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YIXIN GROUP LIMITED

易鑫集团有限公司

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

(Stock Code: 2858)

PRELIMINARY INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2021. The interim results have been reviewed by the Audit Committee and by PwC, in accordance with International Standard 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.

KEY HIGHLIGHTS

	Six months ended June 30,		
	2021	2020	Year-on-year
	<i>RMB’000</i>	<i>RMB’000</i>	<i>%</i>
	Unaudited	Unaudited	
Revenues	1,415,769	1,623,834	-13%
Transaction platform business			
<i>Loan facilitation services</i>	672,871	462,085	46%
<i>Other platform services</i>	137,272	33,738	307%
Subtotal	810,143	495,823	63%
Self-operated financing business			
<i>Financing lease services</i>	587,859	1,111,166	-47%
<i>Other self-operated services</i>	17,767	16,845	5%
Subtotal	605,626	1,128,011	-46%
Gross profit	707,073	735,100	-4%
Operating loss	(106,907)	(1,372,304)	-92%
Net loss	(134,596)	(1,052,912)	-87%
Adjusted operating profit/(loss)⁽¹⁾	104,747	(1,189,854)	N/A
Adjusted net profit/(loss)⁽²⁾	71,991	(870,545)	N/A

Notes:

(1) Details for the calculation of adjusted operating profit/(loss) is set out under the section header “Non-IFRS Measures” on page 12 of this announcement.

(2) Details for the calculation of adjusted net profit/(loss) is set out under the section headed “Non-IFRS Measures” on page 12 of this announcement.

	Six months ended June 30,		
	2021	2020	Year-on-year
	'000	'000	%
Total financed automobile transactions	228	121	88%
– By auto type			
New	154	83	85%
Used	74	38	95%
– By service type			
Through loan facilitation services	181	103	76%
Through self-operated financing business	47	18	160%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our interim results for the Reporting Period.

In light of the rebound of the Chinese automobile market, we realized a total of 228.1 thousand automobile finance transactions in the first half of 2021. The volume of both new car and used car finance transactions increased by 85% and 95%, respectively, which significantly surpassed the industry rate of 27% and 56%, respectively, according to China Association of Automobile Manufacturers and China Automobile Dealers Association. As of March 2021, the volume of our accumulated automobile finance transactions exceeded 2 million, representing a hallmark event in the industry. The volume of our used car transactions reached 35% of our total transaction volume in the second quarter of 2021, representing an increase of 5 percentage point compared with the first quarter of 2021.

Driven by strong volume growth, our core services revenue increased by 58% to RMB752 million for the Reporting Period. In addition, in the second half of 2020, we have witnessed significant revenue growth in the after-market services. For the Reporting Period, after-market services generated RMB53 million in revenue, indicating a growth of 90% compared with the half year ended December 31, 2020.

Our asset quality has continuously improved in the Reporting Period. Our 90+ days past due ratio presented a declining trend over the Reporting Period, from 2.28% as of December 31, 2020 to 2.18% as of June 30, 2021. In addition, our 30-90 days past due ratio also dropped considerably. Credit impairment loss decreased to RMB99 million, compared with RMB1,489 million for the first half of 2020.

As a result, our adjusted net profit reached RMB72 million, compared to an adjusted net loss of RMB871 million in the first half of 2020.

We noticed structural evolvement in the automobile market, which is primarily underpinned by the rapid development of new energy vehicles and the significant potential of commercial vehicles. To capture market opportunities and enrich our service scope, we expanded our business into these segments with the signing of strategic cooperation agreements with leading automobile manufacturers.

We are also committed to the mission of technology-enabled business expansion and data-driven innovation. In the Reporting Period, we set out a credit-risk-free business, providing user traffic and services to major state-owned financial institutions.

Appreciation

The steady development of the Group is owed to the trust and support of its shareholders, customers and business partners, as well as the loyalty of our staff members. On behalf of the Board, I hereby express my sincere gratitude for their dedication and contribution. We will continue to enhance our capabilities and strengthen our ecosystem to create greater value for all parties in the industry.

Andy Xuan Zhang
Chairman
Hong Kong
August 25, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

The following table sets forth the comparative figures for the six months ended June 30, 2021 and 2020.

	Six months ended June 30,		
	2021	2020	Year-on-year
	<i>RMB'000</i>	<i>RMB'000</i>	%
	Unaudited	Unaudited	
Revenues	1,415,769	1,623,834	-13%
Cost of revenues	(708,696)	(888,734)	-20%
Gross profit	707,073	735,100	-4%
Selling and marketing expenses	(573,438)	(401,885)	43%
Administrative expenses	(185,981)	(223,700)	-17%
Research and development expenses	(63,716)	(82,023)	-22%
Credit impairment losses	(98,723)	(1,488,568)	-93%
Other income and other gains, net	107,878	88,772	22%
Operating loss	(106,907)	(1,372,304)	-92%
Finance income/(cost), net	2,727	(2,898)	N/A
Share of losses of investments accounted for using the equity method	(7,990)	(833)	859%
Loss before income tax	(112,170)	(1,376,035)	-92%
Income tax (expense)/credit	(22,426)	323,123	N/A
Loss for the period	(134,596)	(1,052,912)	-87%
<i>Non-IFRSs measure</i>			
Adjusted operating profit/(loss)	104,747	(1,189,854)	N/A
Adjusted net profit/(loss)	71,991	(870,545)	N/A

Revenues

Our total revenues decreased by 13% year-on-year to RMB1,416 million for the Reporting Period, compared to RMB1,624 million for the same period last year, mainly due to the decrease in revenue from our financing lease services. Our new core services revenues, which include revenues from loan facilitation transactions and new self-operated financing lease transactions we facilitated during the Reporting Period, increased by 58% year-on-year to RMB752 million, compared to RMB476 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2021 and 2020.

	Six months ended June 30,					
	2021	Year-on-year	2020			
<i>RMB'000</i>	<i>% of total</i>		<i>RMB'000</i>	<i>% of total</i>		
Unaudited	<i>revenues</i>	<i>year</i>	Unaudited	<i>revenues</i>		
Revenues						
Transaction platform business						
Loan facilitation services	672,871	47%	46%	462,085	29%	
Other platform services	137,272	10%	307%	33,738	2%	
Guarantee service	84,555	6%	408%	16,640	1%	
After-market services	52,711	4%	N/A	–	–	
Advertising and other services	6	–	-100%	17,098	1%	
Subtotal	810,143	57%	63%	495,823	31%	
Self-operated financing business						
Financing lease services	587,859	42%	-47%	1,111,166	68%	
From new transactions during the period	78,672	6%	471%	13,777	1%	
From existing transactions in prior periods	509,187	36%	-54%	1,097,389	67%	
Other self-operated services ⁽¹⁾	17,767	1%	5%	16,845	1%	
Subtotal	605,626	43%	-46%	1,128,011	69%	
Total	1,415,769	100%	-13%	1,623,834	100%	

Note:

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

Transaction platform business

Revenues from our transaction platform business increased by 63% year-on-year to RMB810 million for the Reporting Period, compared to RMB496 million for the same period last year, mainly due to the increase in revenues from our loan facilitation services. Our transaction platform business contributed 57% of total revenue for the Reporting Period, compared to 31% for the same period last year.

