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, 2024

The Board of Yixin Group Limited 易鑫集团有限公司 is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2024. The interim results have been reviewed by the Audit Committee and by PricewaterhouseCoopers, 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. PricewaterhouseCoopers's unmodified review report is included in the interim report to be sent to the Shareholders.

KEY HIGHLIGHTS

	Six months ended June 30,		
	2024	2023	Year-on-year
	RMB'000	*RMB'000*	*%*
	Unaudited	Unaudited	
Revenues	**4,467,853**	2,844,190	57%
Transaction platform business			
Loan facilitation services	**1,863,681**	1,539,863	21%
SaaS services	**834,561**	86,277	867%
Other platform services	**812,217**	518,285	57%
Subtotal	**3,510,459**	2,144,425	64%
Self-operated financing business			
Financing lease services	**945,615**	699,540	35%
Other self-operated services	**11,779**	225	5135%
Subtotal	**957,394**	699,765	37%
Gross profit	**2,128,937**	1,423,454	50%
Operating profit	**576,522**	253,962	127%
Net profit	**409,676**	266,395	54%
Adjusted operating profit[(1)]	**682,949**	431,081	58%
Adjusted net profit[(2)]	**507,477**	412,917	23%

Notes:

(1) Details for the calculation of adjusted operating profit is set out under the section headed "Non-IFRSs Financial Measures" on pages 11 and 12 of this interim results announcement.

(2) Details for the calculation of adjusted net profit is set out under the section headed "Non-IFRSs Financial Measures" on pages 11 and 12 of this interim results announcement.

	Six months ended June 30,		
	2024	2023	Year-on-year
	'000	*'000*	*%*
Total financed automobile transactions	**329**	312	5%
– By auto type			
New	**175**	180	-3%
Used	**154**	132	16%
– By service type			
Through loan facilitation services and SaaS services	**260**	224	16%
Through self-operated financing business	**69**	88	-22%

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

In the first half of 2024, the recovery of China's economy has shown a divergence in supply and demand dynamics. Production has shown robust recovery, while demand has lagged. This period was marked by a surge in manufacturing investment and net exports, propelled by equipment renewal policies and rising overseas restocking demand. However, the real estate sector has continued to face challenges, with local fiscal expansion hampered by concerns over hidden debts and domestic consumption remaining subdued. According to data from the National Bureau of Statistics of the PRC, China's GDP in the first half of 2024 grew by 5.0% as compared to the same period last year.

In the first half of 2024, while the automotive market struggled with lackluster domestic demand, price adjustment and supportive policies provided some stimulus. At the same time, the industry witnessed structural strategic opportunities unfold, with NEV consumption and the overseas expansion of Chinese brands delivering impressive performance. In recent years, as the automotive industry has gradually become saturated, it has faced the tension between surplus production capacity and lagging demand, a situation that persisted through the first half of 2024. According to data from the China Association of Automobile Manufacturers (CAAM) and the China Automobile Dealers Association (CADA), the total number of passenger cars sold in China (including new and used vehicles) increased by 6.5% year-on-year in the first half of 2024. We also observed that the NEV market continued to grow rapidly. According to data from the China Passenger Car Association (CPCA), retail sales of new energy passenger vehicles increased by 33.1% year-on-year in the first half of 2024, and the penetration rate of NEVs in domestic new car retail sales hit 48% in June 2024. Additionally, the expansion of automotive exports has emerged as a significant growth driver for the industry. According to the CAAM, China exported 2.8 million vehicles in the first half of 2024, representing a year-on-year increase of 30.5%.

In the first half of 2024, Yixin Group achieved steady growth. We realized a total of 329 thousand financing transactions (including both new and used vehicles) during the Reporting Period, representing a 5.3% growth as compared to the same period last year. The financing amount was RMB31.5 billion, representing a 3.5% growth as compared to the same period last year. As one of the Company's key strategic focuses, the NEV financing business continued its rapid growth, with financing amount reaching RMB7.1 billion, representing a year-on-year increase of 63.1%.

During the Reporting Period, the Group's revenue reached RMB4.5 billion, representing a year-on-year increase of 57%. The Group's net profit for the Reporting Period reached RMB410 million, which increased by 54% as compared to RMB266 million for the same period last year.

In recent years, the Group's asset management scale has steadily expanded. As of June 30, 2024, the automotive financial assets under our management had reached RMB99.6 billion. Despite the evolving competitive dynamics within the automotive finance industry, Yixin has successfully reinforced its leading market position. The Group's asset quality has been commendably resilient, with the 90+ days past due ratio standing at 1.86% as of June 30, 2024.

In terms of financing, the Group has continued to drive down funding costs. The coupon rate of the senior tranche of the Asset-Backed Note (ABN) issued in June 2024 reached a historic low of 2.97%. Additionally, the Group has secured seamless access to various financing channels, leveraging instruments such as Private Placement Note (PPN), Super and Short-term Commercial Paper (SCP), and other credit debt instruments.

As for value-added services, the Group realized an income of RMB123 million during the Reporting Period, representing a year-on-year increase of 18%. Our battery GAP product, which was introduced to consumers in May 2023, has been widely recognized by the market. In 2024, we have also expanded the battery GAP product offering to the used car sector.

The Group has consistently focused on two key strategic areas: new energy and financial technology. In the first half of 2024, these two major business continued to achieve notable progress:

NEV (ELECTRIC VEHICLE):

The Group's new energy business growth is anchored in its unique market positioning and abundant industry resources. Yixin's profound experience in lower-tier markets is particularly well-aligned with the surging trend of new energy vehicle (NEV) adoption in these areas, significantly amplifying our growth prospects. Additionally, the Group continues to strengthen its partnerships with leading new energy vehicle brands. As of June 30, 2024, the Group has established partnerships with approximately 40 manufacturers in the new energy sector. During the Reporting Period, the Group's financing transactions for NEV (encompassing both new and used vehicles) increased to 70 thousand units, representing a robust year-on-year growth of 77.8%. Capitalizing on the swift ascent of the second-hand NEV market, Yixin has taken significant strides to address the needs of this burgeoning segment. In the first half of 2024, the proportion of financing transactions for used cars in our new energy business reached 12.4%.

FINTECH (SAAS):

The Group's FinTech business organically integrates with our technological capabilities and industry experience to deliver comprehensive FinTech solutions. By leveraging cutting-edge technologies like AI, we offer multi-tiered software products to empower industry partners. In the first half of 2024, the Group's FinTech revenue reached RMB835 million, representing a year-on-year increase of 867.3%. The Group expanded its network of industrial partnerships by launching 7 new projects in the first half of 2024. By June 30, 2024, we have established cooperation with over 50 institutions. We have established collaborations with premium brands such as Porsche and provided services to more regional banks like Bank of Nanjing. During the Reporting Period, financing transactions facilitated under the FinTech model amounted to RMB9.7 billion, representing a year-on-year growth of 264.1%. We anticipate that the financing amount facilitated by our FinTech platform will exceed RMB20 billion for 2024.

Yixin Group continuously enhances its technological innovation capabilities by embracing intelligent and digital methods to drive operating efficiency. Through the internally developed Titan-AI cloud platform, we apply AI technology across various business scenarios, empowering the entire business procedure including telemarketing, video audit, loan collection, and customer service. Robust risk control technology, as one of Yixin's core competitive advantages, also evolves with the support of AI. In the first half of 2024, we launched an automatic public opinion monitoring and warning system to mitigate fraud risks stemming from inflated vehicle prices. This project enabled real-time feedback, preventing fraud-related losses estimated to be over RMB302 million. Thanks to this anti-fraud project, Yixin Group was awarded the "Innovation Team Award" in Changning District, Shanghai in May 2024.

Looking forward to the second half of 2024, with the domestic rollout of large-scale equipment renewal and trade-in deals for consumer goods, it is anticipated that the economy's internal momentum will be bolstered, providing some support for automotive-related consumption. In light of the complex and volatile environment, Yixin will maintain its competitive advantage in our core business and proactively promote innovation in the FinTech area. While safeguarding asset quality, the Group remains agile in its approach, strategically adjusting and nurturing growth across its diverse business segments.

Finally, on behalf of the Group, I extend my heartfelt thanks to our customers and partners, as well as my deep appreciation for the commitment and contributions of our employees and management team. I am also grateful for the trust and support from our Shareholders and stakeholders.

Andy Xuan Zhang
Chairman of the Board
Hong Kong
August 15, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC ENVIRONMENT

In the first half of 2024, China's economy operated smoothly, kicking off with a robust first quarter and a modestly decelerated growth in the second quarter. The National Statistics Bureau of the PRC reports that the real GDP in the first half of 2024 grew by 5.0% year-on-year. However, the microeconomic perception among the populace suggests a lingering sense of economic weakness. This perception is partly attributed to a divergence between real and nominal growth rates, with the GDP deflator for the first half of 2024 at -0.9%, signaling considerable deflationary pressures. Structural economic issues persist, with insufficient domestic demand and the downturn in the national real estate sector remaining a significant drag. Infrastructure investment is further hampered by the risks associated with local governments' underlying debt. Moreover, the retail sales growth rate has experienced a notable decline. Conversely, the external demand has been robust, propelling an uptick in the manufacturing sector's production and investment, with exports emerging as a vital underpinning for economic growth. Currently, the Chinese economy is grappling with challenges such as the need for a shift in growth dynamics, an expansion in income inequality, and subdued public expectations. In the long run, by fostering the development of new quality productive forces, establishing a unified market with substantial potential, advancing fiscal and tax system reforms, and bolstering social welfare, China's economy is anticipated to sustain its path toward high-quality development.

Amidst the current economic landscape, the automotive industry stands as a cornerstone of the national economy, experiencing a strategic transformation and upgrade on the supply side, while witnessing a dynamic diversification of trends on the demand side. It has emerged as a pivotal sector for rejuvenating economic vitality and stimulating an expansion in domestic demand. In 2024, the automotive sector's policies have remained potent, with the successful implementation of supportive initiatives like 'consumer goods trade-in' and the 'new energy vehicles in rural areas' programs. These policies are not only underpinning China's economic growth but are also instrumental in fostering a trajectory of high-quality development.

INDUSTRY OVERVIEW

China's automotive market has entered a buyer-centric era that is driven by consumer demand and the industry's advancements in intelligence and electrification, showcasing global competitiveness. However, the domestic market's growth remains sluggish showcasing intensifying industry competition. According to the CAAM and the CADA, the total sales volume of new and used passenger vehicles in China increased by 6.5% year-on-year during the Reporting Period.

In terms of new vehicles, while improvements have been noted, the strategy of trading price for volume has exerted pressure across various segments of the automotive supply chain. According to the CAAM, the sales volume of new passenger vehicles in China reached 11.9 million units in the first half of 2024, representing a year-on-year increase of 6.3%. The used vehicle market has been invigorated by the 'trade-in' policy, boosting consumer interest in upgrading. However, successive price reductions on new vehicles have accelerated the depreciation of used vehicles, placing a significant strain on car dealers. In the first half of 2024, the transaction volume of used passenger cars in China was 7.5 million units, representing a year-on-year increase of 6.9%.

