None of the customers of the Group have accounted for more than 10% of the Group's total revenues for the six months ended June 30, 2020 and 2019.

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 June 30, 2020 and December 31, 2019, substantially all of the non-current assets of the Group were located in the PRC.

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
Financing lease services	<b>1,111,166</b>	2,080,712
Loan facilitation services	<b>462,085</b>	839,049
Sales of automobiles	<b>11,109</b>	170,508
Advertising and other services	<b>33,738</b>	42,389
Operating lease services	<b>3,979</b>	14,598
Others	<b>1,757</b>	14,483
	<b><u>1,623,834</u></b>	<b><u>3,161,739</u></b>

## 7 OTHER GAINS, NET

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
Other income from business cooperation arrangements with Yusheng Holdings Limited	<b>69,484</b>	53,270
Government grants	<b>15,132</b>	11,975
Foreign exchange gains/(losses), net	<b>3,827</b>	(914)
Gains/(losses) on disposal of property and equipment and intangible assets	<b>453</b>	(1,519)
Bank fees and charges	<b>(4,695)</b>	(12,916)
Others, net	<b>4,571</b>	740
	<b><u>88,772</u></b>	<b><u>50,636</u></b>

## 8 EXPENSES BY NATURE

	Six months ended June 30,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Provision for expected credit losses of finance receivables (Note 15)	1,380,614	255,799
Funding costs	637,438	1,011,682
Employee benefit expenses	355,507	539,397
Loan facilitation commission fees	193,322	314,317
Depreciation and amortization charges	149,722	123,459
Provision for expected credit losses of risk assurance liabilities (Note 22)	59,380	–
Provision for impairment of other non-current assets (Note 17)	51,462	–
Leasing related expenses	43,339	116,654
Marketing and advertising expenditures	42,979	53,610
Office and administrative expenses	35,192	30,559
Provision for impairment of trade receivables (Note 16)	27,861	273,687
Provision for impairment of other receivables	20,713	511
Cost of automobiles sold	9,789	203,167
Other expenses	77,592	125,895
<b>Total</b>	<b>3,084,910</b>	<b>3,048,737</b>

## 9 FINANCE (COST)/INCOME, NET

	Six months ended June 30,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
<b>Finance income:</b>		
– Interest income	15,004	50,509
<b>Finance cost:</b>		
– Interest expenses	(17,902)	(25,154)
<b>Net finance (cost)/income</b>	<b>(2,898)</b>	<b>25,355</b>

## 10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended June 30, 2020 and 2019 is analysed as follows:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Current income tax	(3,418)	166,726
Deferred income tax (Note 24)	<u>(319,705)</u>	<u>(101,586)</u>
<b>Income tax expense</b>	<b><u><u>(323,123)</u></u></b>	<b><u><u>65,140</u></u></b>

### (a) Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax. As such, the operating results reported by the Company are not subject to any income tax.

### (b) Hong Kong Income Tax

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the period ended June 30, 2020 and June 30, 2019.

### (c) PRC Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the period ended June 30, 2020 and June 30, 2019, based on the existing legislation, interpretations and practices in respect thereof.

Shanghai Lanshu Information Technology Co., Ltd. (“**Shanghai Lanshu**”) was accredited as a “software enterprise” under the relevant PRC laws and regulations in 2017. Therefore, Shanghai Lanshu is exempted from EIT for two years starting from the year ended December 31, 2017, followed by a 50% reduction in the applicable tax rates for the next three years.

In accordance with relevant PRC laws and regulations, Xinjiang Yin’an Information Technology Co., Ltd. (“**Xinjiang Yin’an**”) and Xinjiang Wanxing Information Technology Co., Ltd. (“**Xinjiang Wanxing**”) are exempted from EIT for five years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years.