Revenues from our loan facilitation services increased by 46% year-on-year to RMB673 million for the Reporting Period, compared to RMB462 million for the same period last year. Along with the recovery of China's economy and auto industry, during the Reporting Period, we facilitated approximately 181 thousand financed transactions through our loan facilitation services, representing a 76% year-on-year increase in volume. Revenue contribution from our loan facilitation services increased to 47% during the Reporting Period, compared to 29% for the same period last year.

Revenues from our other platform services increased by 307% to RMB137 million for the Reporting Period, compared to RMB34 million for the same period last year, mainly due to the increase in revenue from auto after-market services and guarantee service. We launched auto after-market services since July 2020 to enrich the scope and value added to our customer and generated revenue of RMB53 million for the Reporting Period. Our revenue from guarantee service was RMB85 million for the Reporting Period, which increased by 408% from RMB17 million for the same period last year, as two subsidiaries of the Group with financing guarantee licence provided guarantees on loans with respect to our loan facilitation services.

Self-operated financing business

Revenues from our self-operated financing business decreased by 46% year-on-year to RMB606 million for the Reporting Period, compared to RMB1,128 million for the same period last year, primarily due to the decrease in revenues from financing lease services.

Revenues from our financing lease services decreased by 47% year-on-year to RMB588 million for the Reporting Period, compared to RMB1,111 million for the same period last year, due to the decrease in revenues from existing financing lease transactions in prior periods. During the Reporting Period, we generated RMB509 million revenues from existing financing lease transactions in prior periods and RMB79 million revenues from new financing lease transactions, compared to RMB1,097 million and RMB14 million, respectively, for the same period last year. During the Reporting Period, we facilitated approximately 47 thousand financed transactions through self-operated financing business, representing a 160% year-on-year increase in volume, mainly due to the recovery of China's economy and auto industry. The average yield of our net finance receivables⁽¹⁾ was 9.8% for the Reporting Period, compared to 9.7% for the same period last year, primarily due to the increase in sales volume as a result of our sales promotion and the gradual recovery of China's economy and auto industry from the previous downturn due to the COVID-19 pandemic.

Note:

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

Revenues from our other self-operated services increased by 5% year-on-year to RMB18 million for the Reporting Period, compared to RMB17 million for the same period last year, primarily due to the increase in automobile sales. Revenue from automobile sales was RMB16 million for the Reporting Period, compared to RMB11 million for the same period last year.

Cost of Revenues

Cost of revenues decreased by 20% year-on-year to RMB709 million for the Reporting Period, compared to RMB889 million for the same period last year, primarily due to the decrease in funding costs associated with our self-operated financing business, which was partially offset by the increase in commissions associated with our loan facilitation services and the increase in costs associated with our automobile sales.

Cost of revenues of our transaction platform business increased by 72% year-on-year to RMB357 million for the Reporting Period, compared to RMB207 million for the same period last year. The increase was primarily due to the increase in commissions associated with our loan facilitation services. Loan facilitation commissions were RMB352 million for the Reporting Period, compared to RMB193 million for the same period last year.

Cost of revenues of our self-operated financing business decreased by 48% year-on-year to RMB352 million for the Reporting Period, compared to RMB681 million for the same period last year, primarily due to the decrease in funding costs associated with our self-operated financing business. Funding costs decreased by 55% year-on-year to RMB285 million for the Reporting Period, compared to RMB637 million for the same period last year. The average funding cost of our net finance receivables⁽¹⁾ was 4.8% for the Reporting Period, slightly decreased from 5.6% 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,			
	2021		2020	
	<i>RMB'000</i>	<i>Margin</i>	<i>RMB'000</i>	<i>Margin</i>
	Unaudited		Unaudited	
Segment gross profit and gross profit margins				
Transaction platform business	453,369	56%	288,396	58%
Self-operated financing business	253,704	42%	446,704	40%
Total	<u>707,073</u>	<u>50%</u>	<u>735,100</u>	<u>45%</u>

Our total gross profit decreased by 4% year-on-year to RMB707 million for the Reporting Period, compared to RMB735 million for the same period last year, primarily due to the decrease in total revenues. Our overall gross profit margin increased to 50% for the Reporting Period, compared to 45% for the same period last year.

Gross profit of our transaction platform business increased by 57% year-on-year to RMB453 million for the Reporting Period, compared to RMB288 million for the same period last year, mainly due to the revenue increase in our loan facilitation services. Gross profit margin of our transaction platform business decreased to 56% for the Reporting Period, compared to 58% 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 43% year-on-year to RMB254 million for the Reporting Period, compared to RMB447 million for the same period last year, mainly due to the decrease in revenue of our financing lease services. Gross profit margin of our self-operated financing business increased to 42% for the Reporting Period, compared to 40% for the same period last year, primarily due to the decrease in funding costs. The average spread of our net finance receivables⁽¹⁾ was 5.0% for the Reporting Period, compared to 4.1% for the same period last year, primarily due to the decrease in funding costs associated with our self-operated financing business.

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 increased by 43% year-on-year to RMB573 million for the Reporting Period, compared to RMB402 million for the same period last year, primarily due to the increase in salary, employee benefit and professional service fees. Share-based compensation expenses for our sales and marketing personnel were RMB8 million for the Reporting Period, compared to RMB9 million for the same period last year.

Administrative Expenses

Our administrative expenses decreased by 17% year-on-year to RMB186 million for the Reporting Period, compared to RMB224 million for the same period last year, primarily due to the decrease of provision for impairment of other non-current assets and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB21 million for the Reporting Period, compared to RMB47 million for the same period last year.

Research and Development Expenses

Our research and development expenses decreased by 22% year-on-year to RMB64 million for the Reporting Period, compared to RMB82 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 RMB6 million for the Reporting Period, compared to RMB8 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. Credit impairment losses decreased by approximately 93% year-on-year to RMB99 million for the Reporting Period, compared to RMB1,489 million for the same period last year, primarily due to the decrease in provision for expected credit losses of finance receivables. Provision for expected credit losses of finance receivables was RMB46 million for the Reporting Period, compared to RMB1,381 million for the same period last year, as we took proactive steps to tighten underwriting standards for new loans that we facilitated as well as reinforced our effort in the collection of overdue payments.

Other Income and Other Gains, Net

Our other gains, net increased by 22% year-on-year to RMB108 million for the Reporting Period, compared to RMB89 million for the same period last year. The increase was primarily attributable to the increase in gains associated with business cooperation agreements with Yusheng.

Operating Loss

Our operating loss for the Reporting Period was RMB107 million, compared to RMB1,372 million for the same period last year, mainly due to the decrease in credit impairment losses.

Finance Income/(Cost), Net

Our finance income, net for the Reporting Period was RMB3 million, compared to a finance cost, net of RMB3 million for the same period last year, mainly due to the increase in interest income from our bank deposits.

Income Tax (Expense)/Credit

Our income tax expense was RMB22 million for the Reporting Period, compared to an income tax benefit of RMB323 million for the same period last year, mainly due to the decrease in our operating loss incurred during the Reporting Period.