New energy vehicles (NEVs) continue to be a significant driving force for the automotive industry, maintaining strong growth during the Reporting Period. According to the CPCA, retail sales of NEVs in the first half of 2024 amounted to 4.1 million units, representing a year-on-year increase of 33.1%. Domestic brands performed particularly well, offering high-quality options with strong product capabilities and price advantages. With the ongoing enhancements to charging infrastructure and the expanding reach of NEV sales into lower-tier cities, the penetration rate of NEV products nationwide continues to rise. According to the CPCA, the penetration rate of NEVs in domestic new car sales hit 48% in June 2024.

Despite external instability, China's auto exports have maintained an upward trend. According to CAAM, China's auto export volume reached 2.8 million units in the first half of 2024. Over the past few years, Chinese manufacturers have cultivated a competitive edge in overseas markets. As Chinese car companies increasingly localize their channels, production and R&D, their overseas ecosystem is rapidly maturing.

Automotive finance plays a crucial role in the automotive industry, profoundly driving car consumption and hastening industry transformation. According to third-party data, the financial penetration rate for new cars in the Chinese market was 56%[1] in 2023, while the penetration rate for used cars was 38%[2]. As favorable policies continue to be rolled out, the standardization and diversification of automotive finance shows remarkable improvements. The domestic market for automotive finance is revealing considerable growth potential. Moreover, capitalizing on the prevailing trend of industry chain globalization, automotive finance services are also demonstrating immense potential in international markets. The integration of globalized operations and the expansion of services beyond domestic borders are positioning automotive finance as a key growth area, both within China and on the world stage.

POLICY SUPPORT

Since the beginning of 2024, both central and local governments have successively introduced a series of supportive policies to stimulate car consumption and promote the high-quality development of the auto market. Notably, the implementation of favorable policies in the areas of auto finance and auto exports has considerably bolstered upgrades within the industry.

The 'trade-in' policy initiatives have played a pivotal role in revitalizing the overall auto market. In March 2024, the State Council issued the 'Action Plan for Promoting Large-scale Equipment Renewal and Trade-In of Consumer Goods' (《推動大規模設備更新和消費品以舊換新行動方案》), specifically endorsing nationwide trade-in car transactions and guiding orderly competition in the industry. Subsequently, fourteen departments, including the Ministry of Commerce, jointly released the "Action Plan for Trade-In of Consumer Goods" (《推動消費品以舊換新行動方案》), emphasizing promotion within the automotive sector. In April 2024, seven departments, including the Ministry of Commerce and the Ministry of Finance, issued the "Implementation Details of Trade-In Subsidy for Cars" (《汽車以舊換新補貼實施細則》), marking the official implementation phase of the automotive trade-in policy. Throughout this process, multiple local governments have proactively driven the implementation of these supportive policies.

Notes:

1. Roland Berger "2024 China Automotive Finance Report"

2. 21st Century Automotive Research Institute "2023 China Automotive (Finance) Yearbook"

The development of the NEV industry is crucial for strengthening China's automotive industry. In April 2024, five departments, including the Ministry of Industry and Information Technology, jointly launched the 2024 NEV Rural Outreach Campaign to accelerate the filling of gaps in NEV consumption and usage in rural areas. In May 2024, the State Council issued the "2024-2025 Energy-saving and Carbon Reduction Action Plan" (《2024-2025年節能降碳行動方案》). This blueprint proposed several key measures, including accelerating the phase-out of older vehicles, gradually removing local purchase restrictions on NEVs, and implementing supportive policies to facilitate NEV usage. These initiatives aim to further unleash consumption potential within the NEV market. Support policies in regard of promoting the construction of automotive recycling and reuse ecosystems have also been introduced. In February 2024, the State Council issued the "Opinions on Accelerating the Construction of a Waste Recycling System" (《關於加快構建廢棄物循環利用體系的意見》), in which it was mentioned that the traceability management of NEV power batteries will be strengthened and automotive companies will be encouraged to incorporate the use of recycled materials in their corporate social responsibility initiatives.

The development of the financial service sector provides fundamental support to the economy. The provision of automotive finance services is a crucial component of the automotive industry system. In April 2024, the People's Bank of China and the National Financial Regulatory Administration jointly issued the "Notice on Adjusting Policies Related to Automobile Loans" (《關於調整汽車貸款有關政策的通知》), optimizing the maximum loan-to-value ratio for automobile loans and encouraging financial institutions to integrate scenarios such as car trade-in to enhance financial product and service innovation. Furthermore, the automotive finance sector benefits from the rapid development of the broader digital finance industry. In recent years, China's policies promoting digital finance development have emphasized financial technology as a key driver. In March 2024, the "Government Work Report" (《政府工作報告》) emphasized enhancing the financial system's risk resistance capabilities, leveraging financial technology and data elements to improve financial institutions' risk-monitoring and fraud-prevention abilities.

The internationalization of the automotive industry chain continues to receive policy support. In the first half of 2024, supportive policies were introduced for the export of used cars and new energy vehicles. In February 2024, the Ministry of Commerce and five other departments issued the "Notice on Further Improving the Export of Used Cars" (《關於進一步做好二手車出口工作的通知》), fully supporting the used car export business to expand its scale and improve its quality. In the same month, the Ministry of Commerce, the National Development and Reform Commission, the General Administration of Customs, and six other departments jointly issued the "Opinions on Supporting the Healthy Development of New Energy Vehicle Trade Cooperation" (《關於支持新能源汽車貿易合作健康發展的意見》), proposing eighteen measures across six aspects to guide the healthy development of new energy vehicle trade cooperation, encouraging new energy vehicles and their supply chain enterprises to efficiently utilize global innovation resources and adaptively strengthen cooperation with overseas companies.

BUSINESS REVIEW

Despite the complex macro environment and intense industry competition, the Group has achieved steady business development and maintained stable asset quality due to our extensive industry experience and resource accumulation. The NEV business has become one of the core growth drivers for the Group, with the FinTech sector sustaining strong growth. Additionally, the expansion of value-added services has enabled us to provide more comprehensive lifecycle services to our customers. Overall, Yixin Group has maintained a steady development trajectory, and we are committed to further strengthening this positive momentum. We will proactively tackle challenges and capitalize on opportunities to drive future growth.

AUTO FINANCING TRANSACTIONS

	Six months ended June 30,					
	2024		2023		Year-on-year	
	Number of Financing transactions	**Financing amount**	Number of Financing transactions	Financing amount	Number of Financing transactions	Financing amount
	'000	***'000***	*'000*	*'000*	*%*	*%*
	Unaudited	***Unaudited***	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
New vehicles	**175**	**17,526,579**	180	18,101,694	-3%	-3%
Used vehicles	**154**	**13,930,507**	132	12,282,978	16%	13%
Total	**329**	**31,457,086**	312	30,384,672	5%	4%
NEV[(1)]	**70**	**7,098,784**	39	4,351,414	78%	63%

Note:

(1) NEV encompasses both new and used vehicles

Our total financing transactions increased by 5.3% year-on-year to 329 thousand for the Reporting Period, compared to 312 thousand for the same period last year. The total financing amount increased by 3.5% year-on-year to RMB31.5 billion for the Reporting Period, compared to RMB30.4 billion for the same period last year.

Our new vehicle financing transactions decreased by 2.7% year-on-year to 175 thousand for the Reporting Period, compared to 180 thousand for the same period last year. The financing amount decreased by 3.2% year-on-year to RMB17.5 billion for the Reporting Period, compared to RMB18.1 billion for the same period last year.

Our used vehicle financing transactions increased by 16.2% year-on-year to 154 thousand for the Reporting Period, compared to 132 thousand for the same period last year. While maintaining asset quality, the Group has refined its business structure, adhering to a balanced business development strategy. As a result, the proportion of our used vehicle financing business in our total vehicle financing transactions increased to 46.7%.

Our NEV financing transactions (encompassing both new and used vehicles) significantly increased by 77.8% year-on-year to 70 thousand for the Reporting Period, compared to 39 thousand for the same period last year. The NEV financing amount increased by 63.1% year-on-year to RMB7.1 billion for the Reporting Period, compared to RMB4.4 billion for the same period last year. The Group continues to make significant inroads in the NEVs business. We are expanding and deepening our cooperation with OEMs, particularly emerging NEV manufacturers like AITO and XIAOPENG, etc. As of June 30, 2024, the Group has established partnerships with approximately 40 manufacturers in the new energy sector. In the Reporting Period, our NEV financing amount accounted for 34.9% of our total new vehicle financing amount. Moreover, the Group has also expanded the offering of financial service to used car business in this emerging area. In the first half of 2024, the proportion of financing transactions for used cars in our new energy business reached 12.4%.

SAAS SERVICES (FINTECH)

Our FinTech business model continues to prove its scalability, achieving a revenue of RMB835 million during the Reporting Period, representing a year-on-year increase of 867.3%.

In the first half of 2024, our FinTech business facilitated financing amount of RMB9.7 billion, with the penetration rate of NEVs in new car business reaching 45.7%. The contribution of our FinTech business to the Group's total financing amount increased from approximately 8.7% in the first half of 2023 to approximately 30.7% in the first half of 2024.

We have been expanding and deepening our cooperation with institutional customers. As of June 30, 2024, we have entered into contracts with over 50 institutions under our FinTech model. During the Reporting Period, 7 new cooperative projects have been launched. We have made progress in the following areas:

(i) Strengthening our collaboration with regional commercial banks. In the first half of 2024, we reached a cooperation agreement with Nanjing Bank.

(ii) Establishing strategic partnerships with well-known OEMs. In the first half of 2024, we entered into a technological cooperation agreement with the leasing arm of Porsche, enhancing our influence in the premium market.

In response to market changes, we flexibly adjusted our solution to meet the needs of financial institution customers. Our FinTech model can support zero down payment financing solutions, showcasing the Group's keen responsiveness to market dynamics and our rapid iteration capability to meet evolving customer needs.

VALUE-ADDED SERVICES

In the first half of 2024, value-added services have realized a revenue of RMB123 million, an increase of 18.1% as compared to the same period last year. Our battery GAP insurance, which was launched in May 2023, has been thoroughly tested in the market for over a year. During the Reporting Period, the number of battery GAP transactions reached approximately 22 thousand, covering about 35.5% of our NEV new cars. Moreover, in the first half of 2024, we introduced battery GAP products specially designed for NEV used cars. This initiative may help more NEV owners address their concerns about battery depreciation and residual value. Moving forward, we will continue to leverage our accumulated data assets and advanced big data analysis capabilities to drive product innovation to meet customer needs and explore the full-lifecycle value of our customers.