### (d) PRC Withholding Tax (“WHT”)

According to the PRC Enterprise Income Tax Law (“**EIT Law**”), distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

For the period ended June 30, 2020 and June 30, 2019, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

## 11 EARNINGS PER SHARE

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Weighted average number of issued ordinary shares	<b>6,282,872,600</b>	6,235,178,268
Less: shares held for restricted share scheme	<b>(1,553,630)</b>	(3,446,901)
Weighted average number of issued ordinary shares for calculating basic earnings per share	<b><u>6,281,318,970</u></b>	<u>6,231,731,367</u>
Basic (loss)/profit attributable to owners of the Company (RMB' 000)	<b><u>(1,052,912)</u></b>	<u>123,141</u>
Diluted impact on (loss)/profit (RMB' 000)	<u>–</u>	<u>–</u>
Diluted (loss)/profit attributable to owners of the Company (RMB' 000)	<b><u>(1,052,912)</u></b>	<u>123,141</u>
Numbers of restricted shares with potential dilutive effect	<u>–</u>	<u>235,464,699</u>
Weighted average number of issued ordinary shares for calculating diluted earnings per share	<b><u>6,281,318,970</u></b>	<u>6,470,642,967</u>
Earnings per share		
– Basic (RMB per share)	<b><u>(0.17)</u></b>	<u>0.02</u>
– Diluted (RMB per share)	<b><u>(0.17)</u></b>	<u>0.02</u>

## 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	<b>Property and Equipment RMB'000</b>	<b>Intangible Assets RMB'000</b>
<b>Unaudited</b>		
Six months ended June 30, 2020		
Opening net book amount	108,380	1,990,078
Additions	428,406	–
Disposals	(10,258)	(266)
Depreciation/amortization charge	(21,365)	(122,852)
	<u>505,163</u>	<u>1,866,960</u>
Closing net book amount	<u><u>505,163</u></u>	<u><u>1,866,960</u></u>
<b>Unaudited</b>		
Six months ended June 30, 2019		
Opening net book amount	353,230	2,159,481
Additions	12,934	2,999
Disposals	(210,018)	–
Depreciation/amortization charge	(30,381)	(82,565)
	<u>125,765</u>	<u>2,079,915</u>
Closing net book amount	<u><u>125,765</u></u>	<u><u>2,079,915</u></u>

## 13 LEASES

### (a) Amounts recognized in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	<b>As at June 30, 2020 Unaudited</b>	<b>As at December 31, 2019 Audited</b>
<b>Right-of-use assets</b>		
Properties	<u>31,337</u>	<u>34,958</u>
<b>Lease liabilities</b>		
Current	<u>12,441</u>	<u>12,279</u>
Non-current	<u>16,336</u>	<u>17,101</u>
	<u><u>28,777</u></u>	<u><u>29,380</u></u>

Additions to the right-of-use assets during the period ended June 30, 2020 were RMB1,884,000.

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

	Six months ended June 30,	
	2020	2019
	<i>RMB' 000</i>	<i>RMB' 000</i>
	Unaudited	Unaudited
<b>Depreciation charge of right-of-use assets</b>		
Properties	<u>5,505</u>	<u>10,513</u>
Interest expense (included in finance cost)	624	1,478
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	<u>4,900</u>	<u>2,555</u>

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended June 30,	
	2020	2019
	<i>RMB' 000</i>	<i>RMB' 000</i>
	Unaudited	Unaudited
At beginning of the period	2,550,085	2,098,200
Additions	–	120,927
Currency translation differences	<u>32,409</u>	<u>3,502</u>
At end of the period	<u>2,582,494</u>	<u>2,222,629</u>

## 15 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at June 30, 2020 and December 31, 2019 are as below:

	As at <b>June 30,</b> <b>2020</b> <i><b>RMB'000</b></i> <b>Unaudited</b>	As at December 31, 2019 <i>RMB'000</i> Audited
Finance receivables		
– Finance receivables, gross	<b>20,158,989</b>	32,182,783
– Unearned finance income	<b>(1,628,320)</b>	(4,598,907)
	<b>18,530,669</b>	27,583,876
Less: provision for expected credit losses	<b>(786,160)</b>	(679,727)
	<b>17,744,509</b>	26,904,149
Finance receivables, gross		
– Within one year	<b>13,849,322</b>	19,493,382
– After one year but not more than five years	<b>6,309,667</b>	12,689,401
	<b>20,158,989</b>	32,182,783
Finance receivables, net		
– Within one year	<b>12,501,716</b>	17,130,749
– After one year but not more than five years	<b>6,028,953</b>	10,453,127
Total	<b>18,530,669</b>	27,583,876