Loss for the Period

Our loss was RMB135 million for the Reporting Period, compared to RMB1,053 million for the same period last year, due to the decrease in gross profit and credit impairment losses.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the Reporting Period (2020: 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 profit/(loss) eliminates the effect of certain non-cash items and one-time events, namely fair value gain on financial assets, amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses (“**Adjusted Operating Profit/(Loss)**”). Adjusted net profit/(loss) eliminates the effect of the aforesaid items and any related tax impact (“**Adjusted Net Profit/(Loss)**”). The terms Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss) are not defined under the IFRSs. The use of Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss) has material limitations as an analytical tool, as they do not include all items that impact our loss for the relevant periods. The effect of items eliminated from Adjusted Operating Profit/(Loss) and Adjusted Net Profit/(Loss) is a significant component in understanding and assessing our operating and financial performance.

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

Adjusted Net Profit/(Loss)

Our adjusted net profit was RMB72 million for the Reporting Period, compared to an adjusted net loss of RMB871 million for the same period last year. The increase was mainly due to the decrease in credit impairment losses.

Selected Financial Information from Our Consolidated Balance Sheet

	As at		Year-on-year change %
	June 30, 2021 <i>RMB'000</i> Unaudited	December 31, 2020 <i>RMB'000</i> Audited	
Carrying amount of finance receivables	10,956,494	12,771,860	-14%
Cash and cash equivalents	3,020,222	2,711,558	11%
Total borrowings	8,202,306	10,147,383	-19%
Current assets	15,900,875	16,883,448	-6%
Current liabilities	7,997,574	10,215,050	-22%
Net current assets	7,903,301	6,668,398	19%
Total equity	<u>14,407,213</u>	<u>14,533,862</u>	<u>-1%</u>

Finance Receivables

We provide financing lease services in our self-operated financing business segment, and in return, customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables decreased to RMB11.0 billion as at June 30, 2021, compared to RMB12.8 billion as at December 31, 2020, mainly due to our strategy to focus on the provision of 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, 2021 <i>(RMB'000, except for percentage)</i>	December 31, 2020
Finance receivables, net (ending balance)	11,242,147	13,272,420
Provision for expected credit losses (ending balance)	(285,653)	(500,560)
Provision to net finance receivables ratio ⁽¹⁾	<u>2.54%</u>	<u>3.77%</u>

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:

	As at	
	June 30, 2021	December 31, 2020
Past due ratio:		
180+ days ⁽¹⁾	1.67%	1.62%
90+ days (including 180+ days) ⁽²⁾	<u>2.18%</u>	<u>2.28%</u>

Notes:

- (1) 180+ days past due net finance receivables from our self-operated financing lease services and past due outstanding loan balances from our loan facilitation service divided by total net finance receivables and outstanding loan balances.
- (2) 90+ days (including 180+ days) past due net finance receivables from our self-operated financing lease services and past due outstanding loan balances from our loan facilitation service divided by total net finance receivables and outstanding loan balances.

As at June 30, 2021, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions through both our self-operated financing lease services and loan facilitation services were 1.67% and 2.18%, respectively (December 31, 2020: 1.62% and 2.28% respectively).

Cash and Cash Equivalents

As at June 30, 2021, our cash and cash equivalents amounted to RMB3,020 million, compared to RMB2,712 million as at December 31, 2020. 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, 2021, RMB2,804 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,687 million as at December 31, 2020.

Our net cash inflow generated from operating activities was RMB2.5 billion for the Reporting Period, compared to RMB7.4 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 the provision of our loan facilitation services and self-operated financing lease services.

For our loan facilitation services, we currently work with 21 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, 2021, our total borrowings were RMB8.2 billion, compared to RMB10.1 billion as at December 31, 2020. 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 RMB2.1 billion as at June 30, 2021; and (ii) bank loans and borrowings from other institutions of RMB6.1 billion. Asset backed securities and notes as a percentage of our total borrowings was 25% as at June 30, 2021.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 24 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, 2021, Yixin has offered in aggregate 28 asset backed securities and notes publicly, with a total issuance amount of over RMB37.9 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 RMB7,903 million as at June 30, 2021, compared to RMB6,668 million as at December 31, 2020. Our current assets were RMB15.9 billion as at June 30, 2021, compared to RMB16.9 billion as at December 31, 2020, primarily due to the decrease of finance receivables as a result of our strategy to focus on the provision of loan facilitation services. Our current liabilities were RMB8.0 billion as at June 30, 2021, compared to RMB10.2 billion as at December 31, 2020, primarily due to the repayment of borrowings due.

Total Equity

Our total equity decreased to RMB14.4 billion as at June 30, 2021, compared to RMB14.5 billion as at December 31, 2020, primarily due to the net loss incurred during the Reporting Period.

Key Financial Ratios

	As at	
	June 30, 2021	December 31, 2020
Current ratio (times) ⁽¹⁾	1.99	1.65
Gearing ratio ⁽²⁾	16%	25%
Debt to equity ratio (times) ⁽³⁾	0.57	0.70

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 increased to 1.99 as at June 30, 2021, compared to 1.65 as at December 31, 2020, mainly due to the decrease in the current liabilities of the Group.

Gearing Ratio

Our gearing ratio decreased to 16% as at June 30, 2021, compared to 25% as at December 31, 2020, mainly due to the decrease in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio decreased to 0.57 as at June 30, 2021, compared to 0.70 as at December 31, 2020, mainly due to the decrease in total borrowings.

Capital Expenditure and Investments

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property and equipment and non-current assets	6,671	9,656
Purchase of intangible assets	541	—
Investments in financial assets at fair value through profit or loss	5,000	—
Investments in associates and subsidiaries in the form of ordinary shares	—	75,000
Investments in associates and subsidiaries measured at fair value through profit or loss	32,000	—
Total	<u>44,212</u>	<u>84,656</u>

Foreign Exchange Risk

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

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 19 and Note 24 to the interim condensed consolidated financial statements, respectively.

Significant Investments Held

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

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

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

Yusheng achieved significant growth with increasing volume and revenue for the Reporting Period and made important contribution to our financed used automobile transactions.

As at June 30, 2021, fair value of our investment in Yusheng was RMB2,108,602,000 (December 31, 2020: RMB2,129,753,000) which constituted 8.2% of total assets (December 31, 2020: 7.7%). 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, 2021 and June 30, 2020.

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

Future Plans for Material Investments and Capital Assets

Save as discussed in this 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 with competitive salaries, performance-based cash bonuses and other incentives. We primarily recruit our employees through recruitment agencies, on-campus job fairs, industry referrals, and online channels.

As at June 30, 2021, we had 4,432 full-time employees (December 31, 2020: 3,554). In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are 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 21 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 Reporting Period was RMB387 million, compared to RMB356 million for the same period last year.

Material Acquisitions and Disposals

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

Pledge of Assets

Certain deposits placed with banks were used as pledged assets for the Group's bank borrowings and bank notes as well as loan facilitation services. Certain finance receivables were used as pledge for the borrowings and securitization transactions. For more details, please refer to the Notes 19 and 24 to the interim condensed consolidated financial statements.