NON-IFRSs FINANCIAL MEASURES

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

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

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

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Operating profit	**576,522**	253,962
Add:		
Fair value changes arising from investee companies	**21,321**	107,673
Amortization of intangible assets resulting from asset and business acquisitions	**148,047**	25,849
Gain on recognition of negative goodwill resulting from the business acquisition	**(100,992)**	–
Impairment loss on investment in an associate	**12,031**	–
Share-based compensation expenses	**26,020**	43,597
Adjusted operating profit	**682,949**	431,081

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Net profit	**409,676**	266,395
Add:		
Fair value changes arising from investee companies	**17,019**	85,458
Amortization of intangible assets resulting from asset and business acquisitions	**148,001**	25,803
Gain on recognition of negative goodwill resulting from the business acquisition	**(100,992)**	–
Impairment loss on investment in an associate	**12,031**	–
Share-based compensation expenses	**21,742**	35,261
Adjusted net profit	**507,477**	412,917

ADJUSTED OPERATING PROFIT

Our adjusted operating profit was RMB683 million for the Reporting Period, compared to RMB431 million for the same period last year. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

Our adjusted net profit was RMB507 million for the Reporting Period, compared to RMB413 million for the same period last year. The increase was mainly due to the increase in revenue.

SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

The following table sets forth the comparative figures for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,		
	2024	2023	Year-on-year
	RMB'000	*RMB'000*	*%*
	Unaudited	*Unaudited*	
Revenues	**4,467,853**	2,844,190	57%
Cost of revenues	**(2,338,916)**	(1,420,736)	65%
Gross profit	**2,128,937**	1,423,454	50%
Selling and marketing expenses	**(673,906)**	(513,896)	31%
Administrative expenses	**(199,323)**	(201,624)	-1%
Research and development expenses	**(107,647)**	(93,343)	15%
Credit impairment losses	**(657,769)**	(332,654)	98%
Other income and other gains/(losses), net	**86,230**	(27,975)	-408%
Operating profit	**576,522**	253,962	127%
Finance cost, net	**(14,507)**	(1,375)	955%
Share of (losses)/profits of investments accounted for using the equity method	**(21,270)**	26,271	-181%
Profit before income tax	**540,745**	278,858	94%
Income tax expense	**(131,069)**	(12,463)	952%
Profit for the period	**409,676**	266,395	54%
Non-IFRSs measure			
Adjusted operating profit	**682,949**	431,081	58%
Adjusted net profit	**507,477**	412,917	23%

REVENUES

Our total revenues increased by 57% year-on-year to RMB4,468 million for the Reporting Period, compared to RMB2,844 million for the same period last year. Both self-operated financing business and transaction platform business have grown. Our new core services revenues, which include revenues from loan facilitation services, SaaS services and new self-operated financing lease transactions facilitated by us during the Reporting Period, increased by 59% year-on-year to RMB2,888 million, compared to RMB1,821 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,				
	2024			2023	
	RMB'000 Unaudited	***% of total revenues***	***Year-on-year***	*RMB'000 Unaudited*	*% of total revenues*
Revenues					
Transaction platform business					
Loan facilitation services	**1,863,681**	**42%**	**21%**	1,539,863	54%
SaaS services	**834,561**	**19%**	**867%**	86,277	3%
Other platform services	**812,217**	**18%**	**57%**	518,285	18%
Guarantee services	**689,201**	**15%**	**66%**	414,147	14%
Value-added services	**123,016**	**3%**	**18%**	104,138	4%
Subtotal	**3,510,459**	**79%**	**64%**	2,144,425	75%
Self-operated financing business					
Financing lease services	**945,615**	**21%**	**35%**	699,540	25%
From new transactions during the period	**189,438**	**4%**	**-3%**	194,500	7%
From existing transactions in prior periods	**756,177**	**17%**	**50%**	505,040	18%
Other self-operated services[1]	**11,779**	**0%**	**5,135%**	225	0%
Subtotal	**957,394**	**21%**	**37%**	699,765	25%
Total	**4,467,853**	**100%**	**57%**	2,844,190	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 64% year-on-year to RMB3,510 million for the Reporting Period, compared to RMB2,144 million for the same period last year, mainly due to the increase in revenue of our SaaS services and guarantee services. Our transaction platform business contributed 79% of total revenues for the Reporting Period, compared to 75% for the same period last year.

Revenues from our loan facilitation services increased by 21% year-on-year to RMB1,864 million for the Reporting Period, compared to RMB1,540 million for the same period last year, mainly attributed to the growth of the higher-yielding used car business.

Revenues from our SaaS services increased by 867% year-on-year to RMB835 million for the Reporting Period compared to RMB86 million for the same period last year, and contributed 19% of our total revenue. Through SaaS services, we assisted financial institutions to strengthen their risk control capabilities and product experience in auto finance business. Given that we have deployed more resources for our FinTech business, we have facilitated transactions in the amount of RMB9.7 billion through SaaS model for the Reporting Period.

Revenues from our other platform services increased by 57% to RMB812 million for the Reporting Period, compared to RMB518 million for the same period last year, mainly due to the increase in revenue from guarantee services. Our revenue from guarantee services was RMB689 million for the Reporting Period and increased by 66% from RMB414 million for the same period last year, mainly due to the increase in the number of customers with guarantees. During the Reporting Period, the revenue generated from value-added services reached RMB123 million, representing a 18% increase from RMB104 million for the same period last year.

Self-operated financing business

Revenues from our self-operated financing business increased by 37% year-on-year to RMB957 million for the Reporting Period, compared to RMB700 million for the same period last year, primarily due to the increase in revenues from financing lease services.

Revenues from our financing lease services increased by 35% year-on-year to RMB946 million for the Reporting Period, compared to RMB700 million for the same period last year, due to the increase in finance receivables. The average yield of our net finance receivables[(1)] was 7.5% for the Reporting Period, compared to 8.4% for the same period last year. The Group conducted more new vehicle transactions in our self-operated financing business, which were generally from higher-tiered customers with lower loss rates, in order to achieve a better post-loan performance of the portfolio. During the Reporting Period, the proportion of new car business in our self-operated financing business increased, and the interest rates for new car business were generally lower than those for used car business. As a result, the average yield of our total net finance receivables decreased.

Note:

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

COST OF REVENUES

For the Reporting Period, the Group's cost of revenues was RMB2,339 million, representing an increase of 65% compared to the same period last year of RMB1,421 million, primarily due to the increase in commissions associated with transaction platform business, and funding costs associated with self-operated financing services. Commissions increased to RMB1,780 million from RMB1,026 million in the same period last year, mainly due to the rising competition in the industry. Funding costs increased to RMB506 million from RMB340 million in the same period last year, resulting from increasing borrowings to support the growth of our self-operated financing business. The following table sets out the cost details of each business type during the periods indicated below:

	Six months ended June 30,				
	2024			2023	
	RMB'000	***% of total cost***	***Year-on-year***	*RMB'000*	*% of total cost*
		Unaudited		*Unaudited*	
Cost of revenues:					
Transaction platform business	**1,813,870**	**78%**	**71%**	1,061,030	75%
Self-operated financing business	**525,046**	**22%**	**46%**	359,706	25%
Total	**2,338,916**	**100%**	**65%**	1,420,736	100%

GROSS PROFIT AND MARGIN

	Six months ended June 30,			
	2024		2023	
	RMB'000	***Margin***	*RMB'000*	*Margin*
	Unaudited		*Unaudited*	
Segment gross profit and gross profit margins				
Transaction platform business	**1,696,589**	**48%**	1,083,395	51%
Self-operated financing business	**432,348**	**45%**	340,059	49%
Total	**2,128,937**	**48%**	1,423,454	50%

For the Reporting Period, the Group's gross profit was RMB2,129 million, representing an increase of RMB706 million compared to RMB1,423 million in the same period last year. For the Reporting Period and the first half of 2023, the Group's gross profit margin was 48% and 50% respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 48%, which decreased from 51% in the same period last year, mainly due to the pressure from customers' deleveraging behavior and increased commissions during the Reporting Period.

Self-operated financing business

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

	2024	2023	
	Unaudited	*Unaudited*	*Change %*
Interest income	**945,615**	699,540	35%
Funding costs	**505,922**	340,151	49%
Net interest income	**439,693**	359,389	22%
Net interest margin(1)	**3.5%**	4.3%	-19%

For the Reporting Period, the net interest margin of the Group's self-operated financing business decreased to 3.5%, compared to 4.3% for the same period last year. The decrease was primarily due to the decrease of the average yield of our net finance receivables, and the increase of the average funding cost of our net finance receivables which was driven by a rising financial leverage of our self-operated financing business. The average cost rate(2) of the Group decreased to 4.6% for the Reporting Period, compared to 5.0% for the same period last year, mainly due to an upgrade in the Group's credit rating attributed to the continuous improvement of asset quality.

Notes:

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

(2) Calculated by dividing funding costs by quarterly average balance of interest-bearing liabilities.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 31% year-on-year to RMB674 million for the Reporting Period, compared to RMB514 million for the same period last year, primarily due to the increase in amortization of intangible assets resulting from asset and business acquisitions, salaries and professional service fees, being partially offset by the decrease in share-based compensation expenses. Share-based compensation expenses for our sales and marketing personnel were RMB8 million for the Reporting Period, compared to RMB15 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the selling and marketing expenses increased by 9% year-on-year to RMB518 million for the Reporting Period, compared to RMB474 million for the same period last year, which was in line with the increase in the number of financing transactions.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by 1% year-on-year to RMB199 million for the Reporting Period, compared to RMB202 million for the same period last year, primarily due to the decrease in provision for impairment of vehicles collected from financing lease customers, being partially offset by the increase in salaries. Share-based compensation expenses for our administrative personnel were RMB12 million for the Reporting Period, compared to RMB18 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the administrative expenses increased by 2% year-on-year to RMB187 million for the Reporting Period, compared to RMB183 million for the same period last year.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 15% year-on-year to RMB108 million for the Reporting Period, compared to RMB93 million for the same period last year, primarily due to the increase in salaries and professional service fees, and being partially offset by the decrease in share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB5 million for the Reporting Period, compared to RMB11 million for the same period last year. By eliminating the effect of certain non-cash item, namely share-based compensation expenses, the research and development expenses increased by 24% year-on-year to RMB102 million for the Reporting Period, compared to RMB83 million for the same period last year, primarily due to the increase of research and development input in respect of the FinTech team.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses include: (i) provision for expected credit losses of finance receivables; (ii) provision for expected credit losses of risk assurance liabilities and loans recognized as a result of payment under risk assurance; and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses increased by approximately 98% year-on-year to RMB658 million for the Reporting Period, compared to RMB333 million for the same period last year, which primarily resulted from:

(i) the increase in the provision for expected credit losses of finance receivables. The provision for expected credit losses of finance receivables increased to RMB200 million for the Reporting Period, compared to RMB109 million for the same period last year, which was mainly attributable to: (a) the increase in the provision for impairment from RMB144 million for the same period last year to RMB243 million for the Reporting Period, which was primarily due to the increase in the amount of finance receivables, which has resulted in a higher volume of write-offs; and (b) partially offset by the increase of the reversal of impairment generated by recoveries of finance receivables previously written off from RMB34 million to RMB42 million, which was primarily caused by the recovery of the Group's collection methods which is attributed to the decreasing impact of the COVID-19 pandemic in 2024;

(ii) the increase in the provision for expected credit losses of risk assurance liabilities to RMB362 million for the Reporting Period, compared to RMB37 million for the same period last year, which was mainly due to the increase of the outstanding balance of loans funded by financial institutions under financial guarantee contracts, as well as the increase of the proportion of used car business.

OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Our other income and other gains, net was RMB86 million for the Reporting Period, compared to other income and other losses, net of RMB28 million for the same period last year. The change was primarily due to the gain on recognition of negative goodwill resulting from the business acquisition.

OPERATING PROFIT

Our operating profit for the Reporting Period increased by 127% year-on-year to RMB577 million for the Reporting Period, compared to RMB254 million for the same period last year, mainly due to the increase in gross profit and the increase in other income and other gains.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB15 million, compared to RMB1 million for the same period last year, mainly due to the increase in operational borrowings which attributed to the expansion of the company's business activities.

INCOME TAX EXPENSE

Our income tax expense was RMB131 million for the Reporting Period, compared to RMB12 million for the same period last year, primarily attributed to the rise in profit before income tax and the incurrence of certain expenses during the Reporting Period that are not eligible for recognition as deferred tax assets.

PROFIT FOR THE PERIOD

Our profit increased by 54% year-on-year to RMB410 million for the Reporting Period, compared to RMB266 million for the same period last year, mainly due to the increase in gross profit and the increase in other income and other gains.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (2023: nil).

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at		
	June 30, 2024	December 31, 2023	Year-on-year change
	RMB'000	*RMB'000*	*%*
	Unaudited	*Audited*	
Carrying amount of finance receivables	**24,659,008**	23,884,879	3%
Cash and cash equivalents	**4,450,853**	3,479,550	28%
Total borrowings	**24,218,134**	23,155,782	5%
Current assets	**22,448,186**	21,266,259	6%
Current liabilities	**16,427,148**	15,990,417	3%
Net current assets	**6,021,038**	5,275,842	14%
Total equity	**16,029,549**	15,765,170	2%

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 increased to RMB24.7 billion as at June 30, 2024, compared to RMB23.9 billion as at December 31, 2023.

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

	As at	
	June 30, 2024	December 31, 2023
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**25,469,170**	24,639,182
Provision for expected credit losses (ending balance)	**(810,162)**	(754,303)
Provision to net finance receivables ratio[1]	**3.18%**	3.06%

Note:

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

Maturity Profile

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

	June 30, 2024		December 31, 2023	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Maturity date				
Within 1 year	**9,761,620**	**38.33%**	9,618,946	39.04%
1 to 2 years	**7,119,419**	**27.95%**	6,665,509	27.05%
2 to 3 years	**4,494,696**	**17.65%**	4,530,717	18.39%
3 to 7 years	**4,093,435**	**16.07%**	3,824,010	15.52%
Total	**25,469,170**	**100.00%**	24,639,182	100.00%

Net finance receivables due within one year represent net finance receivables which the Group will receive within one year as of the reporting dates indicated. As of June 30, 2024, net finance receivables due within one year as set forth in the table above represented 38.33% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the increase of finance receivables with longer financing terms. In addition, with the stimulus and supportive policies of the auto industry, we facilitated approximately 69 thousand financed transactions through self-operated financing business for the Reporting Period, which contributes to the increase of net finance receivables due after one year and beyond. The evenly distributed maturity of the Group's net finance receivables could provide the Group with healthy liquidity and sustainable cash inflows.

OFF BALANCE-SHEET LOANS

Under the arrangements with certain financial institutions in our transaction platform business, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. The total outstanding balance of loans funded by financial institutions under such arrangements increased to RMB67.8 billion as at June 30, 2024, compared to RMB47.6 billion as at December 31, 2023. As of June 30, 2024, the risk assurance liabilities recognized by the Group under such financial guarantee contracts was RMB1.97 billion (including the impact of acquisition of Dalian Rongxin, Note 14), compared to RMB1.59 billion as at December 31, 2023.

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

DAY PAST DUE RATIO

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

	As at	
	June 30, 2024	December 31, 2023
Past due ratio:		
180+ days(1)	**1.47%**	1.49%
90+ days (including 180+ days)(2)	**1.86%**	1.89%

Notes:

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

As at June 30, 2024, 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 business and transaction platform business were 1.47% and 1.86%, respectively (December 31, 2023: 1.49% and 1.89%, respectively).

Internal Control

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

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

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

Credit Assessment and Approval Procedures

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

Assessment and Approval

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

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

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

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

Request of Draw-down

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

- The automobile purchase agreement must be duly executed by the parties named in the approved application package.
- The invoice must be duly stamped. The transaction amount and the VIN on the invoice must be consistent with our records in the system.
- A valid repayment account must be available.

Draw-down of Loans

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

- All the legal documents and agreements must have been duly signed with the witness by our own staff or the staff of the relevant dealership store and a photo of the onsite signing has been uploaded to our system.
- The underlying automobiles have been properly pledged to us, where appropriate.
- The required insurance policy and the vehicle telematics systems are in place.

Post-Financing Management

Our post-financing management process includes the following steps:

- Our post-financing management team will make welcome calls to our new consumers within 15 days after settlement in order to understand their customer experience as well as identify early stage of potential risk of delinquency.
- Our post-financing management team monitors the status of GPSs installed on the subject automobiles on a daily basis.
- In order to ensure that the consumers' repayments are on schedule, the post-financing service team will send reminders via text messages three days prior to the repayment due dates.

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

- Our customer service team or outsourced call center team will remind the consumer of the repayment and send a collection notice to the said consumer within 10 days after the due date;
- Our outsourced local collection specialists may conduct an on-site collection if there is any further delay;

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

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

Loss Recovery

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

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

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

CASH AND CASH EQUIVALENTS

As at June 30, 2024, our cash and cash equivalents amounted to RMB4,451 million, compared to RMB3,480 million as at December 31, 2023. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at June 30, 2024, RMB3,674 million of our cash and cash equivalents were denominated in RMB, compared to RMB3,115 million as at December 31, 2023.

Our net cash generated in operating activities was RMB634 million for the Reporting Period, compared to net cash used in operating activities of RMB4,332 million for the same period last year, mainly due to the acceleration in the turnover rate of accounts receivable as well as the decreased disbursement amount in new financing lease transactions.

BORROWINGS AND SOURCE OF FUNDS

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

As at June 30, 2024, our total borrowings were RMB24.2 billion, compared to RMB23.2 billion, as at December 31, 2023. The increase was mainly due to the increase in scale of business. Total borrowings were comprised of: (i) asset-backed securities and asset-backed notes of RMB6.1 billion as at June 30, 2024; and (ii) bank loans and borrowings from other institutions of RMB18.1 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 25% as at June 30, 2024.

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

As at June 30, 2024, Yixin, as the original owner and sponsor, has issued in aggregate 56 standardized products, totaling RMB54.0 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc. Notable achievements for the Reporting Period include:

(1) The issuance of our first medium to long-term principal credit bond PPN; and

(2) Achieving a historic low in ABN issuance rates, with the priority A-level issuance rate at 2.97%.

NET CURRENT ASSETS

Our net current assets increased by 14% to RMB6,021 million as at June 30, 2024, compared to RMB5,276 million as at December 31, 2023. Our current assets were RMB22.4 billion as at June 30, 2024, compared to RMB21.3 billion as at December 31, 2023, primarily due to the increase of cash and cash equivalents and current portion of finance receivables. Our current liabilities were RMB16.4 billion as at June 30, 2024, compared to RMB16.0 billion as at December 31, 2023, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB16.0 billion as at June 30, 2024, compared to RMB15.8 billion as at December 31, 2023, primarily due to the net profit incurred during the Reporting Period.

	As at	
	June 30, 2024	December 31, 2023
Current ratio (times)[1]	**1.37**	1.33
Gearing ratio[2]	**51%**	53%
Debt to equity ratio (times)[3]	**1.51**	1.47

Notes:

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

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

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

Current Ratio

Our current ratio increased to 1.37 as at June 30, 2024, compared to 1.33 as at December 31, 2023, mainly due to the increase in the current assets of the Group.

Gearing Ratio

Our gearing ratio decreased to 51% as at June 30, 2024, compared to 53% as at December 31, 2023, mainly due to the decrease in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio increased to 1.51 as at June 30, 2024, compared to 1.47 as at December 31, 2023, mainly due to the increase in total borrowings. The Group continues to maintain a good debt-paying ability, and has further improved financial leverage while raising the return on assets.

CAPITAL EXPENDITURE AND INVESTMENTS

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**37,729**	6,513
Purchase of intangible assets	**1,028**	2,079
Investments in financial assets at fair value through profit or loss	**–**	90,000
Investments in associates measured at fair value through profit or loss	**24,000**	24,000
Investments in associates in the form of ordinary shares	**20,280**	–
Total	**83,037**	122,592

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 being committed to receiving foreign currencies from, or when paying or being committed to pay foreign currencies to, overseas business partners. A forward contract was put in place during the Reporting Period for hedging purpose, although hedge accounting was not applied.

Details of the currencies in which cash and cash equivalents are held and in which borrowings are made are set out in Note 20 and Note 26 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 for additional convertible note issued by Yusheng with a cash consideration of US$43 million (equivalent to approximately HK$335 million) and a cash consideration of US$12 million (equivalent to approximately HK$95 million), respectively, to further strength our cooperation relationship with Yusheng in used automobile business.

In July 2023, the Company subscribed for additional convertible note issued by Yusheng with a cash consideration of US$12 million (equivalent to approximately HK$94 million), to further strengthen our cooperation relationship with Yusheng in used automobile business.

Despite the intensive competition in the new car market, which led to periodical pricing adjustment on the used car market, Yusheng managed to achieve sustainable year-on-year growth in transaction volume during the Reporting Period, owing to its solid market leadership and continuous investment in providing customers with reliable and convenient car purchase and sale experience. Yusheng continued to expand its national sales network and partnership with NEV manufacturers. As of June 30, 2024, Yusheng operated a total of 76 stores, keeping Yusheng as the largest used car operator in terms of self-operated retail stores in China.