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

	As at <b>June 30,</b> <b>2020</b> <i><b>RMB'000</b></i> <b>Unaudited</b>	As at December 31, 2019 <i>RMB'000</i> Audited
Finance receivables:		
– Individual customers	<b>17,429,467</b>	26,766,625
– Auto dealers	<b>315,042</b>	137,524
	<b>17,744,509</b>	26,904,149

The following table sets forth an aging analysis of the gross carrying amount of finance receivables:

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	As at December 31, 2019 RMB'000 Audited
Not past due	<b>16,095,843</b>	25,095,848
Past due		
– Up to 3 months	<b>1,911,017</b>	1,816,830
– 3 to 6 months	<b>303,789</b>	527,688
– Over 6 months	<b>220,020</b>	143,510
Finance receivables, net	<b>18,530,669</b>	27,583,876
Less: provision for expected credit losses	<b>(786,160)</b>	(679,727)
Carrying amount of finance receivables	<b><u>17,744,509</u></b>	<b><u>26,904,149</u></b>

As at June 30, 2020 and December 31, 2019, carrying amounts of the finance receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The following table sets forth movements on the Group's provision for expected credit losses of finance receivables:

	<b>Provision for expected credit losses</b>	
	<b>2020 RMB'000 Unaudited</b>	2019 RMB'000 Unaudited
At January 1	<b>679,727</b>	514,897
Recovery of finance receivables written off in previous year	<b>8,471</b>	–
Charge for the period		
– Impairment allowance on finance receivables charged	<b>1,389,085</b>	255,799
– Reversal of impairment for the period	<b>(8,471)</b>	–
Write off	<b>(1,282,652)</b>	(190,391)
At June 30	<b><u>786,160</u></b>	<b><u>580,305</u></b>



**16 TRADE RECEIVABLES**

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	<b>As at December 31, 2019 RMB'000 Audited</b>
Trade receivables	1,232,772	1,153,611
Less: provision for impairment	<u>(125,259)</u>	<u>(97,398)</u>
Trade receivables, net	<b><u>1,107,513</u></b>	<b><u>1,056,213</u></b>

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

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	<b>As at December 31, 2019 RMB'000 Audited</b>
Up to 3 months	1,099,708	1,001,303
3 to 6 months	1,395	382
Over 6 months	<u>6,410</u>	<u>54,528</u>
	<b><u>1,107,513</u></b>	<b><u>1,056,213</u></b>

As at June 30, 2020 and December 31, 2019, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

	<b>Provision for impairment</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
At January 1	97,398	241,989
Charge for the period	<u>27,861</u>	<u>273,687</u>
At June 30	<b><u>125,259</u></b>	<b><u>515,676</u></b>

17 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2020 RMB'000 Unaudited	As at December 31, 2019 RMB'000 Audited
<b>Included in non-current assets:</b>		
Prepayment for a capital investment	475,000	400,000
Vehicles collected from financing lease customers	373,649	323,351
Long-term receivables from loan facilitation services	334,092	373,711
Deposits	152,774	235,401
Vehicles purchased for future leases	20,143	31,532
Prepayment for vehicles	14,878	10,957
Property not available for use	–	422,207
Others	8,948	15,555
	<u>1,379,484</u>	<u>1,812,714</u>
Less: provision for impairment of vehicles collected from financing lease customers	<u>(156,223)</u>	<u>(104,761)</u>
	<u><u>1,223,261</u></u>	<u><u>1,707,953</u></u>
<b>Included in current assets:</b>		
Deposits	340,281	369,865
Loans recognized as a result of payment under risk assurance	258,899	69,186
Other receivables from disposal of assets	242,345	157,459
Other receivables from related parties	207,958	1,588
Other receivables from third parties	149,429	287,373
Prepaid taxes	131,505	181,194
Loans to third parties	114,290	83,980
Prepayments	50,597	22,841
Loans to related parties	41,000	41,000
Others	115,880	98,522
	<u>1,652,184</u>	<u>1,313,008</u>
Less: provision for impairment of other receivables	<u>(132,302)</u>	<u>(51,239)</u>
	<u><u>1,519,882</u></u>	<u><u>1,261,769</u></u>
<b>Total</b>	<u><u>2,743,143</u></u>	<u><u>2,969,722</u></u>