Contingent Liabilities

As at June 30, 2021, we did not have any material contingent liabilities (December 31, 2020: nil).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2021 RMB'000 Unaudited	2020 RMB'000 Unaudited
Revenues	6		
Transaction Platform Business		810,143	495,823
Self-operated Financing Business		605,626	1,128,011
		<u>1,415,769</u>	<u>1,623,834</u>
Cost of revenues	8	(708,696)	(888,734)
Gross profit		707,073	735,100
Selling and marketing expenses	8	(573,438)	(401,885)
Administrative expenses	8	(185,981)	(223,700)
Research and development expenses	8	(63,716)	(82,023)
Credit impairment losses	8	(98,723)	(1,488,568)
Other income and other gains, net	7	107,878	88,772
Operating loss		(106,907)	(1,372,304)
Finance income/(cost), net	9	2,727	(2,898)
Share of losses of investments accounted for using the equity method		(7,990)	(833)
Loss before income tax		(112,170)	(1,376,035)
Income tax (expense)/credit	10	(22,426)	323,123
Loss for the period		(134,596)	(1,052,912)
Loss attributable to:			
– Owners of the Company		(134,596)	(1,052,912)
– Non-controlling interests		–	–
		<u>(134,596)</u>	<u>(1,052,912)</u>
Loss per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
– Basic		<u>(0.02)</u>	<u>(0.17)</u>
– Diluted		<u>(0.02)</u>	<u>(0.17)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	Unaudited	Unaudited
Loss for the period	<u>(134,596)</u>	<u>(1,052,912)</u>
Other comprehensive income, net of tax:		
<i>Items that may not be reclassified to profit or loss</i>		
Currency translation differences	<u>(22,198)</u>	<u>31,998</u>
Total comprehensive loss for the period	<u>(156,794)</u>	<u>(1,020,914)</u>
Attributable to:		
– Owners of the Company	(156,794)	(1,020,914)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>(156,794)</u>	<u>(1,020,914)</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
ASSETS			
Non-current assets			
Property and equipment	<i>12</i>	466,881	484,944
Right-of-use assets	<i>13</i>	23,848	24,619
Intangible assets	<i>12</i>	1,543,072	1,722,892
Investments in associates	<i>14</i>	485,983	461,973
Financial assets at fair value through profit or loss	<i>15</i>	2,552,040	2,568,860
Deferred income tax assets	<i>25</i>	704,029	702,195
Prepayments, deposits and other assets	<i>18</i>	548,326	686,207
Finance receivables	<i>16</i>	3,366,975	3,923,125
Restricted cash	<i>19(b)</i>	3,196	67,359
		<u>9,694,350</u>	<u>10,642,174</u>
Current assets			
Finance receivables	<i>16</i>	7,589,519	8,848,735
Trade receivables	<i>17</i>	1,301,543	1,261,970
Prepayments, deposits and other assets	<i>18</i>	1,472,312	1,531,685
Restricted cash	<i>19(b)</i>	2,517,279	2,529,500
Cash and cash equivalents	<i>19(a)</i>	3,020,222	2,711,558
		<u>15,900,875</u>	<u>16,883,448</u>
Total assets		<u><u>25,595,225</u></u>	<u><u>27,525,622</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	<i>20</i>	4,198	4,182
Share premium	<i>20</i>	34,950,970	34,882,666
Other reserves		911,053	971,426
Accumulated losses		(21,459,008)	(21,324,412)
Total equity		<u><u>14,407,213</u></u>	<u><u>14,533,862</u></u>

	<i>Note</i>	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	<i>24</i>	2,103,560	1,561,800
Lease liabilities	<i>13</i>	9,932	10,937
Deferred income tax liabilities	<i>25</i>	3,325	3,452
Other non-current liabilities	<i>26</i>	1,073,621	1,200,521
		<u>3,190,438</u>	<u>2,776,710</u>
Current liabilities			
Trade payables	<i>22</i>	442,496	317,760
Other payables and accruals	<i>23</i>	1,281,682	1,163,533
Current income tax liabilities		163,169	136,911
Borrowings	<i>24</i>	6,098,746	8,585,583
Lease liabilities	<i>13</i>	11,481	11,263
		<u>7,997,574</u>	<u>10,215,050</u>
Total liabilities		<u>11,188,012</u>	<u>12,991,760</u>
Total equity and liabilities		<u>25,595,225</u>	<u>27,525,622</u>

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>
Balance at 1 January 2021		4,182	34,882,666	971,426	(21,324,412)	14,533,862
Comprehensive loss						
Loss for the period		-	-	-	(134,596)	(134,596)
Currency translation differences		-	-	(22,198)	-	(22,198)
Total comprehensive loss for the period		-	-	(22,198)	(134,596)	(156,794)
Transactions with owners in their capacity as owners						
Share-based compensation	<i>21</i>	-	-	35,064	-	35,064
Release of ordinary shares from Share Scheme Trusts	<i>20, 21</i>	6	34,708	(34,627)	-	87
Shares issued upon exercise of employee share options	<i>20, 21</i>	1	3,288	(3,280)	-	9
Vesting of restricted awarded shares	<i>20, 21</i>	9	30,308	(30,317)	-	-
Purchase of restricted shares under share award scheme		-	-	(5,015)	-	(5,015)
Total transactions with owners in their capacity as owners		16	68,304	(38,175)	-	30,145
Balance at 30 June 2021		4,198	34,950,970	911,053	(21,459,008)	14,407,213

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	<i>Note</i>	2020
	2021	2020
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flows from operating activities		
Cash generated from operations	2,510,631	7,466,518
Income tax paid	1,869	(51,187)
	<hr/>	<hr/>
Net cash generated from operating activities	2,512,500	7,415,331
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	8,337	16,105
Proceeds from disposal of property and equipment and intangible assets	4,837	8,709
Purchase of property and equipment and other non-current assets	(6,671)	(13,253)
Purchase of intangible assets	(541)	–
Loans to third parties	(130,000)	(30,000)
Repayments of loans by third parties	35,000	–
Payment for an investment	(32,000)	(75,000)
Investments in financial assets at fair value through profit or loss	<i>15</i> (5,000)	–
Placements of restricted cash	(261,090)	(997,974)
Maturity of restricted cash	473,519	1,062,322
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	86,391	(29,091)
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June	
	<i>Note</i>	2020
	2021	2020
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from borrowings	4,483,352	4,189,252
Repayment of borrowings	(6,464,865)	(10,116,903)
Release of deposits for borrowings	65,632	105,809
Proceeds of loans from Bitauto Group	–	300,000
Repayment of loans from Bitauto Group	–	(600,000)
Principal elements of lease payments	(6,195)	(3,161)
Proceeds from exercise of share options	539	13
Purchase of restricted shares under share award scheme	(5,015)	(6,351)
Interest paid	(358,389)	(684,182)
	<u> </u>	<u> </u>
Net cash used in financing activities	(2,284,941)	(6,815,523)
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	313,950	570,717
	<u> </u>	<u> </u>
Cash and cash equivalents at beginning of the period	2,711,558	1,586,817
Exchange (losses)/gains on cash and cash equivalents	(5,286)	10,466
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	3,020,222	2,168,000
	<u> </u>	<u> </u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

As at the date of the interim condensed consolidated financial information, there is no ultimate parent of the Company. Tencent Holdings Limited (“**Tencent**”, collectively with its subsidiaries, the “**Tencent Group**”) is the largest shareholder of the Company.