As at June 30, 2024, the fair value of our investment in Yusheng was RMB2,538,801,000 (December 31, 2023: RMB2,523,091,000) which constituted 5.7% of the total assets of the Group (December 31, 2023: 5.8%). The Company did not recognize any realized or unrealized gain or loss from the investment in Yusheng, nor did the Company receive any dividend in respect thereof for the six months ended June 30, 2024 and 2023.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim results announcement, as at June 30, 2024, we did not have any 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, 2024, we had 4,303 full-time employees (December 31, 2023: 4,231). 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, the Second Share Award Scheme and the 2024 Share Scheme, the details of which are set out in the Prospectus, Note 22 to the interim condensed consolidated financial statements and the circular of the Company dated June 11, 2024.

The Board has determined that, conditional upon and with effect from the 2024 Share Scheme taking effect, the First Share Award Scheme shall be terminated. After the termination of the First Share Award Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest. The 2024 Share Scheme was duly approved by the shareholders at the EGM on June 27, 2024, and the Listing Committee granted approval for the listing of, and permission to deal in the Shares to be allotted and issued pursuant to share awards granted under the 2024 Share Scheme on July 9, 2024.

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

The total remuneration cost (including share-based compensation expenses) incurred by the Group for the Reporting Period was RMB507 million, compared to RMB470 million for the same period last year.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 14 to the interim condensed consolidated financial statements, 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 20 and 26 to the interim condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at June 30, 2024, we did not have any material contingent liabilities (December 31, 2023: nil).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Revenues	6		
Transaction Platform Business		**3,510,459**	2,144,425
Self-operated Financing Business		**957,394**	699,765
		4,467,853	2,844,190
Cost of revenues	8	**(2,338,916)**	(1,420,736)
Gross profit		**2,128,937**	1,423,454
Selling and marketing expenses	8	**(673,906)**	(513,896)
Administrative expenses	8	**(199,323)**	(201,624)
Research and development expenses	8	**(107,647)**	(93,343)
Credit impairment losses	8	**(657,769)**	(332,654)
Other income and other gains/(losses), net	7	**86,230**	(27,975)
Operating profit		**576,522**	253,962
Finance cost, net	9	**(14,507)**	(1,375)
Share of (losses)/profits of investments accounted for using the equity method	15(a)	**(21,270)**	26,271
Profit before income tax		**540,745**	278,858
Income tax expense	10	**(131,069)**	(12,463)
Profit for the period		**409,676**	266,395
Profit attributable to:			
– Owners of the Company		**409,676**	266,395
– Non-controlling interests		**–**	–
		409,676	266,395
Profit per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
– Basic		**0.06**	0.04
– Diluted		**0.06**	0.04

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit for the period	**409,676**	266,395
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**12,453**	80,116
Total comprehensive income for the period	**422,129**	346,511
Attributable to:		
– Owners of the Company	**422,129**	346,511
– Non-controlling interests	**–**	–
	422,129	346,511

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
ASSETS			
Non-current assets			
Property and equipment	*12*	**449,113**	444,073
Right-of-use assets	*13*	**21,857**	27,603
Intangible assets	*12*	**761,232**	911,155
Associates and joint ventures using equity accounting	*15(a)*	**25,361**	390,353
Associates measured at fair value through profit or loss	*15(b)*	**134,000**	110,000
Financial assets at fair value through profit or loss	*16*	**3,457,442**	3,459,575
Deferred income tax assets	*27*	**565,127**	561,351
Prepayments, deposits and other assets	*19*	**135,121**	506,293
Finance receivables	*17*	**15,344,643**	14,712,242
Trade receivables	*18*	**1,492,149**	1,153,042
Restricted cash	*20(b)*	**50,227**	33,156
		22,436,272	22,308,843
Current assets			
Finance receivables	*17*	**9,314,365**	9,172,637
Trade receivables	*18*	**3,861,638**	3,641,289
Prepayments, deposits and other assets	*19*	**2,049,714**	2,621,365
Restricted cash	*20(b)*	**2,771,616**	2,083,808
Cash and cash equivalents	*20(a)*	**4,450,853**	3,479,550
		22,448,186	20,998,649
A joint venture classified as held for sale		**–**	267,610
		22,448,186	21,266,259
Total assets		**44,884,458**	43,575,102
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*21*	**4,278**	4,262
Share premium	*21*	**34,843,386**	34,964,305
Other reserves		**1,271,988**	1,296,382
Accumulated losses		**(20,090,103)**	(20,499,779)
Total equity		**16,029,549**	15,765,170

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	*26*	**11,509,043**	10,851,621
Lease liabilities	*13*	**7,565**	9,609
Deferred income tax liabilities	*27*	**54,286**	76,420
Other non-current liabilities	*28*	**856,867**	881,865
		12,427,761	11,819,515
Current liabilities			
Trade payables	*23*	**889,547**	901,487
Risk assurance liabilities	*24*	**1,987,380**	1,602,733
Other payables and accruals	*25*	**645,181**	1,014,614
Current income tax liabilities		**184,661**	152,946
Borrowings	*26*	**12,709,091**	12,304,161
Lease liabilities	*13*	**11,288**	14,476
		16,427,148	15,990,417
Total liabilities		**28,854,909**	27,809,932
Total equity and liabilities		**44,884,458**	43,575,102

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 2024		**4,262**	**34,964,305**	**1,296,382**	**(20,499,779)**	**15,765,170**
Comprehensive income						
Profit for the period		**–**	**–**	**–**	**409,676**	**409,676**
Currency translation differences		**–**	**–**	**12,453**	**–**	**12,453**
Total comprehensive income for the period		**–**	**–**	**12,453**	**409,676**	**422,129**
Transactions with owners in their capacity as owners						
Share-based compensation	*22*	**–**	**–**	**26,020**	**–**	**26,020**
Vesting of restricted awarded shares	*21, 22*	**16**	**56,773**	**(56,789)**	**–**	**–**
Purchase of restricted shares under share award scheme		**–**	**–**	**(6,078)**	**–**	**(6,078)**
Dividends declared		**–**	**(177,692)**	**–**	**–**	**(177,692)**
Total transactions with owners in their capacity as owners		**16**	**(120,919)**	**(36,847)**	**–**	**(157,750)**
Balance at 30 June 2024		**4,278**	**34,843,386**	**1,271,988**	**(20,090,103)**	**16,029,549**

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 2023		4,238	35,080,671	1,195,082	(20,953,778)	15,326,213
Comprehensive income						
Profit for the period		–	–	–	266,395	266,395
Currency translation differences		–	–	80,116	–	80,116
Total comprehensive income for the period		–	–	80,116	266,395	346,511
Transactions with owners in their capacity as owners						
Share-based compensation	*22*	–	–	43,597	–	43,597
Shares issued upon exercise of employee share options	*21, 22*	–	502	(501)	–	1
Vesting of restricted awarded shares	*21, 22*	15	53,951	(53,966)	–	–
Purchase of restricted shares under share award scheme		–	–	(11,474)	–	(11,474)
Dividends declared		–	(187,456)	–	–	(187,456)
Total transactions with owners in their capacity as owners		15	(133,003)	(22,344)	–	(155,332)
Balance at 30 June 2023		4,253	34,947,668	1,252,854	(20,687,383)	15,517,392

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June **2024** ***RMB'000*** **Unaudited**	 2023 *RMB'000* Unaudited
Cash flows from operating activities			
Cash used in operations		**696,720**	(4,330,932)
Income tax paid		**(62,639)**	(595)
Net cash generated from/(used in) operating activities		**634,081**	(4,331,527)
Cash flows from investing activities			
Interest received		**19,252**	19,974
Proceeds from disposal of property and equipment and intangible assets		**6,266**	1,580
Purchase of property and equipment and other non-current assets		**(37,729)**	(6,513)
Purchase of intangible assets		**(1,028)**	(2,079)
Loans to third parties		**–**	(34,000)
Collection of loans to third parties		**40,480**	244,551
Investments in financial assets at fair value through profit or loss		**–**	(90,000)
Proceeds from financial assets		**6,196**	1,943
Investment in associates	*15*	**(44,280)**	(24,000)
Proceeds from disposal of a joint venture		**256,925**	–
Proceeds from cash acquired from acquisition of a subsidiary, net of payment of consideration		**59,688**	–
Placements of restricted cash		**(375,183)**	(573,053)
Maturity of restricted cash		**115,156**	1,141
Net cash generated from/(used in) investing activities		**45,743**	(460,456)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		Unaudited	Unaudited
Cash flows from financing activities			
Proceeds from borrowings		**10,463,504**	14,314,413
Repayment of borrowings		**(9,411,827)**	(8,464,150)
Payment of deposits for borrowings		**(9,521)**	(6,862)
Principal elements of lease payments		**(7,979)**	(7,832)
Proceeds from exercise of share options		**–**	1
Purchase of restricted shares under share award scheme		**(6,078)**	(11,474)
Dividends paid to company's shareholders		**(177,678)**	(191,963)
Interest paid		**(543,118)**	(509,862)
Net cash generated from financing activities		**307,303**	5,122,271
Net increase in cash and cash equivalents		**987,127**	330,288
Cash and cash equivalents at beginning of the period		**3,479,550**	3,433,182
Exchange (loss)/gain on cash and cash equivalents		**(15,824)**	16,731
Cash and cash equivalents at end of the period		**4,450,853**	3,780,201

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

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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

The Company is an investment holding company. The Company together with its subsidiaries and consolidated affiliated entity (together, the "**Group**") are principally engaged in (i) the provision of loan facilitation services, guarantee services, value-added services and software-as-a-service ("**SaaS**") services ("**Transaction Platform Business**"); and (ii) the provision of financing lease services and other self-operated services ("**Self-operated Financing Business**") substantially 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 "USD", Hong Kong Dollars are defined as "HKD", Singapore Dollars are defined as "SGD", Japanese Yen is defined as "JPY" and Macau Pataca is defined as "MOP".

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, 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 2023 which have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") 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 2023, as described in those annual financial statements, except for the adoption of new and amended standards as set out below. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(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 2024 and are applicable for the Group:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

Amendments to IAS and IFRS effective for the financial year beginning on 1 January 2024 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 2024 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**
Lack of exchangeability – Amendments to IAS 12	1 January 2025
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 2023.

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 2023.

There have been no significant changes in the Group's risk management department or in any risk management policies since 31 December 2023.

(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 2023.

Finance receivables

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

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 2024 and 31 December 2023 was determined as follows for finance receivables:

30 June 2024	**Stage I**	**Stage II**	**Stage III**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Expected loss rate	**2.01%**	**49.65%**	**52.59%**	**3.18%**
Gross carrying amount *(Note 17)*	**24,874,221**	**92,674**	**502,275**	**25,469,170**
Provision for expected credit losses	**500,020**	**46,017**	**264,125**	**810,162**

31 December 2023	Stage I	Stage II	Stage III	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.92%	49.12%	51.77%	3.06%
Gross carrying amount *(Note 17)*	24,069,864	86,586	482,732	24,639,182
Provision for expected credit losses	461,847	42,527	249,929	754,303

The most significant assumptions used for the ECL estimate as at 30 June 2024 are M2 and Producer Price Index ("**PPI**") (31 December 2023: M2 and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables.