As at June 30, 2020 and December 31, 2019, 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.

## 18 CASH AND BANK BALANCES

### (a) Cash and cash equivalents

	As at <b>June 30,</b> 2020 <i>RMB'000</i> Unaudited	As at December 31, 2019 <i>RMB'000</i> Audited
Cash and cash equivalents	<b>2,168,000</b>	1,586,817

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at <b>June 30,</b> 2020 <i>RMB'000</i> Unaudited	As at December 31, 2019 <i>RMB'000</i> Audited
RMB	2,120,613	1,529,980
US\$	30,209	44,985
HK\$	17,178	11,852
	<b>2,168,000</b>	1,586,817

### (b) Restricted cash

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

	As at <b>June 30,</b> 2020 <i>RMB'000</i> Unaudited	As at December 31, 2019 <i>RMB'000</i> Audited
Term deposits pledged for bank borrowings	1,172,855	1,101,478
Cash pledged for loan facilitation services	813,409	494,460
Cash deposited for borrowings	17,483	142,986
Others	338,258	168,403
	<b>2,342,005</b>	1,907,327
Of which are:		
Current restricted cash	2,160,147	1,793,009
Non-current restricted cash	181,858	114,318

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at June 30, 2020 <i>RMB' 000</i> Unaudited	As at December 31, 2019 <i>RMB' 000</i> Audited
RMB	1,291,079	875,987
US\$	155,758	153,476
HK\$	895,168	877,864
	<u>2,342,005</u>	<u>1,907,327</u>

As at June 30, 2020, the applicable interest rates per annum on restricted cash ranged from 0.30% to 2.75% (December 31, 2019: 0.30% to 2.75%).

## 19 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$' 000</i>	Number of preferred shares	Nominal value of preferred shares <i>US\$' 000</i>
<b>Authorized:</b>				
As at January 1 and June 30, 2020	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>
As at January 1 and June 30, 2019	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>
	Number of ordinary shares	Nominal value of ordinary shares <i>US\$' 000</i>	Equivalent Nominal value of ordinary shares <i>RMB' 000</i>	Share premium <i>RMB' 000</i>
<b>Issued:</b>				
At January 1, 2020	6,373,685,048	625	4,148	34,739,193
Release of ordinary shares from Share Scheme Trusts	–	2	14	71,613
Shares issued upon exercise of employee share options	1,276,500	–	1	4,576
Vesting of restricted awarded shares	<u>–</u>	<u>2</u>	<u>13</u>	<u>38,655</u>
As at June 30, 2020	<u>6,374,961,548</u>	<u>629</u>	<u>4,176</u>	<u>34,854,037</u>
At January 1, 2019	6,370,479,652	621	4,114	34,592,150
Release of ordinary shares from Share Scheme Trusts	–	2	12	62,540
Shares issued upon exercise of employee share options	503,000	–	–	1,803
Vesting of restricted awarded shares	<u>–</u>	<u>2</u>	<u>13</u>	<u>41,823</u>
As at June 30, 2019	<u>6,370,982,652</u>	<u>625</u>	<u>4,139</u>	<u>34,698,316</u>

## 20 SHARE-BASED PAYMENTS

The total expenses recognized in the interim condensed consolidated income statement for share-based awards granted to the Group's employees are RMB63,409,000 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB141,180,000).