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

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

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 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 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) by the Group.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

(a) 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 1 January 2021 and are applicable for the Group:

- Covid-19-related Rent Concessions – Amendment to IFRS 16
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;

Amendments to IFRS effective for the financial year beginning on 1 January 2021 do not have a material impact on the Group's interim financial information.

(b) New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	Effective for annual periods beginning on or after
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

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. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, 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 31 December 2020.

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, interest 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 31 December 2020.

There have been no significant changes in the Group's risk management department or in any risk management policies since 31 December 2020.

(a) *Expected credit loss measurement*

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent with the models applied in the consolidated financial statements for the year ended 31 December 2020.

Finance receivables

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

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 30 June 2021 and 31 December 2020 was determined as follows for finance receivables:

30 June 2021	Stage I	Stage II	Stage III	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.12%	24.11%	38.63%	2.54%
Gross carrying amount (<i>Note 16</i>)	10,780,379	91,318	370,450	11,242,147
Provision for expected credit losses	<u>120,528</u>	<u>22,019</u>	<u>143,106</u>	<u>285,653</u>
31 December 2020	Stage I	Stage II	Stage III	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.36%	30.09%	41.35%	3.77%
Gross carrying amount (<i>Note 16</i>)	12,347,806	437,800	486,814	13,272,420
Provision for expected credit losses	<u>167,519</u>	<u>131,744</u>	<u>201,297</u>	<u>500,560</u>

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

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

Trade receivables and other receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on the days past due. For other receivables other than loans recognized as a result of payment under risk assurance, the expected credit losses are assessed individually. The Company consider the counterparties with good credit worthiness with reference to external credit rating and historical observed default rates over the expected life. The Company has identified the Consumer Price Index (CPI) and Producer Price Index (PPI) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

Off balance-sheet items

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 30 June 2021, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB22,219 million (31 December 2020: RMB17,881 million).

Under the guarantee agreement signed between Chetaotao (Ningbo) E-commerce Co., Ltd. (“**Chetaotao**”) and Xince Investment (Shanghai) Co., Ltd. (“**Xince**”), an indirectly wholly-owned subsidiary of the Company, Xince should pay the redemption price on behalf of Chetaotao to Yuyao Yangming Equity Investment Fund Co., Ltd (“**Yangming**”), an investor of Chetaotao, if Chetaotao and its parent Company fails to complete certain redemption obligations on the conditions and in a period pre-determined with Yangming. As of 30 June 2021, the total outstanding redemption price under the guarantee agreement was RMB605 million (31 December 2020: RMB605 million).

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

The most significant assumptions used for the expected credit loss estimate as at 30 June 2021 are Gross Domestic Product (“**GDP**”) and per capita disposable income in China (31 December 2020: same).

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

Other financial risk

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

In response, the Group has completed the following actions: a) increasing the level of guarantees that can be provided through Dalian Rongxin Financing Guarantees Company Ltd. (“**Dalian Rongxin**”), a licensed guarantee provider, b) acquiring Guangzhou Shengda Financing Guarantees Company Ltd. (“**Guangzhou Shengda**”), a wholly-owned subsidiary that is licensed to provide financial guarantees and is used to guarantee new facilitation arrangements, c) establishing Tianjin Duoxin Financial Guarantee Co., Ltd., a wholly-owned subsidiary with financing guarantee license and d) transferring a significant proportion of its existing guarantee obligations to Guangzhou Shengda.

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

5.2 Fair value estimation

The table below analyses the Group’s financial instruments carried at fair value as at 30 June 2021 and as at 31 December 2020, 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:

- level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group’s assets and liabilities that are measured at fair value as at 30 June 2021:

	As at 30 June 2021			
	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
	Unaudited	Unaudited	Unaudited	Unaudited
Assets:				
Financial assets at fair value through profit or loss (Note 15)	–	–	2,552,040	2,552,040
Associates measured at fair value through profit or loss (Note 14)	–	–	32,000	32,000
Total financial assets	–	–	2,584,040	2,584,040

The following table presents the Group’s assets and liabilities that are measured at fair value as at 31 December 2020:

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
	Audited	Audited	Audited	Audited
Assets:				
Financial assets at fair value through profit or loss	–	–	2,568,860	2,568,860

(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

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss and investment to associates measured at fair value through profit or loss for the six months ended 30 June 2021 and 2020.

	Financial assets at fair value through profit or loss RMB'000 Unaudited	Associates measured at fair value through profit or loss RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2021	2,568,860	–	2,568,860
Additions	5,000	32,000	37,000
Change in fair value	18	–	18
Currency translation differences	(21,838)	–	(21,838)
As at 30 June 2021	2,552,040	32,000	2,584,040
Total unrealized gains and change in fair value for the period	18	–	18

	Financial assets at fair value through profit or loss <i>RMB'000</i> Unaudited	Associates measured at fair value through profit or loss <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
As at 1 January 2020	2,550,085	–	2,550,085
Additions	–	–	–
Change in fair value	–	–	–
Currency translation differences	32,409	–	32,409
As at 30 June 2020	<u>2,582,494</u>	<u>–</u>	<u>2,582,494</u>
Total unrealized gains and change in fair value for the period	<u>–</u>	<u>–</u>	<u>–</u>

There is no transfer from level 1 and level 2 instruments to level 3 for the six months ended 30 June 2021 (2020: nil).

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes 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 level 3 instruments mainly included investments in private companies and debt instruments. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques.

	Fair value at 30 June 2021 <i>RMB'000</i>	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Relationship of unobservable inputs to fair value
Unlisted securities	322,224	Discounted cash flow model	WACC (Weighted Average Cost of Capital)	16%-30%	The higher the expected WACC, the lower the fair value.
			Terminal growth rate	3%	The higher the expected terminal growth rate, the higher the fair value.
Debt instruments	2,224,798	Market approach	Bond yield	9.5%-10.5%	The higher the expected bond yield, the lower the fair value.
			Volatility	51.2%-51.8%	The higher the expected volatility, the higher the fair value.
Structured deposits	5,018	Discounted cash flow model	Expected return rate	3.5%	The higher the expected return rate, the higher the fair value.

6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the Chief Operating Decision Maker ("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 income and other gains, net associated with the respective segment.

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

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these 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 30 June 2021 are as follows:

	Six months ended 30 June 2021		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
Revenues	810,143	605,626	1,415,769
– Recognized at a point in time	725,582	17,767	743,349
– Recognized over time	84,561	587,859	672,420
Gross profit	453,369	253,704	707,073
Operating profit/(loss)	76,793	(183,700)	(106,907)

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

	Six months ended 30 June 2020		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
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	(18,530)	(1,353,774)	(1,372,304)

None of the customers of the Group have accounted for more than 10% of the Group's total revenues for the six months ended 30 June 2021 and 2020.