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 other than loans recognized as a result of payment under risk assurance

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

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 30 June 2024, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB67,783 million (31 December 2023: RMB47,554 million). As at 30 June 2024, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,973.8 million (31 December 2023: RMB1,589.1 million).

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

The most significant assumptions used for the expected credit loss estimate as at 30 June 2024 are M2 and PPI (31 December 2023: are M2 and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables.

Under the guarantee agreement signed between Chetaotao (Ningbo) E-commerce Co., Ltd. ("**Chetaotao**") and Xinche Investment (Shanghai) Co., Ltd. ("**Xinche**"), an indirectly wholly-owned subsidiary of the Company, Xinche 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 2024, the total outstanding redemption price under the guarantee agreement was RMB605 million (31 December 2023: RMB605 million). As at 30 June 2024, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB13.6 million (31 December 2023: RMB13.6 million).

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

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

5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and as at 31 December 2023, 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 2024:

	As at 30 June 2024			
	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 16)*	**–**	**12,328**	**3,445,114**	**3,457,442**
Associates measured at fair value through profit or loss *(Note 15)*	**–**	**–**	**134,000**	**134,000**
Total financial assets	**–**	**12,328**	**3,579,114**	**3,591,442**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023:

	As at 31 December 2023			
	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 *(Note 16)*	–	8,114	3,451,461	3,459,575
Associates measured at fair value through profit or loss *(Note 15)*	–	–	110,000	110,000
Total financial assets	–	8,114	3,561,461	3,569,575

(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 2024 and 2023.

	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 2024	**3,451,461**	**110,000**	**3,561,461**
Additions	–	24,000	24,000
Change in fair value	(21,321)	–	(21,321)
Currency translation differences	14,974	–	14,974
As at 30 June 2024	**3,445,114**	**134,000**	**3,579,114**
Total unrealized gains and change in fair value for the period	(21,321)	–	(21,321)

	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 2023	3,198,001	56,000	3,254,001
Additions	170,000	24,000	194,000
Change in fair value	(107,673)	–	(107,673)
Currency translation differences	88,783	–	88,783
As at 30 June 2023	3,349,111	80,000	3,429,111
Total unrealized gains and change in fair value for the period	(107,673)	–	(107,673)

There is no transfer from level 1 and level 2 instruments to level 3 for the six months ended 30 June 2024 (2023: 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 2024 ***RMB'000***	**Valuation technique**	**Significant unobservable inputs**	**Percentage or ratio range**	**Relationship of unobservable inputs to fair value**
Unlisted securities	154,273	Discounted cash flow model	WACC (Weighted Average Cost of Capital)	14%-30%	The higher the expected WACC, the lower the fair value.
			Terminal growth rate	2.0%-2.2%	The higher the expected terminal growth rate, the higher the fair value.
	752,040	Market approach	LOMD (Lack of Marketability Discount)	15.7%-20.5%	The higher the expected LOMD, the lower the fair value.
Debt instruments	2,538,801	Market approach	LOMD	20.5%	The higher the expected LOMD, the lower the fair value.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, profit for the years ended 30 June 2024 and 2023 would have been approximately RMB324 million higher/lower and RMB313 million higher/lower, respectively.

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 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 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 2024 are as follows:

	Six months ended 30 June 2024		
	Transaction Platform Business	**Self-operated Financing Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**
Revenues	**3,510,459**	**957,394**	**4,467,853**
– Recognized at a point in time	**2,821,258**	**155**	**2,821,413**
– Recognized over time	**689,201**	**–**	**689,201**
– Recognized over the lease or contractual term	**–**	**957,239**	**957,239**
Gross profit	**1,696,589**	**432,348**	**2,128,937**
Operating profit/(loss)	**652,079**	**(75,557)**	**576,522**

The segment results for the six months ended 30 June 2023 are as follows:

	Six months ended 30 June 2023		
	Transaction Platform Business	Self-operated Financing Business	Total
	RMB'000	*RMB'000*	*RMB'000*
	Unaudited	Unaudited	Unaudited
Revenues	2,144,425	699,765	2,844,190
– Recognized at a point in time	1,730,278	–	1,730,278
– Recognized over time	414,147	–	414,147
– Recognized over the lease or contractual term	–	699,765	699,765
Gross profit	1,083,395	340,059	1,423,454
Operating profit/(loss)	449,428	(195,466)	253,962

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 2024 and 2023.

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 2024 and 31 December 2023, 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 2024			
	Recognized at a point in time	**Recognized over time**	**Recognized over the lease or contractual term**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Transaction Platform Business:	**2,821,258**	**689,201**	**–**	**3,510,459**
– Loan facilitation services	**1,863,681**	**–**	**–**	**1,863,681**
– Guarantee services	**–**	**689,201**	**–**	**689,201**
– Value-added services	**123,016**	**–**	**–**	**123,016**
– SaaS services	**834,561**	**–**	**–**	**834,561**
Self-operated Financing Business	**155**	**–**	**957,239**	**957,394**
– Financing lease services	**–**		**945,615**	**945,615**
– Factoring services and other automobile services	**155**	**–**	**11,624**	**11,779**
Total	**2,821,413**	**689,201**	**957,239**	**4,467,853**

	Six months ended 30 June 2023			
	Recognized at a point in time	Recognized over time	Recognized over the lease or contractual term	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Unaudited	Unaudited	Unaudited	Unaudited
Transaction Platform Business:	1,730,278	414,147	–	2,144,425
– Loan facilitation services	1,539,863	–	–	1,539,863
– Guarantee services	–	414,147	–	414,147
– Value-added services	104,138	–	–	104,138
– SaaS services	86,277	–	–	86,277
Self-operated Financing Business	–	–	699,765	699,765
– Financing lease services	–	–	699,540	699,540
– Factoring services and other automobile services	–	–	225	225
Total	1,730,278	414,147	699,765	2,844,190

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Fair value losses on financial assets	**(19,032)**	(98,499)
Other income from business cooperation arrangements with Yusheng Holdings Limited ("**Yusheng**")	**32,664**	31,855
Government grants	**1,521**	13,428
Bank fees and charges	**(5,248)**	(4,698)
Foreign exchange losses, net	**(18,788)**	(3,311)
(Losses)/Gains on disposal of property and equipment and intangible assets	**(88)**	109
Gain on a bargain purchase *(Note 14)*	**100,992**	–
Impairment loss of an associate	**(12,031)**	–
Others, net	**6,240**	33,141
	86,230	(27,975)

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Commission fees incurred for transaction platform business	**1,780,200**	1,026,478
Provision for expected credit losses:		
– Other receivables	**85,209**	185,045
– Finance receivables *(Note 17)*	**200,469**	109,285
– Risk assurance liabilities	**361,779**	36,649
– Trade receivables *(Note 18)*	**10,312**	1,675
Employee benefit expenses	**506,922**	470,029
Funding costs	**505,922**	340,151
Depreciation and amortization charges	**177,430**	52,896
Office and administrative expenses	**85,759**	65,045
Marketing and advertising expenditures	**70,668**	46,868
Service fee related to financing lease business	**106,505**	114,857
Provision for impairment of other non-current assets	**7,361**	29,472
Other expenses	**79,025**	83,803
Total	**3,977,561**	2,562,253

9 FINANCE COST, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
– Interest income	**36,841**	39,966
Finance cost:		
– Interest expenses	**(51,348)**	(41,341)
Net finance cost	**(14,507)**	(1,375)

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2024 and 2023 is analysed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax expense	**87,356**	17,606
Deferred income tax *(Note 27)*	**43,713**	(5,143)
Income tax expense	**131,069**	12,463

(a) Cayman Islands and British Virgin Islands ("BVI") Income Tax

The Company was incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

(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 2024 and 2023.

(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 2024 and 2023, 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. Effective for 3 years commencing from the year ended 31 December 2022, Shanghai Lanshu was accredited as a "High-tech enterprise", and is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws since 2022.

In accordance with relevant PRC laws and regulations, Xinjiang Wanhong Information Technology Co., Ltd. ("**Xinjiang Wanhong**") is exempted from EIT for five years, commencing from the first operation income-generating year. Exempted from the local-sharing part of EIT for five years, commencing from the 6th operation income-generating year, Xinjiang Wanxing Information Technology Co., Ltd. ("**Xinjiang Wanxing**") is eligible to enjoy a reduced EIT rate of 9% in 2024. Exempted from the local-sharing part of EIT for five years, commencing from the 6th operation income-generating year, Xinjiang Yin'an Information Technology Co., Ltd. ("**Xinjiang Yin'an**") is subject to an EIT tax rate of 15% in 2024.

(d) Enterprise income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Japan and Thailand, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 17% to 23.2%.

(e) 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.

Deferred income tax liability on WHT is accrued based on the best estimation when the Group has a plan to require its PRC subsidiaries to distribute their retained earnings. For the period ended 30 June 2024, the Group had a plan to require its PRC subsidiary to distribute its retained earnings to overseas-incorporated immediate holding company. Accordingly, the Group is liable to deferred income tax liability on WHT of 5% on dividends distributed by those subsidiaries, joint venture and associates established in Mainland China in respect of earnings generated.

11 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	**6,447,740,430**	6,409,673,046
Less: shares held for restricted share scheme	**(3,004,495)**	(3,639,481)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,444,735,935**	6,406,033,565
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**409,676**	266,395
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**409,676**	266,395
Numbers of restricted shares with potential dilutive effect *(Note (b))*	**268,388,213**	278,715,131
Weighted average number of issued ordinary shares for calculating diluted earnings per share *(Note (b))*	**6,713,124,148**	6,684,748,696
Earnings per share		
– Basic (RMB per share)	**0.06**	0.04
– Diluted (RMB per share)	**0.06**	0.04

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 2024 and 2023, the Company's dilutive potential ordinary shares comprise share options and restricted shares awarded under the Pre-IPO Share Option Scheme, 2024 Share Scheme and the First and Second Share Award Scheme (Note 22).

(b) For the six months ended 30 June 2024, a calculation was done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above was compared with the number of shares that would have been issued, assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted profit per share.

12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and Equipment *RMB'000*	Intangible Assets *RMB'000*
Unaudited		
Six months ended 30 June 2024		
Opening net book amount	**444,073**	**911,155**
Business combination	**323**	**320**
Additions	**27,798**	**1,854**
Disposals	**(6,193)**	**(161)**
Depreciation/amortization charge	**(17,009)**	**(151,936)**
Currency translation differences	**121**	**–**
Closing net book amount	**449,113**	**761,232**
Unaudited		
Six months ended 30 June 2023		
Opening net book amount	450,305	1,160,102
Business combination	–	–
Additions	11,914	1,305
Disposals	(1,471)	–
Depreciation/amortization charge	(15,442)	(29,481)
Closing net book amount	445,306	1,131,926

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 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Right-of-use assets		
Properties	**21,857**	27,603
Lease liabilities		
Current	**11,288**	14,476
Non-current	**7,565**	9,609
	18,853	24,085

Additions to the right-of-use assets during the six months ended 30 June 2024 were RMB3,005,000 (30 June 2023: RMB8,839,000).