### (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	
	2020	2019
Outstanding as at January 1	303,617,740	333,228,714
Exercised during the period	(21,255,717)	(18,093,181)
Forfeited during the period	(7)	(1,428,000)
	<u>282,362,016</u>	<u>313,707,533</u>
Outstanding as at June 30	<u>282,362,016</u>	<u>313,707,533</u>
Exercisable as at June 30	<u>226,392,705</u>	<u>210,039,397</u>

### (b) Restricted shares units ("RSUs") granted to employees under the First and Second Share Award Scheme

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

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

	Number of RSUs	Weighted average fair value per RSU (US\$)
Outstanding as at January 1, 2020	75,610,787	0.29
Vested and sold during the period	(21,634,862)	0.30
Forfeited during the period	(5,405,538)	0.33
	<u>48,570,387</u>	<u>0.29</u>
Outstanding as at June 30, 2020	<u>48,570,387</u>	<u>0.29</u>
Vested as at June 30, 2020	<u>48,581,134</u>	<u>0.31</u>
Outstanding as at January 1, 2019	99,737,126	0.30
Vested and sold during the period	(21,983,804)	0.31
Forfeited during the period	(3,313,317)	0.34
	<u>74,440,005</u>	<u>0.30</u>
Outstanding as at June 30, 2019	<u>74,440,005</u>	<u>0.30</u>
Vested as at June 30, 2019	<u>24,605,056</u>	<u>0.31</u>

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

(c) **Expected Retention Rate**

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options and RSUs (the “**Expected Retention Rate**”) in order to determine the amount of share-based compensation expenses charged to the interim condensed consolidated income statement. As at June 30, 2020, the Expected Retention Rate for the Group’s directors, senior management members, and other employees was assessed to be 100%, 100% and 91%, respectively (December 31, 2019: 100%, 100% and 91%).

**21 TRADE PAYABLES**

	<b>As at June 30, 2020 RMB’000 Unaudited</b>	<b>As at December 31, 2019 RMB’000 Audited</b>
Trade payables	<b>346,518</b>	472,328

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

	<b>As at June 30, 2020 RMB’000 Unaudited</b>	<b>As at December 31, 2019 RMB’000 Audited</b>
Up to 3 months	<b>189,340</b>	227,743
3 to 6 months	<b>2,678</b>	24,909
6 months to 1 year	<b>5,316</b>	68,431
Over 1 year	<b>149,184</b>	151,245
	<b>346,518</b>	472,328

**22 OTHER PAYABLES AND ACCRUALS**

	<b>As at June 30, 2020 RMB’000 Unaudited</b>	<b>As at December 31, 2019 RMB’000 Audited</b>
Deposits payable	<b>201,308</b>	219,654
Advance from customers	<b>145,800</b>	152,912
Other payables to related parties	<b>113,803</b>	245,659
Risk assurance liabilities (a)	<b>109,944</b>	65,593
Deferred revenue – current	<b>92,713</b>	109,564
Interests payable	<b>89,809</b>	145,986
Accrued expenses	<b>68,269</b>	80,289
Staff costs and welfare accruals	<b>52,146</b>	81,110
Tax payable	<b>50,048</b>	49,069
Loans payable to Bitauto Group	–	301,295
Others	<b>253,402</b>	307,864
	<b>1,177,242</b>	1,758,995

Note:

(a) The following table sets forth the movement on the Group's risk assurance liabilities:

	<b>2020</b> <b>RMB'000</b> <b>Unaudited</b>	2019 <i>RMB'000</i> Unaudited
At January 1	<b>65,593</b>	–
Addition	<b>62,959</b>	20,288
Settlement	<b>(60,350)</b>	–
Revenue generated from risk assurance contracts	<b>(17,638)</b>	(841)
Impairment losses	<b>59,380</b>	–
	<hr/>	<hr/>
At June 30	<b>109,944</b>	19,447
	<hr/> <hr/>	<hr/> <hr/>

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's other payables and accruals, excluding advance from customers, staff costs and welfare accruals and other accruals, approximate their fair values at each of the reporting date.

## 23 BORROWINGS

	<b>As at</b> <b>June 30,</b> <b>2020</b> <b>RMB'000</b> <b>Unaudited</b>	As at December 31, 2019 <i>RMB'000</i> Audited
<b>Included in non-current liabilities:</b>		
Pledge borrowings	<b>253,129</b>	304,134
Asset-backed securitization debt	<b>466,487</b>	1,167,910
Other secured borrowings	<b>763,036</b>	1,868,180
Unsecured borrowings	<b>72,650</b>	91,300
	<hr/>	<hr/>
	<b>1,555,302</b>	3,431,524
	<hr/>	<hr/>
<b>Included in current liabilities:</b>		
Pledge borrowings	<b>1,093,245</b>	1,022,882
Asset-backed securitization debt	<b>3,884,712</b>	6,201,021
Other secured borrowings	<b>6,029,808</b>	7,659,628
Unsecured borrowings	<b>1,394,139</b>	1,525,114
	<hr/>	<hr/>
	<b>12,401,904</b>	16,408,645
	<hr/>	<hr/>
<b>Total borrowings</b>	<b>13,957,206</b>	19,840,169
	<hr/> <hr/>	<hr/> <hr/>

The borrowings are repayable as follows:

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	As at December 31, 2019 RMB'000 Audited
Within 1 year	<b>12,401,904</b>	16,408,645
Between 1 and 2 years	<b>1,350,573</b>	3,044,209
Between 2 and 5 years	<b>112,329</b>	283,315
Over 5 years	<b>92,400</b>	104,000
	<b><u>13,957,206</u></b>	<b><u>19,840,169</u></b>

As at June 30, 2020, the applicable interest rates per annum on long-term borrowings range from 4.75% to 9.50% (2019: 4.75% to 9.50%).

As at June 30, 2020, the applicable interest rates per annum on short-term borrowings range from 4.10% to 9.50% (2019: 4.35% to 9.50%).

As at June 30, 2020 and December 31, 2019, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

## 24 DEFERRED INCOME TAXES

The movements in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<b>Deferred income tax liabilities</b>	<b>Fair value gain on financial assets RMB'000</b>	<b>Intangible assets acquired in business combination RMB'000</b>	<b>Total RMB'000</b>
At January 1, 2020	(2,353)	(384)	(2,737)
Credited to interim condensed consolidated income statement	<u>—</u>	<u>82</u>	<u>82</u>
At June 30, 2020	<b><u>(2,353)</u></b>	<b><u>(302)</u></b>	<b><u>(2,655)</u></b>
At January 1, 2019	(2,353)	(549)	(2,902)
Credited to interim condensed consolidated income statement	<u>—</u>	<u>82</u>	<u>82</u>
At June 30, 2019	<b><u>(2,353)</u></b>	<b><u>(467)</u></b>	<b><u>(2,820)</u></b>



<b>Deferred income tax assets</b>	<b>Provision for expected credit losses of finance receivables RMB'000</b>	<b>Provision for impairment of trade receivables RMB'000</b>	<b>Tax losses RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
At January 1, 2020	358,852	28,050	9,235	27,542	423,679
Credited to interim condensed consolidated income statement	<u>248,259</u>	<u>30,093</u>	<u>9,001</u>	<u>32,270</u>	<u>319,623</u>
At June 30, 2020	<u>607,111</u>	<u>58,143</u>	<u>18,236</u>	<u>59,812</u>	<u>743,302</u>
At January 1, 2019	179,383	32,165	4,507	488	216,543
Credited to interim condensed consolidated income statement	<u>46,397</u>	<u>50,063</u>	<u>4,265</u>	<u>779</u>	<u>101,504</u>
At June 30, 2019	<u>225,780</u>	<u>82,228</u>	<u>8,772</u>	<u>1,267</u>	<u>318,047</u>

## 25 OTHER NON-CURRENT LIABILITIES

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	<b>As at December 31, 2019 RMB'000 Audited</b>
Deferred revenue	1,290,195	1,344,094
Liabilities related to financing leases	109,401	143,659
Long-term deposits payable	<u>4,135</u>	<u>4,780</u>
	<u>1,403,731</u>	<u>1,492,533</u>

## 26 COMMITMENTS

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	<b>As at June 30, 2020 RMB'000 Unaudited</b>	<b>As at December 31, 2019 RMB'000 Audited</b>
Capital investment in a related party	<u>–</u>	<u>75,000</u>

## 27 SUBSEQUENT EVENT

Except as disclosed elsewhere in this interim results announcement, there are no material subsequent events undertaken by the Company or by the Group after June 30, 2020.

## **OTHER INFORMATION**

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

During the six months ended June 30, 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **Employee and Remuneration Policy**

As at June 30, 2020, we had 2,987 full-time employees (December 2019: 4,177). 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.

### **Compliance with the Corporate Governance Code**

The Board is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

During the six months ended June 30, 2020, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, save and except for the following deviations from code provision A.2.1 of the CG Code.

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

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

## Compliance with the Model Code for Securities Transactions by Directors

The Company has devised the Company's Securities Dealing 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 six months ended June 30, 2020.

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

## Audit Committee and Review of Financial Statements

The Company 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 unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Group and internal control with senior management and PwC. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's unaudited interim condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended June 30, 2020.

## Use of Proceeds from the Listing

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

	Net proceeds from the IPO		Utilization up to June 30, 2020		Utilization during the six months ended June 30, 2020		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	631,203	535,904	87,019	73,881	670,316	569,112
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	-	-	-	-
<b>Total</b>	<b>6,507,595</b>	<b>5,525,077</b>	<b>5,837,279</b>	<b>4,955,965</b>	<b>87,019</b>	<b>73,881</b>	<b>670,316</b>	<b>569,112</b>

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

## **Interim Dividend**

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2020 (2019: nil).

## **Publication of Interim Results and Interim Report**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.yixincars.com](http://www.yixincars.com)). The interim report of the Group for the six months ended June 30, 2020 will be published on the aforesaid websites and dispatched to the Shareholders in due course.

## **APPRECIATION**

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

“Bitauto”	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands and currently listed on the NYSE (NYSE: BITA), and one of the Controlling Shareholders
“Bitauto Group”	Bitauto and/or subsidiaries and its consolidated affiliated entities from time to time, excluding the Group unless the context so requires
“Bitauto HK”	Bitauto Hong Kong Limited (易車香港有限公司), a company incorporated under the laws of Hong Kong and one of the Controlling Shareholders of the Company
“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, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “Yixin”	Yixin Group Limited (易鑫集团有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, 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’ 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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, refers to Bitauto and Bitauto HK and each of them shall be referred to as a controlling Shareholder
“Director(s)”	the director(s) of the Company

“First Share Award Scheme”	the share award scheme conditionally adopted by the written resolutions of the Shareholders on May 26, 2017, and amended 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 – First Share Award Scheme” of the Prospectus
“Group”, “our Group”, “we”, “us” or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entity
“Hammer Capital”	Hammer Capital Opportunities Fund L.P., an exempted limited partnership organized under the laws of the Cayman Islands, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering of the Shares on the Main Board
“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 exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Merger”	a statutory merger of the Merger Sub with and into Bitauto in accordance with Part XVI of the Cayman Islands Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised), with Bitauto being the surviving company and becoming a wholly-owned subsidiary of Yiche Holding
“Merger Sub”	Yiche Mergersub Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, a wholly-owned subsidiary of Yiche Holding

“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 substantial shareholder of the Company
“NYSE”	the New York Stock Exchange
“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
“Prospectus”	the prospectus issued by the Company in connection with the Hong Kong Public Offering dated November 6, 2017
“PwC”	PricewaterhouseCoopers, the Group’s auditor
“RMB”	Renminbi, the lawful currency of PRC
“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) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), one of the substantial Shareholders

“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, its possessions and all areas subject to its jurisdiction
“United States dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Yiche Holding”	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is a wholly-owned subsidiary of Morespark
“Yusheng”	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
“%”	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, August 24, 2020

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

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