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 30 June 2021 and 31 December 2020, 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:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Recognized at a point in time <i>RMB'000</i> Unaudited	Recognized over time <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited	Recognized at a point in time <i>RMB'000</i> Unaudited	Recognized over time <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
Transaction Platform Business:	725,582	84,561	810,143	462,085	33,738	495,823
– Loan facilitation services	672,871	–	672,871	462,085	–	462,085
– Advertising and other services	–	6	6	–	17,098	17,098
– Guarantee services	–	84,555	84,555	–	16,640	16,640
– After-market services	52,711	–	52,711	–	–	–
Self-operated Financing Business	17,767	587,859	605,626	12,867	1,115,144	1,128,011
– Financing lease services	–	587,859	587,859	–	1,111,166	1,111,166
– Sales of automobiles	16,177	–	16,177	11,109	–	11,109
– Operating lease services and others	1,590	–	1,590	1,758	3,978	5,736
Total	743,349	672,420	1,415,769	474,952	1,148,882	1,623,834

7 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2021 <i>RMB'000</i> Unaudited	2020 <i>RMB'000</i> Unaudited
Other income from business cooperation arrangements with Yusheng Holdings Limited	102,194	69,484
Government grants	2,984	15,132
Gains on disposal of property and equipment and intangible assets	1,372	453
Fair value gain on financial assets	18	–
Foreign exchange (losses)/gains, net	(735)	3,827
Bank fees and charges	(8,905)	(4,695)
Others, net	10,950	4,571
	107,878	88,772

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Employee benefit expenses	387,165	355,507
Loan facilitation commission fees	352,460	193,322
Funding costs	284,562	637,438
Depreciation and amortization charges	203,704	149,722
Service fee related to financing lease business	113,986	43,339
Provision for expected credit losses:		
– Finance receivables (<i>Note 16</i>)	46,176	1,380,614
– Other receivables	45,647	20,713
– Risk assurance liabilities (<i>Note 23</i>)	6,673	59,380
– Trade receivables (<i>Note 17</i>)	228	27,861
Provision for impairment of other non-current assets (<i>Note 18</i>)	40,233	51,462
Office and administrative expenses	36,611	35,192
Cost of automobiles sold	16,362	9,789
Marketing and advertising expenditures	16,252	42,979
Other expenses	80,495	77,592
	<u>1,630,554</u>	<u>3,084,910</u>

9 FINANCE INCOME/(COST), NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Finance income:		
– Interest income	29,976	15,004
Finance cost:		
– Interest expenses	(27,249)	(17,902)
Net finance income/(cost),net	<u>2,727</u>	<u>(2,898)</u>

10 INCOME TAX EXPENSE/(CREDIT)

The income tax expense of the Group for the six months ended 30 June 2021 and 2020 is analysed as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax/(credit)	24,387	(3,418)
Deferred income tax (<i>Note 25</i>)	(1,961)	(319,705)
Income tax expense/(credit)	22,426	(323,123)

(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 six months ended 30 June 2021 and 2020.

(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 six months ended 30 June 2021 and 30 June 2020, 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 31 December 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 1 January 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 six months ended 30 June 2021 and 2020, 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 LOSS PER SHARE

Loss 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.

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	6,326,890,590	6,282,872,600
Less: shares held for restricted share scheme	(1,973,298)	(1,553,630)
Weighted average number of issued ordinary shares for calculating basic profit per share	<u>6,324,917,292</u>	<u>6,281,318,970</u>
Basic loss attributable to owners of the Company (RMB'000)	<u>(134,596)</u>	<u>(1,052,912)</u>
Diluted impact on (loss)/profit (RMB'000)	<u>–</u>	<u>–</u>
Diluted loss attributable to owners of the Company (RMB'000)	<u>(134,596)</u>	<u>(1,052,912)</u>
Numbers of restricted shares with potential dilutive effect (<i>Note (b)(c)</i>)	<u>–</u>	<u>–</u>
Weighted average number of issued ordinary shares for calculating diluted profit per share (<i>Note (c)</i>)	<u>6,324,917,292</u>	<u>6,281,318,970</u>
Loss per share		
– Basic (RMB per share)	<u>(0.02)</u>	<u>(0.17)</u>
– Diluted (RMB per share)	<u>(0.02)</u>	<u>(0.17)</u>

Notes:

- (a) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June, 2021 and 2020, the Company's dilutive potential ordinary shares comprise shares options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (Note 20).
- (b) As the Group incurred loss for the six months ended 30 June 2021, the potential ordinary shares were not included in the calculation of dilutive earnings per share, as their inclusion would be anti-dilutive. Accordingly, dilutive earnings per share for the six months ended 31 June 2021 were the same as basic earnings per share.
- (c) For the six months ended 30 June 2021, a calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per share.

12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and Equipment RMB'000	Intangible Assets RMB'000
Unaudited		
Six months ended 30 June 2021		
Opening net book amount	484,944	1,722,892
Additions	5,754	466
Disposals	(6,577)	–
Depreciation/amortization charge	(17,240)	(180,286)
	<u>466,881</u>	<u>1,543,072</u>
Closing net book amount	<u><u>466,881</u></u>	<u><u>1,543,072</u></u>
Unaudited		
Six months ended 30 June 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>

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:

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
Right-of-use assets		
Properties	<u>23,848</u>	<u>24,619</u>
Lease liabilities		
Current	<u>11,481</u>	<u>11,263</u>
Non-current	<u>9,932</u>	<u>10,937</u>
	<u><u>21,413</u></u>	<u><u>22,200</u></u>

Additions to the right-of-use assets during the six months ended 30 June 2021 were RMB5,407,000 (30 June 2020, RMB1,884,000).

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Depreciation charge of right-of-use assets		
Properties	<u>6,178</u>	<u>5,505</u>
Interest expense (included in finance cost)	1,001	624
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	<u>921</u>	<u>4,900</u>

14 INVESTMENTS IN ASSOCIATES

	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Investments in associates:		
Associates using equity accounting (a)	453,983	461,973
Associates measured at fair value through profit or loss (b)	<u>32,000</u>	<u>—</u>
	<u>485,983</u>	<u>461,973</u>

(a) Associates using equity accounting

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
At the beginning of the period	461,973	15,546
Share of losses of associates	<u>(7,990)</u>	<u>(833)</u>
At the end of the period	<u>453,983</u>	<u>14,713</u>

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
At the beginning of the period	—	—
Addition	<u>32,000</u>	<u>—</u>
At the end of the period	<u>32,000</u>	<u>—</u>

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
At the beginning of the period	2,568,860	2,550,085
Additions	5,000	–
Change in fair value	18	–
Currency translation differences	(21,838)	32,409
	<u>2,552,040</u>	<u>2,582,494</u>

16 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 30 June 2021 and 31 December 2020 are as below:

	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Finance receivables		
– Finance receivables, gross	12,332,068	14,417,257
– Unearned finance income	(1,089,921)	(1,144,837)
	<u>11,242,147</u>	<u>13,272,420</u>
Finance receivables, net		
Less: provision for expected credit losses	(285,653)	(500,560)
	<u>10,956,494</u>	<u>12,771,860</u>
Carrying amount of finance receivables		
Finance receivables, gross		
– Within one year	8,645,831	10,089,734
– After one year but not more than five years	3,686,237	4,327,523
	<u>12,332,068</u>	<u>14,417,257</u>
Finance receivables, net		
– Within one year	7,822,547	9,193,534
– After one year but not more than five years	3,419,600	4,078,886
	<u>11,242,147</u>	<u>13,272,420</u>
Total	<u>11,242,147</u>	<u>13,272,420</u>

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

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Finance receivables:		
– Individual customers	10,698,039	12,340,594
– Auto dealers	258,455	431,266
	10,956,494	12,771,860