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Depreciation charge of right-of-use assets		
Properties	**8,485**	7,973
Interest expense (included in finance cost)	**592**	669
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**5,313**	4,959

14 BUSINESS COMBINATION

On 2 April 2024, Xinche Investment (Shanghai) Co., Ltd. ("**Xinche**"), an indirectly wholly-owned subsidiary of the Company, acquired the remaining 67.7966% equity interest in Dalian Rongxin Financing Guarantees Company Ltd. ("**Dalian Rongxin**") under the equity transfer agreement entered into by Xinche, Beijing Bitauto Internet Information Company Limited ("**Beijing Bitauto**") and Dalian Rongxin, for cash consideration of RMB640 million. Dalian Rongxin became an indirectly wholly-owned subsidiary of the Company after the transaction was completed. The Company acquired Dalian Rongxin to expand its transaction platform businesses.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	
Cash paid	640,000

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	315,688
Restricted cash	570,867
Guarantee receivables	137,055
Prepayments, deposits and other assets	176,481
Property, plant and equipment	323
Right-of-use assets	407
Intangible assets	320
Net deferred tax assets	70,102
Risk assurance liabilities	(176,730)
Other payables and accruals	(1,134)
Lease liabilities	(416)
Net identifiable assets acquired	1,092,963
Less: Investments in the joint venture	(351,971)
Less: gain on a bargain purchase	(100,992)
	640,000

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Investments in associates and joint ventures		
Associates and joint ventures using equity accounting (a)	**25,361**	390,353
Associates measured at fair value through profit or loss (b)	**134,000**	110,000
	159,361	500,353
Assets classified as held for sale	**–**	267,610
	159,361	767,963

(a) Associates and joint ventures using equity accounting

	Six months ended 30 June	
	2024 *RMB'000* **Unaudited**	2023 *RMB'000* Unaudited
At the beginning of the period	**390,353**	660,155
Increase in capital and shares	**20,280**	–
Share of (losses)/profits of associates and joint ventures	**(21,270)**	26,271
Business combination	**(351,971)**	–
Impairment loss of an associate	**(12,031)**	–
Currency translation differences	**–**	11,384
Dividends paid	**–**	(14,470)
At the end of the period	**25,361**	683,340

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

	Six months ended 30 June	
	2024 *RMB'000* **Unaudited**	2023 *RMB'000* Unaudited
At the beginning of the period	**110,000**	56,000
Addition	**24,000**	24,000
At the end of the period	**134,000**	80,000

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At the beginning of the period	**3,459,575**	3,204,387
Additions	**11,596**	170,000
Disposals	**(9,671)**	–
Change in fair value	**(19,032)**	(98,499)
Currency translation differences	**14,974**	88,783
At the end of the period	**3,457,442**	3,364,671

17 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 30 June 2024 and 31 December 2023 are as below:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Finance receivables		
– Finance receivables, gross	**28,443,972**	27,562,432
– Unearned finance income	**(2,974,802)**	(2,923,250)
Finance receivables, net	**25,469,170**	24,639,182
Less: provision for expected credit losses	**(810,162)**	(754,303)
Carrying amount of finance receivables	**24,659,008**	23,884,879
Finance receivables, gross		
– Within one year	**11,362,521**	11,190,283
– After one year but not more than two years	**7,984,745**	7,511,427
– After two years but not more than three years	**4,888,764**	4,890,207
– After three years but not more than seven years	**4,207,942**	3,970,515
	28,443,972	27,562,432
Finance receivables, net		
– Within one year	**9,761,620**	9,618,946
– After one year but not more than two years	**7,119,419**	6,665,509
– After two years but not more than three years	**4,494,696**	4,530,717
– After three years but not more than seven years	**4,093,435**	3,824,010
Total	**25,469,170**	24,639,182

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Finance receivables:		
– Individual customers	**24,539,527**	23,537,198
– Auto dealers	**119,481**	347,681
	24,659,008	23,884,879

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

	Six Months ended 30 June 2024			
	Stage I	**Stage II**	**Stage III**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
As at 1 January 2024	**461,847**	**42,527**	**249,929**	**754,303**
Provision for impairment	**140,647**	**(5,365)**	**107,269**	**242,551**
Reversal of impairment	**–**	**–**	**(42,082)**	**(42,082)**
Transfer for the period:				
Conversion to Stage I	**532**	**(481)**	**(51)**	**–**
Conversion to Stage II	**(41,264)**	**41,502**	**(238)**	**–**
Conversion to Stage III	**(61,742)**	**(32,166)**	**93,908**	**–**
Asset derecognised (including final repayment)	**–**	**–**	**42,082**	**42,082**
Write-off	**–**	**–**	**(186,692)**	**(186,692)**
As at 30 June 2024	**500,020**	**46,017**	**264,125**	**810,162**

	Six Months ended 30 June 2023			
	Stage I	Stage II	Stage III	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Unaudited	Unaudited	Unaudited	Unaudited
As at 1 January 2023	303,249	65,291	245,870	614,410
Provision for impairment	135,952	(15,582)	23,285	143,655
Reversal of impairment	–	–	(34,370)	(34,370)
Transfer for the period:				
Conversion to Stage I	1,701	(1,469)	(232)	–
Conversion to Stage II	(24,064)	24,222	(158)	–
Conversion to Stage III	(43,431)	(43,831)	87,262	–
Asset derecognised (including final repayment)	–	–	34,370	34,370
Write-off	–	–	(114,668)	(114,668)
As at 30 June 2023	373,407	28,631	241,359	643,397

As at 30 June 2024 and 31 December 2023, the finance receivables amounting to RMB11,783 million and RMB12,143 million are used as pledge for the borrowings and securitization transactions.

18 TRADE RECEIVABLES

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Trade receivables	**5,386,543**	4,817,902
Less: provision for impairment	**(32,756)**	(23,571)
Trade receivables, net	**5,353,787**	4,794,331
Trade receivables, net	**5,353,787**	4,794,331
– Within one year	**3,861,638**	3,641,289
– After one year but not more than five years	**1,492,149**	1,153,042

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

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Up to 3 months	**5,341,021**	4,783,946
3 to 6 months	**1,806**	187
Over 6 months	**10,960**	10,198
	5,353,787	4,794,331

As at 30 June 2024 and 31 December 2023, 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	
	2024 *RMB'000* **Unaudited**	2023 *RMB'000* Unaudited
At the beginning of the period	**23,571**	39,498
Charge for the year	**14,047**	1,675
Reverse	**(3,735)**	–
Write off	**(1,127)**	(17,531)
At the end of the period	**32,756**	23,642

19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Included in non-current assets:		
Vehicles collected from financing lease customers	**96,230**	120,702
Deposits	**67,296**	76,620
Prepayment for long-term assets	**39,239**	9,549
Long-term prepaid expense	**173**	452
Prepayment for a capital investment	**–**	384,000
	202,938	591,323
Less: provision for impairment of vehicles collected from financing lease customers	**(67,817)**	(85,030)
	135,121	506,293
Included in current assets:		
Loans recognized as a result of payment under risk assurance	**621,705**	742,517
Other receivables from third parties	**358,292**	858,608
Deposits	**649,147**	570,039
Loans to third parties	**245,200**	271,400
Other receivables from disposal of assets	**98,919**	122,752
Prepaid taxes	**171,669**	142,069
Loans to related parties	**5,720**	20,000
Other receivables from related parties	**120**	6,613
Prepayments	**28,116**	24,221
Others	**40,455**	61,773
	2,219,343	2,819,992
Less: provision for impairment of other receivables	**(169,629)**	(198,627)
	2,049,714	2,621,365
Total	**2,184,835**	3,127,658

As at 30 June 2024 and 31 December 2023, 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.

20 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Cash and cash equivalents	**4,450,853**	3,479,550

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
RMB	**3,674,079**	3,114,859
USD	**672,860**	211,354
SGD	**77,195**	42,558
HKD	**14,055**	109,851
JPY	**12,047**	608
MOP	**617**	320
	4,450,853	3,479,550

(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 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Cash pledged for loan facilitation services (a)	**1,970,271**	1,514,887
Cash deposited for borrowings (b)	**713,560**	422,653
Term deposits pledged for bank borrowings (c)	**137,822**	168,407
Others	**190**	11,017
	2,821,843	2,116,964
Of which are:		
Current restricted cash	**2,771,616**	2,083,808
Non-current restricted cash	**50,227**	33,156

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 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.

(c) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings.

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
RMB	**2,751,059**	2,036,019
MOP	**35,426**	35,348
USD	**35,169**	34,951
HKD	**189**	–
SGD	**–**	10,646
	2,821,843	2,116,964

As at 30 June 2024, the applicable interest rates per annum on restricted cash ranged from 0.00% to 5.55% (31 December 2023: 0.00% to 5.20%).

21 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	**Nominal value of ordinary shares** ***USD'000***	**Number of preferred shares**	**Nominal value of preferred shares** ***USD'000***
Authorized:				
As at 1 January and 30 June 2024	**15,000,000,000**	**1,500**	**–**	**–**
As at 1 January and 30 June 2023	15,000,000,000	1,500	–	–

	Note	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:					
At 1 January 2024		**6,524,065,512**	**639**	**4,262**	**34,964,305**
Release of ordinary shares from Share Scheme Trusts	*(a)*	**–**	**–**	**–**	**–**
Shares issued upon exercise of employee share options	*(b)*	**–**	**–**	**–**	**–**
Vesting of restricted awarded shares	*(c)*	**–**	**2**	**16**	**56,773**
Dividends declared	*(d)*	**–**	**–**	**–**	**(177,692)**
As at 30 June 2024		**6,524,065,512**	**641**	**4,278**	**34,843,386**
At 1 January 2023		6,523,873,012	636	4,238	35,080,671
Release of ordinary shares from Share Scheme Trusts	*(a)*	–	–	–	–
Shares issued upon exercise of employee share options	*(b)*	140,000	–	–	502
Vesting of restricted awarded shares	*(c)*	–	2	15	53,951
Dividends declared		–	–	–	(187,456)
As at 30 June 2023		6,524,013,012	638	4,253	34,947,668

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 2024, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834.

(b) During the six months ended 30 June 2024, no pre-IPO share options or share options granted under the 2024 Share Scheme, with an exercise price of USD0.0014 and HKD0.70 respectively, were exercised.

(c) During the six months ended 30 June 2024, 31,450,000 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares.