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

	Six Months ended 30 June 2021			
	Stage I <i>RMB'000</i> Unaudited	Stage II <i>RMB'000</i> Unaudited	Stage III <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
As at 1 January 2021	167,519	131,744	201,297	500,560
Provision for impairment	18,567	65,853	131,620	216,040
Reversal of impairment	–	–	(169,864)	(169,864)
Transfer for the period:				
<i>Conversion to Stage I</i>	139	(122)	(17)	–
<i>Conversion to Stage II</i>	(17,837)	18,227	(390)	–
<i>Conversion to Stage III</i>	(47,860)	(193,683)	241,543	–
Asset derecognised (including final repayment)	–	–	169,864	169,864
Write-off	–	–	(430,947)	(430,947)
As at 30 June 2021	120,528	22,019	143,106	285,653
	Six Months ended 30 June 2020			
	Stage I <i>RMB'000</i> Unaudited	Stage II <i>RMB'000</i> Unaudited	Stage III <i>RMB'000</i> Unaudited	Total <i>RMB'000</i> Unaudited
As at 1 January 2020	175,605	233,587	270,535	679,727
Provision for impairment	536,793	(170,319)	1,022,611	1,389,085
Reversal of impairment	–	–	(8,471)	(8,471)
Transfer for the period:				
<i>Conversion to Stage I</i>	1,460	(1,416)	(44)	–
<i>Conversion to Stage II</i>	(308,694)	309,246	(552)	–
<i>Conversion to Stage III</i>	(167,100)	(45,465)	212,565	–
Asset derecognised (including final repayment)	–	–	8,471	8,471
Write-off	–	–	(1,282,652)	(1,282,652)
As at 30 June 2020	238,064	325,633	222,463	786,160

17 TRADE RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Trade receivables	1,430,146	1,390,345
Less: provision for impairment	<u>(128,603)</u>	<u>(128,375)</u>
Trade receivables, net	<u>1,301,543</u>	<u>1,261,970</u>

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

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Up to 3 months	1,272,883	1,220,342
3 to 6 months	16,909	34,592
Over 6 months	<u>11,751</u>	<u>7,036</u>
	<u>1,301,543</u>	<u>1,261,970</u>

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

	Provision for impairment	
	2021 <i>RMB'000</i> Unaudited	2020 <i>RMB'000</i> Unaudited
At the beginning of the period	128,375	97,398
Charge for the period	1,228	27,861
Reverse	<u>(1,000)</u>	<u>–</u>
At the end of the period	<u>128,603</u>	<u>125,259</u>

18 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Included in non-current assets:		
Long-term receivables from loan facilitation services	377,544	469,130
Vehicles collected from financing lease customers	355,479	330,255
Deposits	43,793	64,021
Long-term receivables from guarantee service	19,567	19,567
Vehicles purchased for future leases	5,245	5,024
Long-term prepaid expense	4,280	4,950
Prepayment for vehicles	1,109	11,705
Others	107	120
	<u>807,124</u>	<u>904,772</u>
Less: provision for impairment	(258,798)	(218,565)
	<u>548,326</u>	<u>686,207</u>
Included in current assets:		
Other receivables from disposal of assets	309,863	115,947
Loans to third parties	300,332	140,475
Loans recognized as a result of payment under risk assurance	241,159	211,537
Other receivables from third parties	232,908	368,246
Deposits	120,802	266,338
Other receivables from related parties	118,816	237,897
Prepaid taxes	80,798	78,769
Prepayments	32,053	28,732
Loans to related parties	19,000	41,000
Others	120,273	120,495
	<u>1576,004</u>	<u>1,609,436</u>
Less: provision for impairment of other receivables	(103,692)	(77,751)
	<u>1,472,312</u>	<u>1,531,685</u>
Total	<u><u>2,020,638</u></u>	<u><u>2,217,892</u></u>

As at 30 June 2021 and 31 December 2020, the carrying amounts of prepayments, deposits and other assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

19 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Cash and cash equivalents	<u>3,020,222</u>	<u>2,711,558</u>

As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
RMB	2,804,210	2,686,936
HK\$	203,965	12,513
US\$	<u>12,047</u>	<u>12,109</u>
	<u>3,020,222</u>	<u>2,711,558</u>

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the 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 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Cash pledged for loan facilitation services (a)	1,300,384	1,171,388
Term deposits pledged for bank borrowings (b)	850,816	1,070,112
Cash deposited for borrowings (c)	23,724	11,609
Others	<u>345,551</u>	<u>343,750</u>
	<u>2,520,475</u>	<u>2,596,859</u>
Of which are:		
Current restricted cash	2,517,279	2,529,500
Non-current restricted cash	3,196	67,359

Notes:

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

As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
RMB	1,786,002	1,653,680
HK\$	392,409	597,564
US\$	342,064	345,615
	<u>2,520,475</u>	<u>2,596,859</u>

As at 30 June 2021, the applicable interest rates per annum on restricted cash ranged from 0.30% to 2.75% (31 December 2020: 0.01% to 2.75%).

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Number of preferred shares	Nominal value of preferred shares US\$'000
Authorized:				
As at 1 January and 30 June 2021	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>
As at 1 January and 30 June 2020	<u>15,000,000,000</u>	<u>1,500</u>	<u>–</u>	<u>–</u>

	<i>Note</i>	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>
Issued:					
At 1 January 2021		6,376,600,363	629	4,182	34,882,666
Newly issued ordinary shares		92,360,000	–	–	–
Release of ordinary shares from Share Scheme Trusts	<i>(a)</i>	–	1	6	34,708
Shares issued upon exercise of employee share options	<i>(b)</i>	917,500	–	1	3,288
Vesting of restricted awarded shares	<i>(c)</i>	–	1	9	30,308
As at 30 June 2021		<u>6,469,877,863</u>	<u>631</u>	<u>4,198</u>	<u>34,950,970</u>
At 1 January 2020		6,373,685,048	625	4,148	34,739,193
Release of ordinary shares from Share Scheme Trusts	<i>(a)</i>	–	2	14	71,613
Shares issued upon exercise of employee share options	<i>(b)</i>	1,276,500	–	1	4,576
Vesting of restricted awarded shares	<i>(c)</i>	–	2	13	38,655
As at 30 June 2020		<u>6,374,961,548</u>	<u>629</u>	<u>4,176</u>	<u>34,854,037</u>

Notes:

- (a) On 12 October 2017, the Company modified the share option agreement with 20 grantees, including 1 director, 6 other senior management members, and 13 other employees, by immediately vesting a total of 15,957,262 share options held by the grantees. On the same date, the grantees exercised the share options in full for 15,957,262 ordinary shares issued by the Company and transferred 7,167,993, 3,439,269 and 5,350,000 ordinary shares to Xindu Limited, Spring Forests Limited and Yidu Limited, respectively, which are trusts established to hold the shares for and on behalf of the grantees (collectively, “**Share Scheme Trusts**”). The grantees’ entitlement of the trusts are subject to vesting conditions that are substantially the same as those in the share option agreement before above mentioned modification. The ordinary shares held by Share Scheme Trusts are not considered issued and outstanding until the grantee’s entitlement of the trusts is vested. As at 30 June 2021, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834. During the six months ended 30 June 2021 9,685,256 ordinary shares held by Share Scheme Trusts were issued and outstanding.
- (b) During the six months ended 30 June 2021, 917,500 pre-IPO share options with an exercise price of US\$0.0014 were exercised.
- (c) During the six months ended 30 June 2021, 16,706,291 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares.