(d) Following the declaration on Annual General Meeting of the Company dated 8 May 2024, the final dividends amounting to HKD195.7 million (equivalent to RMB177.7 million) were declared during the year ended 31 December 2023 and amounting to HKD195.7 million (equivalent to RMB177.9 million) were paid on 3 June 2024.

22 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 RMB26,020,000 for the six months ended 30 June 2024 (2023: RMB43,597,000).

(a) Share options granted to employees under the Pre-IPO Share Option Scheme and the 2024 Share Scheme

Pre-IPO Share Option Scheme

The exercise price of the granted options to employees is USD0.0014. 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.

2024 Share Scheme

The exercise price of the granted options to employees is HKD0.70. 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 seven or ten years.

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

	Number of share options	
	2024	2023
Outstanding as at 1 January	**235,163,848**	235,356,348
Granted during the period	**250,000,000**	–
Exercised during the period	**–**	(140,000)
Outstanding as at 30 June	**485,163,848**	235,216,348
Exercisable as at 30 June	**235,163,848**	235,216,348

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

Starting from 2018, the Group granted RSUs to the Group's employees under the First and Second Share Award Schemes. 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** ***(USD)***
Outstanding as at 1 January 2024	**87,012,573**	**USD 0.28**
Granted during the period	**2,080,000**	**USD 0.09**
Vested and sold during the period	**(31,450,000)**	**USD 0.31**
Forfeited during the period	**(595,000)**	**USD 0.15**
Outstanding as at 30 June 2024	**57,047,573**	**USD 0.25**
Vested as at 30 June 2024	**215,268,087**	**USD 0.29**
Outstanding as at 1 January 2023	131,279,360	USD 0.31
Granted during the period	4,400,000	USD 0.14
Vested and sold during the period	(31,450,000)	USD 0.31
Forfeited during the period	(2,355,000)	USD 0.16
Outstanding as at 30 June 2023	101,874,360	USD 0.30
Vested as at 30 June 2023	169,941,300	USD 0.30

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

(c) Expected Retention Rate

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options and RSUs (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the interim condensed consolidated income statement. As at 30 June 2024, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 95%, respectively (31 December 2023: 100%, 100% and 95%).

23 TRADE PAYABLES

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Trade payables	**889,547**	901,487

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

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Up to 3 months	**837,166**	791,244
3 to 6 moths	**70**	3,874
6 months to 1 year	**18,811**	78,414
Over 1 year	**33,500**	27,955
	889,547	901,487

24 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the 6 months ended 30 June 2024 and 2023 is presented below:

	2024 *RMB'000* Unaudited	2023 *RMB'000* Unaudited
As at 1 January	**1,602,733**	1,150,498
Business combination	**176,730**	–
Addition arising from new business	**1,117,924**	745,657
Gains from risk assurance liabilities	**(730,553)**	(438,995)
ECL	**361,779**	36,649
Payouts during the period, net	**(541,233)**	(161,435)
As at 30 June	**1,987,380**	1,332,374

25 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Other payables to related parties	**260**	295,437
Accrued expenses	**114,025**	139,358
Deposits payable	**130,874**	136,290
Staff costs and welfare accruals	**94,557**	119,476
Advances from customers	**16,613**	135,664
Deferred other income – current	**76,906**	76,101
Tax payable	**59,826**	48,866
Others	**152,120**	63,422
	645,181	1,014,614

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals, tax payable, deferred other income and other accruals, approximate their fair values at each of the reporting date.

26 BORROWINGS

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Included in non-current liabilities:		
Unsecured borrowings	**7,814,163**	6,444,408
Asset-backed securitization debt	**2,626,493**	2,784,331
Other secured borrowings	**629,228**	837,710
Pledge borrowings	**439,159**	785,172
	11,509,043	10,851,621
Included in current liabilities:		
Unsecured borrowings	**5,395,871**	5,111,983
Asset-backed securitization debt	**3,514,637**	3,380,268
Other secured borrowings	**3,443,303**	3,457,204
Pledge borrowings	**355,280**	354,706
	12,709,091	12,304,161
Total borrowings	**24,218,134**	23,155,782

The borrowings are repayable as follows:

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Within 1 year	**12,709,091**	12,304,161
Between 1 and 2 years	**6,278,117**	5,779,465
Between 2 and 5 years	**5,230,926**	5,060,956
Over 5 years	**–**	11,200
	24,218,134	23,155,782

As at 30 June 2024, the applicable interest rates per annum on long-term borrowings range from 3.10% to 7.50% (31 December 2023: 3.10% to 6.50%).

As at 30 June 2024, the applicable interest rates per annum on short-term borrowings range from 3.35% to 8.00% (31 December 2023: 3.30%-7.50%).

As at 30 June 2024 and 31 December 2023, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

27 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**	**Withholding tax on the earnings expected to be remitted by subsidiaries** *RMB'000* **Unaudited**	**Others** *RMB'000* **Unaudited**	**Total** *RMB'000* **Unaudited**
As at 1 January 2024	**(56,542)**	**(56,352)**	**(607)**	**(113,501)**
Credited to interim condensed consolidated income statement	**6,149**	**21,268**	**46**	**27,463**
Currency translation difference	**–**	**(286)**	**–**	**(286)**
As at 30 June 2024	**(50,393)**	**(35,370)**	**(561)**	**(86,324)**
As at 1 January 2023	(88,896)	–	(698)	(89,594)
Credited/(Charged) to interim condensed consolidated income statement	19,394	(14,424)	46	5,016
As at 30 June 2023	(69,502)	(14,424)	(652)	(84,578)

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 2024	**225,754**	**15,979**	**149,611**	**207,088**	**598,432**
Business combination	**–**	**–**	**5,546**	**64,556**	**70,102**
Credited/(Charged) to interim condensed consolidated income statement	**63,702**	**2,827**	**(79,712)**	**(57,993)**	**(71,176)**
Currency translation difference	**(7)**	**–**	**(186)**	**–**	**(193)**
As at 30 June 2024	**289,449**	**18,806**	**75,259**	**213,651**	**597,165**
As at 1 January 2023	292,336	22,544	209,222	184,456	708,558
Credited/(Charged) to interim condensed consolidated income statement	54,215	945	(107,343)	52,310	127
As at 30 June 2023	346,551	23,489	101,879	236,766	708,685

The above deferred income tax assets and liabilities disclosed separately on the interim condensed consolidated balance sheet based on different taxation authorities as follows:

	As at 30 June 2024 ***RMB'000*** **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Gross deferred income tax assets	**597,165**	598,432
Set-off of deferred income tax assets	**(32,038)**	(37,081)
Net deferred income tax assets	**565,127**	561,351
Gross deferred income tax liabilities	**(86,324)**	(113,501)
Set-off of deferred income tax liabilities	**32,038**	37,081
Net deferred income tax liabilities	**(54,286)**	(76,420)

28 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Deferred other income	**854,282**	880,476
Long-term deposits payable	**528**	680
Other liabilities	**2,057**	709
	856,867	881,865

29 SUBSEQUENT EVENTS

Except as disclosed elsewhere in this interim results announcement, there are no other material subsequent events undertaken by the Company or the Group after 30 June 2024.

OTHER INFORMATION

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

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

Compliance with the Corporate Governance Code

The 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 C.2.1 of the CG Code.

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

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 all 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 interim results 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 in conjunction with the Company's auditor. 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.

As at June 30, 2024, the Group had utilized the proceeds in accordance with the intended use as set out in the Prospectus, as detailed in the table below:

	Net proceeds from the IPO		Utilization up to June 30, 2024		Utilization during the Reporting Period		Unutilized amount	
	HK$'000	*RMB'000*	***HK$'000***	***RMB'000***	***HK$'000***	***RMB'000***	*HK$'000*	*RMB'000*
Sales and marketing	1,952,278	1,657,523	**1,952,278**	**1,657,523**	**–**	**–**	–	–
Research and technology capabilities enhancement	1,301,519	1,105,016	**1,301,519**	**1,105,016**	**36,351**	**30,863**	–	–
Self-operated financing business	1,301,519	1,105,016	**1,301,519**	**1,105,016**	**–**	**–**	–	–
Potential investments or acquisitions	1,301,519	1,105,016	**1,301,519**	**1,105,016**	**–**	**–**	–	–
Working capital and other general corporate purposes	650,760	552,506	**650,760**	**552,506**	**–**	**–**	–	–
Total	6,507,595	5,525,077	**6,507,595**	**5,525,077**	**36,351**	**30,863**	–	–

The net proceeds have been fully utilized during the Reporting Period.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the Reporting Period (2023: 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 deepest gratitude to our valued customers and business partners for their unwavering support. I would also like to extend my heartfelt thanks to our dedicated employees and management team for their exceptional commitment, diligence, and professionalism. Furthermore, we are profoundly grateful for the continued trust and support from our Shareholders and stakeholders. We remain committed to enhancing our capabilities and strengthening our ecosystem to deliver an even better online automobile transaction experience for our consumers.

DEFINITIONS

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

"2024 Share Scheme"	the share scheme of the Company approved by the Shareholders at the EGM, a summary of the principal terms of which is set out in Appendix I to the circular of the Company dated June 11, 2024
"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
"AI"	artificial intelligence
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Beijing Yixin"	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC and the Consolidated Affiliated Entity
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Company" or "Yixin"	Yixin Group Limited 易鑫集团有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2858)
"Company's Securities Dealing Code"	the Company's own code of conduct for securities transactions regarding the Directors' and relevant employees' dealings in the securities of the Company on terms no less exacting than those set out in the Model Code
"Consolidated Affiliated Entity"	the entity we control through the New Contractual Arrangements, namely Beijing Yixin
"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
"EGM"	the extraordinary general meeting of the Company held on June 27, 2024 whereby, among other things, the adoption of the 2024 Share Scheme was approved
"FinTech"	financial technology
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021 and terminated on July 9, 2024, 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 and in the circular of the Company dated June 11, 2024
"Group", "our Group", "Yixin 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 New 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 Committee"	the Listing Committee of the Stock Exchange

"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 options market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Morespark"	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
"NEV"	new energy vehicle
"New Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, the Consolidated Affiliated Entity and its shareholders in respect of, among others, the Company's effective control over the Consolidated Affiliated Entity
"OEM(s)"	the original equipment manufacturer(s)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Board on May 26, 2017 and amended on September 1, 2017, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme" of the Prospectus
"PricewaterhouseCoopers"	the Group's auditor
"Prospectus"	the prospectus of the Company dated November 6, 2017
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of PRC
"SaaS"	software as a service
"Second Share Award Scheme"	the share award scheme conditionally approved and adopted by written resolutions of all the Shareholders on September 1, 2017 and effective from the Listing Date, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Second Share Award Scheme" of the Prospectus

"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of Share(s) from time to time
"State Council"	the State Council of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder
"Tianjin Kars"	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"United States dollars" or "US$"	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 15, 2024

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

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