21 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 RMB35,064,000 for the six months ended 30 June 2021 (2020: RMB63,409,000).

(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	
	2021	2020
Outstanding as at 1 January	251,766,880	303,617,740
Exercised during the period	(10,602,756)	(21,255,717)
Forfeited during the period	(245,210)	(7)
Outstanding as at 30 June	<u>240,918,914</u>	<u>282,362,016</u>
Exercisable as at 30 June	<u>218,958,115</u>	<u>226,392,705</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 1 January 2021	46,290,072	0.29
Granted during the period	92,360,000	0.33
Vested and sold during the period	(16,706,291)	0.30
Forfeited during the period	(3,031,338)	0.27
	<u>118,912,443</u>	<u>0.32</u>
Outstanding as at 30 June 2021		
Vested as at 30 June 2021	<u>69,758,822</u>	<u>0.30</u>
Outstanding as at 1 January 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 30 June 2020		
Vested as at 30 June 2020	<u>48,581,134</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 30 June 2021, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 91%, respectively (31 December 2020: 100%, 100% and 91%)

22 TRADE PAYABLES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Trade payables	442,496	317,760

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

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Up to 3 months	374,190	207,322
3 to 6 months	26,128	14,061
6 months to 1 year	11,541	16,135
Over 1 year	30,637	80,242
	442,496	317,760

23 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Risk assurance liabilities	339,681	277,457
Deposits payable	184,496	193,375
Advance from customers	162,350	93,406
Deferred revenue - current	84,779	85,570
Tax payable	73,370	55,349
Payables to platform business service provider	69,842	77,429
Other payables to related parties	68,485	58,693
Staff costs and welfare accruals	62,189	67,163
Accrued expenses	47,788	42,898
Interests payable	46,933	78,128
Legal claims	2,349	-
Others	139,420	134,065
	1,281,682	1,163,533

As at 30 June 2021 and 31 December 2020, 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.

24 BORROWINGS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Included in non-current liabilities:		
Other secured borrowings	1,487,308	946,306
Asset-backed securitization debt	307,587	340,697
Pledge borrowings	162,000	180,087
Unsecured borrowings	146,665	94,710
	<u>2,103,560</u>	<u>1,561,800</u>
Included in current liabilities:		
Other secured borrowings	2,848,230	4,385,544
Asset-backed securitization debt	1,774,455	2,348,286
Unsecured borrowings	785,498	625,711
Pledge borrowings	690,563	1,226,042
	<u>6,098,746</u>	<u>8,585,583</u>
Total borrowings	<u>8,202,306</u>	<u>10,147,383</u>

The borrowings are repayable as follows:

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Within 1 year	6,098,746	8,585,583
Between 1 and 2 years	1,059,237	1,172,814
Between 2 and 5 years	975,123	308,186
Over 5 years	69,200	80,800
	<u>8,202,306</u>	<u>10,147,383</u>

As at 30 June 2021, the applicable interest rates per annum on long-term borrowings range from 4.05% to 9.00% (2020: 4.80% to 9.00%).

As at 30 June 2021, the applicable interest rates per annum on short-term borrowings range from 3.22% to 9.50% (2020: 3.10% to 9.50%).

As at 30 June 2021 and 31 December 2020, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

25 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:

Deferred income tax liabilities	Fair value gain on financial assets RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2021	(2,353)	(1,099)	(3,452)
Credited to interim condensed consolidated income statement	—	127	127
As at 30 June 2021	<u>(2,353)</u>	<u>(972)</u>	<u>(3,325)</u>
As at 1 January 2020	(2,353)	(384)	(2,737)
Credited to interim condensed consolidated income statement	—	82	82
As at 30 June 2020	<u>(2,353)</u>	<u>(302)</u>	<u>(2,655)</u>

Deferred income tax assets	Provision for expected credit losses of finance receivables RMB'000 Unaudited	Provision for impairment of trade receivables RMB'000 Unaudited	Tax losses RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2021	424,641	41,156	121,183	115,215	702,195
Credited/(Charged) to interim condensed consolidated income statement	10,111	202	(27,890)	19,411	1,834
As at 30 June 2021	<u>434,752</u>	<u>41,358</u>	<u>93,293</u>	<u>134,626</u>	<u>704,029</u>
As at 1 January 2020	358,852	28,050	9,235	27,542	423,679
Credited to interim condensed consolidated income statement	248,259	30,093	9,001	32,270	319,623
As at 30 June 2020	<u>607,111</u>	<u>58,143</u>	<u>18,236</u>	<u>59,812</u>	<u>743,302</u>

26 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
Deferred other income	997,644	1,108,209
Long-term deposits payable	7,545	1,286
Other liabilities	68,432	91,026
	<u>1,073,621</u>	<u>1,200,521</u>

27 SUBSEQUENT EVENT

Except as disclosed elsewhere in this report, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2021.

OTHER INFORMATION

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

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

Employee and Remuneration Policy

As at June 30, 2021, we had 4,432 full-time employees (December 2020: 3,554). In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are 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 Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, save and except for the following deviation from code provision A.2.1 of the CG Code.

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

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

The Company’s Securities Dealing Code also applies to relevant employees of the Company 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 the 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 Reporting Period. 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 Reporting Period.

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		Utilisation up to June 30, 2021		Utilisation during the six months ended June 30, 2021		Utilisation 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	768,023	652,067	66,529	56,485	533,496	452,949
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	-	-	-	-
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	-	-	-	-
Total	6,507,595	5,525,077	5,974,099	5,072,128	66,529	56,485	533,496	452,949

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 Reporting Period (2020: nil).

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yixincars.com). The interim report of the Group for the Reporting Period 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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Beijing Yixin”	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC and the Consolidated Affiliated Entity

“Bitauto”	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands on October 21, 2005 and previously listed on the NYSE (NYSE: BITA), a controlling Shareholder of the Company until the distributions in specie of all of the Shares held directly or indirectly by it to its shareholder on March 5, 2021.
“Bitauto Group”	Bitauto and/or subsidiaries and its consolidated affiliated entities from time to time, excluding the Group unless the context so requires
“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’ and relevant employees’ dealings in the securities of the Company on terms no less exacting than those set out in 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 interim results announcement, refers to Tencent and Morespark and each of them shall be referred to as a controlling Shareholder

“Director(s)”	the director(s) of the Company
“First Share Award Scheme”	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme” in Appendix IV to the Prospectus
“Group”, “our Group”, “we”, “us” or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entity (the financial results of which have been consolidated and accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements) from time to time
“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

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Morespark”	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
“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
“Reporting Period”	the six months ended June 30, 2021
“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) 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
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder

“Tianjin Kars”	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“United States dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Yusheng”	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
“%”	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 25, 2021

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

Executive Directors	Mr. Andy Xuan Zhang and Mr. Dong Jiang
Non-executive Directors	Mr. Matthew Yun Ming Cheng, Mr. Jun Yang, Mr. Chenkai Ling and Ms. Amanda Chi Yan Chau
Independent non-executive Directors	Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong