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, 2022

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2022. 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,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
	Unaudited	Unaudited	
Revenues	**2,452,343**	1,415,769	73%
Transaction platform business			
Loan facilitation services	**1,518,033**	672,871	126%
SaaS services	**42,911**	–	N/A
Other platform services	**314,565**	137,272	129%
Subtotal	**1,875,509**	810,143	132%
Self-operated financing business			
Financing lease services	**566,028**	587,859	-4%
Other self-operated services	**10,806**	17,767	-39%
Subtotal	**576,834**	605,626	-5%
Gross profit	**1,356,909**	707,073	92%
Operating profit/(loss)	**150,005**	(106,907)	N/A
Net profit/(loss)	**123,901**	(134,596)	N/A
Adjusted operating profit(1)	**379,270**	104,747	262%
Adjusted net profit(2)	**329,763**	71,991	358%

Notes:

(1) *Details for the calculation of adjusted operating profit is set out under the section header "Non-IFRSs Measures" on pages 9 and 10 of this announcement.*

(2) *Details for the calculation of adjusted net profit is set out under the section headed "Non-IFRSs Measures" on pages 9 and 10 of this announcement.*

	Six months ended June 30,		
	2022	2021	Year-on-year
	'000	*'000*	*%*
Total financed automobile transactions	**266**	228	17%
– By auto type			
New	**116**	154	-24%
Used	**150**	74	102%
– By service type			
Through loan facilitation services	**228**	181	26%
Through self-operated financing business	**38**	47	-17%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am delighted to present the interim results announcement of the Group for the Reporting Period.

We have seen extraordinary challenges due to prolonged Covid-19 situation in China. Lockdowns were accompanied by an economy slowdown. According to the National Statistics Bureau of the PRC, China's GDP in the first half of 2022 grew by 2.5%, as compared to the same period last year.

In the first half of 2022, automotive industry was under pressures of supply chain disruption and demand contraction due to the outbreak of Omicron in different regions in China. Total number of passenger cars sold (new car and used car combined) dropped by 1.5%, according to China Association of Automobile Manufacturers ("**CAAM**") and China Automobile Dealers Association ("**CADA**").

To combat the challenges brought by the Covid-19 epidemic, the State Council had issued a series of stimulus policies to encourage the development of new, used and new energy vehicles business, including "vehicle purchasing tax will be half exempted if purchasing any passenger vehicle with price (excluding VAT) not exceeding RMB300 thousand and emission below 2.0", "encouraging more NEV sales in low-tiers cities" and "completely abolishing used car relocation restriction policy", etc. Meanwhile, the upstream and downstream enterprises of the automobile industry chain were actively cooperating to promote the recovery of the industry. The production and sales of the industry had returned to the normal level since June 2022.

I want to thank our team for weathering through the storms and delivering the result during this difficult time. We realized a total of 266 thousand finance transactions in the first half of 2022, or a 17% growth, as compared to the same period last year. The transaction amount was RMB25 billion, representing a 37% growth compared to that in the first half of 2021. The asset quality continues to show its resilience, as our business is geographically diversified and consumption-driven, which is less correlated with industrial performance. 90+ days past due ratio further declined to 1.94% as of June 30, 2022, as compared to 2.18 % as of June 30, 2021.

Driven by strong volume growth, our new core services revenues increased by 119% from RMB752 million for the first half of 2021 to RMB1,647 million for the Reporting Period.

As for automotive aftermarket services, we have recorded a revenue of RMB89 million for the Reporting Period, which increased by 68% compared to RMB53 million for the first half of 2021. We are delighted to note that more used car customers started to use our aftermarket services, and customers' average spending on services increased gradually. In 2022, we have also continued to optimize our costs and expenses structure. For example, with more diversified funding sources, our funding cost dropped from 4.8% for the first half of 2021 to 3.8% for the Reporting Period.

As a result, our adjusted net profit for the Reporting Period reached RMB330 million, which significantly increased by 358% compared to RMB72 million for the first half of 2021.

Apart from operational and financial results, we have also achieved strategic milestones in the following areas:

1) Electric Vehicle (NEV). Our financed NEV transactions increased by 135% year-on-year, to approximately 12 thousand, even surpassing China NEV industry's significant growth. Our financing amount of NEV increased by 172% year-on-year to RMB1,186 million for the Reporting Period, compared to RMB436 million for the same period last year. The penetration rate of our NEV business increased from 6% in June 2021 to 16% in June 2022. We are excited about the business opportunities that the NEV market brings. This year, we have established partnerships with NEV manufacturers such as Li Auto Inc., Neta Automobile, NIO Inc., and smart Automobile. Through these partnerships, we have created unique, simple, and fully digitized customer experience by requesting minimum customer input and offering broader ranges of product features, which differentiates us from mainstream financial institutions. As we continue to expand OEM partnership base, and more NEV sales are sold in lower-tier cities, we expect this business sector will become one of our growth engines, and a good way for us to fulfill ESG duties as well.

2) Used car. With the successful implementation of our strategy shift to used car business, the number of our used automobile financing transactions contributed 56% of our total automobile financing transactions in the first half of 2022, compared to 32% for the same period last year. Our financed used cars increased by 102% year-on-year to approximately 150 thousand compared to 74 thousand for the same period last year, while China's used car transactions decreased by 10% year-on-year, according to CADA. Our used car financing amount increased by 170% year-on-year to RMB14.1 billion for the Reporting Period, compared to RMB5.2 billion for the same period last year. Due to the abolishment of used vehicle relocation policy and the gradual saturation of new vehicle market, our used vehicle business is expected to face blooming development opportunity. We will continue to utilize and polish our risk control capabilities, and persist in developing business in offline trading scenario to service customers in the form of face-to-face communication through our professional used car ground service team which covered over 20000+ used vehicles dealers nationwide.

3) Technology (SaaS service). Our FinTech team had developed tailor-made applications that provide technology-enabled business solutions to institutions in the auto financing area. In the first half of 2022, we recorded a revenue of RMB43 million in technology services including system implementation and maintenance, and transactions facilitated through our FinTech system. We have established strategic cooperation with ten banks, three OEMs and three third-party technology companies for the Reporting Period, such as Postal Savings Bank, Shanghai Pudong Development Bank, Volvo Finance, UnionPay, etc. Our services help those financial institutional clients to achieve cross-boundary connection with OEMs and auto financing customers in the whole auto financing process including client acquisition, risk assessment, financing approval and after-financing monitoring. We will continue to seek strategic partners by providing our technological auto financing business solutions to expand our business scale as well as empower the whole auto financing industry through our scientific and technological output. This business in the long run will relieve Yixin from capital constraint and allow us to tap into the entire auto financing market with a size of more than RMB2 trillion.

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

Andy Xuan Zhang
Chairman
Hong Kong
August 22, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to CAAM and CADA, China's total sales of new and used passenger vehicles slightly decreased by 1.5% in the Reporting Period. Specifically, China's total sales of new passenger vehicles for the Reporting Period was 10.4 million units, representing a 3.4% year-on-year increase compared to the first half of 2021. Total sales of used vehicles for the Reporting Period was 5.9 million units, representing a 10.0% year-on-year decrease compared to the same period of 2021.

China automotive industry was under double pressure as a result of the supply disruption and softening demand stemming from the Covid-19 situation that started in March 2022. Towards the end of the second quarter of 2022, with the pandemic being gradually under control and various stimulus policies being introduced, auto sales reversed its downturn in May 2022 and accelerated its growth in June 2022.

Despite the challenges imposed by Covid-19 epidemic, new energy vehicles industry achieved an outstanding growth in the Reporting Period. According to CAAM, the accumulative sales of new energy passenger vehicles in the Reporting Period reached 2.6 million units, representing an increase of 120% year-on-year compared to the first half of 2021; and the overall new energy penetration rate reached 25%. We currently expect that the total sales of NEVs will reach 5.5 million units by the end of this year.

GOVERNMENT STIMULUS

To achieve a steady recovery of the economy, a range of pro-growth policies and measures have been implemented by the PRC government since April 2022.

For new car sales, the Ministry of Finance and the State Administration of Taxation of the PRC announced tax reduction on May 31, 2022, stating that "from June 1, 2022 to December 31, 2022, vehicle purchasing tax will be halved for passenger vehicle priced at no more than RMB300,000 (excluding VAT) and with 2.0-liter or smaller engines to 5% of the sticker price down from 10% earlier".

For new energy vehicles, in February 2022, the State Council issued a plan to advance agricultural and rural modernization during the 14th Five-Year Plan period (2021-2025) (《十四五推進農業農村現代化規劃》), which promotes rural consumption and encourages more new energy vehicle sales in lower-tier cities. On April 25, 2022, the general office of the State Council issued "The Opinions on Further Releasing Consumption Potential and Promoting the Sustained Recovery of Consumption" (《關於進一步釋放消費潛力促進消費持續恢復的意見》), which clearly proposed to accelerate the development of new energy vehicles. On May 31, 2022, the Ministry of Industry and Information Technology and other four ministries and commissions of the PRC jointly issued "A Notice to Deploy New Energy Vehicles to the Countryside in 2022" (《關於開展2022新能源汽車下鄉活動的通知》).

For used car transactions, on May 31, 2022, the State Council issued "The Notice of the State Council on Printing and Distributing a Package of Policies and Measures to Stabilize the Economy" (《國務院關於印發扎實穩住經濟一攬子政策措施的通知》), proposing two aspects: (1) to stabilize the increment and increase the consumption of new cars; and (2) to revitalize the stock and expand the circulation of used cars.

Last but not least, in terms of auto financing, on April 18, 2022, the People's Bank of China ("**PBC**") and the State Administration of Foreign Exchange of the PRC issued the "Notice on Strengthening Financial Services for Covid-19 Containment and Socio-Economic Development" (《關於做好疫情防控和經濟社會發展金融服務的通知》), which put forward 23 policies and measures to strengthen financial services and strengthen support for the real economy, and clearly pointed out that financial institutions are encouraged to enrich financial products for consumers such as automobile financing.

BUSINESS REVIEW

In view of the complex and uncertain environment, the Group actively adopted steady development strategy, continuously optimized our services and products, and kept abreast with the industry development. The Group achieved a stable growth in overall results despite the sporadic resurgences of Covid-19 in the Reporting Period.

The Group deployed more resources to improve agility and reduce impact introduced by various disturbances, such as the Covid-19 epidemic. Remote work processes and contingency plans have been made in advance. We also upgraded systems to support our employees to conduct daily activities from home in a secured way. At the early stage of the recent Covid-19 wave, we moderately tightened risk policy to reduce risk exposure and froze headcount to control cost. We kept on monitoring the epidemic situation, as well as macro economy and relevant policies. Meanwhile, we also maintained effective communication with our business partners and customers to better cope with potential risks caused by the pandemic.

AUTO FINANCING TRANSACTIONS

	Six months ended June 30,					
	2022		2021		Year-on-year	
	Number of Financing transactions	**Financing amount**	Number of Financing transactions	Financing amount	Number of Financing transactions	Financing amount
	'000	***'000***	*'000*	*'000*	*%*	*%*
	Unaudited	***Unaudited***	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
New vehicles	**116**	**10,890,685**	154	12,987,030	-24%	-16%
Used vehicles	**150**	**14,131,538**	74	5,235,560	102%	170%
Total	**266**	**25,022,223**	228	18,222,590	17%	37%
NEV	**12**	**1,185,585**	5	435,777	135%	172%

Our total financing transactions increased by 17% year-on-year to 266 thousand for the Reporting Period, compared to 228 thousand for the same period last year. The total financing amount increased by 37% year-on-year to RMB25.0 billion for the Reporting Period, compared to RMB18.2 billion for the same period last year.

Our new vehicle financing transactions decreased by 24% year-on-year to 116 thousand for the Reporting Period, compared to 154 thousand for the same period last year; while the financing amount decreased by 16% year-on-year to RMB10.9 billion for the Reporting Period, compared to RMB13.0 billion for the same period last year, primarily due to the disruption of supply chain caused by Omicron epidemic and the Group's strategy adjustment that we proactively put more efforts and resources into used car financing business.

Our new energy vehicles financing transactions significantly increased by 135% year-on-year to 12 thousand for the Reporting Period, compared to 5 thousand for the same period last year. The financing amount increased by 172% year-on-year to RMB1,186 million for the Reporting Period, compared to RMB436 million for the same period last year. The Group stepped up its efforts in developing new energy vehicles business. In 2021, the Group started cooperation with Guangzhou Automobile Group Co., Ltd. on its AION NEV. It contributed 30% of our total NEV financing transactions in the Reporting Period. In May 2022, together with Li Auto Inc, we launched a tailor-made auto financing product and process, allowing individual customers to obtain auto financing through minimal field inputs, which largely shortened the end-to-end processing time and improved customer experience. In June 2022, our NEV financing amount accounted for 15% of our total new vehicle financing amount. In addition, it is currently expected that a new finance product designed with smart NEV will be introduced to the market in September 2022.

Our used vehicle financing transactions significantly increased by 102% year-on-year to 150 thousand for the Reporting Period, compared to 74 thousand for the same period last year. The used vehicle market is generally underserved in China, with sales channels being fragmented and vehicles being non-standard. 30% of consumers who purchase used cars are being provided with a credit, compared to approximately 50% of those who purchase new cars. In the Reporting Period, we particularly allocated more resources in sales force and channel development to further expand our footprint in the used car market. As a result, 56% of our total vehicle financing transactions comes from the used car market. The financing amount increased by 170% year-on-year to RMB14.1 billion for the Reporting Period, compared to RMB5.2 billion for the same period last year. Yixin's experience has been mainly focused on providing and facilitating credit services to main street customers since its inception due to the stimulus measures and our expectation that we are well positioned to excel in this segment in the long run.

Source: Roland Berger, 21st Century Business Herald

AFTER-MARKET SERVICES

Since 2020, we have entered into the after-market service business and cooperated with leading companies in the industry, including Pacific Insurance, Ping An Insurance, People's Insurance Company of China, Tuhu, etc. We provide a variety of after-market products such as maintenance package, GAP Insurance and supplementary insurance, etc. We are delighted to record a steady and sustained growth revenue in after-market sales and the average transaction amount is increasing. This business generates risk-free revenues without incremental customer acquisition cost, and helps the Company further deepen its relationship with customers.

SAAS SERVICES

Leveraging on the profound experience in the auto financing business, the Group has built a FinTech team to commercialize our in-house developed system and products. We provide technology applications and technology-enabled business solutions to institutions in auto financing area. Our services help institutional clients expand business, improve efficiency, and reduce risks. We charge our institutional clients for system implementation and maintenance, and in respect of transactions that are facilitated via the platform we built. In the Reporting Period, we established business relations with more than ten institutions, including Postal Savings Bank of China, Bank of Qinghai, Shanghai Pudong Development Bank, Volvo Finance, China UnionPay, etc. With the development of our SaaS services, we essentially provide a technology platform to connect major financial institutions with auto financing customers. We believe this model will free up scarce capital in the long run, and enable us to tap the whole auto financing market with a size of over RMB2 trillion.

NON-IFRSs FINANCIAL MEASURES

To supplement our 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 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 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/loss 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/loss, nor should you view Adjusted Net Profit in isolation or as a substitute for our net profit/loss 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,	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Operating profit/(loss)	**150,005**	(106,907)
Add:		
Fair value changes arising from investee companies	**11,797**	(18)
Amortization of intangible assets resulting from asset and business Acquisitions	**137,001**	176,608
Share-based compensation expenses	**80,467**	35,064
Adjusted operating profit	**379,270**	104,747

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Net profit/(loss)	**123,901**	(134,596)
Add:		
Fair value changes arising from investee companies	**7,610**	(13)
Amortization of intangible assets resulting from asset and business Acquisitions	**136,899**	176,481
Share-based compensation expenses	**61,353**	30,119
Adjusted net profit	**329,763**	71,991

ADJUSTED OPERATING PROFIT

Our adjusted operating profit was RMB379 million for the Reporting Period, compared to RMB105 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 RMB330 million for the Reporting Period, compared to RMB72 million for the same period last year. The increase was mainly due to the increase in revenue.

SIX MONTHS ENDED JUNE 30, 2022 COMPARED TO SIX MONTHS ENDED JUNE 30, 2021

The following table sets forth the comparative figures for the six months ended June 30, 2022 and 2021.

	Six months ended June 30,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
	Unaudited	*Unaudited*	
Revenues	**2,452,343**	1,415,769	73%
Cost of revenues	**(1,095,434)**	(708,696)	55%
Gross profit	**1,356,909**	707,073	92%
Selling and marketing expenses	**(609,477)**	(573,438)	6%
Administrative expenses	**(230,708)**	(185,981)	24%
Research and development expenses	**(93,349)**	(63,716)	47%
Credit impairment losses	**(337,909)**	(98,723)	242%
Other income and other gains, net	**64,539**	107,878	-40%
Operating profit/(loss)	**150,005**	(106,907)	N/A
Finance (cost)/income, net	**(13,305)**	2,727	N/A
Share of profits/(losses) of investments accounted for using the equity method	**10,520**	(7,990)	N/A
Profit/(loss) before income tax	**147,220**	(112,170)	N/A
Income tax expense	**(23,319)**	(22,426)	4%
Profit/(loss) for the period	**123,901**	(134,596)	N/A
Non-IFRSs measure			
Adjusted operating profit	**379,270**	104,747	262%
Adjusted net profit	**329,763**	71,991	358%

REVENUES

Our total revenues increased by 73% year-on-year to RMB2,452 million for the Reporting Period, compared to RMB1,416 million for the same period last year, mainly due to the rapid growth of transaction platform business. Our new core services revenues, which include revenues from loan facilitation services and new self-operated financing lease transactions we facilitated during the Reporting Period, increased by 119% year-on-year to RMB1,647 million, compared to RMB752 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2022 and 2021.

	Six months ended June 30,				
	2022			2021	
	RMB'000 Unaudited	***% of total revenues***	***Year-on-year***	*RMB'000 Unaudited*	*% of total revenues*
Revenues					
Transaction platform business					
Loan facilitation services	**1,518,033**	**62%**	**126%**	672,871	47%
SaaS services	**42,911**	**2%**	**N/A**	–	–
Other platform services	**314,565**	**12%**	**129%**	137,272	10%
Guarantee services	**225,776**	**8%**	**167%**	84,555	6%
After-market services	**88,789**	**4%**	**68%**	52,711	4%
Other services	**–**	**–**	**-100%**	6	–
Subtotal	**1,875,509**	**76%**	**132%**	810,143	57%
Self-operated financing business					
Financing lease services	**566,028**	**23%**	**-4%**	587,859	42%
From new transactions during the period	**128,788**	**5%**	**64%**	78,672	6%
From existing transactions in prior periods	**437,240**	**18%**	**-14%**	509,187	36%
Other self-operated services[(1)]	**10,806**	**1%**	**-39%**	17,767	1%
Subtotal	**576,834**	**24%**	**-5%**	605,626	43%
Total	**2,452,343**	**100%**	**73%**	1,415,769	100%

Transaction platform business

Revenues from our transaction platform business increased by 132% year-on-year to RMB1,876 million for the Reporting Period, compared to RMB810 million for the same period last year, mainly due to the increase in revenue of our loan facilitation services. Our transaction platform business contributed 76% of total revenues for the Reporting Period, compared to 57% for the same period last year.

Notes:

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

Revenues from our loan facilitation services increased by 126% year-on-year to RMB1,518 million for the Reporting Period, compared to RMB673 million for the same period last year, mainly due to the increase in total transaction volume and a larger proportion of used car transactions which provide a higher yield. During the Reporting Period, we facilitated approximately 228 thousand financed transactions through our loan facilitation services, representing a 26% year-on-year increase in volume. Given that we have deployed more resources for used cars, the proportion of used car transactions in all our facilitated transactions increased to 57%, compared to 26% for the same period last year.

Revenues from our SaaS services reached RMB43 million for the Reporting Period, which contributed 2% of total revenue. Through SaaS services, we essentially built technology platforms and applications to connect financial institutions with auto financing customers.

Revenues from our other platform services increased by 129% to RMB315 million for the Reporting Period, compared to RMB137 million for the same period last year, mainly due to the increase in revenue from guarantee services and auto after-market services. Our revenue from guarantee services was RMB226 million for the Reporting Period, increased by 167% from RMB85 million for the same period last year, mainly due to the increase in customer base. We launched auto after-market services in July 2020 to enrich the scope and value added to our customers. During the Reporting Period, the revenue generated reached RMB89 million, which increased by 68% from RMB53 million for the same period last year.

Self-operated financing business

Revenues from our self-operated financing business decreased by 5% year-on-year to RMB577 million for the Reporting Period, compared to RMB606 million for the same period last year, primarily due to the decrease in revenues from financing lease services.

Revenues from our financing lease services decreased by 4% year-on-year to RMB566 million for the Reporting Period, compared to RMB588 million for the same period last year, due to the decrease in yield. The average yield of our net finance receivables[(1)] was 9.4% for the Reporting Period, compared to 9.8% for the same period last year, primarily due to the offering of products with lower interest rate to customers with better credit.

Notes:

(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 RMB1,095 million, representing an increase of 55% compared to the same period last year of RMB709 million. The following table sets out the cost details of each business type during the period shown:

	Six months ended June 30,				
	2022			2021	
	RMB'000	***% of total cost***	***Year-on-year***	*RMB'000*	*% of total cost*
	Unaudited			*Unaudited*	
Cost of revenues:					
Transaction platform business	**852,444**	**78%**	**139%**	356,774	50%
Self-operated financing business	**242,990**	**22%**	**-31%**	351,922	50%
Total	**1,095,434**	**100%**	**55%**	708,696	100%

For the Reporting Period, the total cost of the Group was RMB1,095 million, representing an increase of 55% compared to the same period last year of RMB709 million, primarily due to the increase in commissions associated with loan facilitation services, and partially offset by the decrease in funding costs associated with self-operated financing lease services. Loan facilitation commissions increased to RMB818 million from RMB352 million in the same period last year, mainly due to the expansion of the scale of transaction platform business. Funding costs decreased to RMB229 million from RMB285 million in the same period last year, primarily due to the lower interest rate of new borrowings related to self-operated financing business. The average funding cost of our net finance receivables[(1)] was 3.8% for the Reporting Period, compared to 4.8% in the same period last year.

GROSS PROFIT AND MARGIN

	Six months ended June 30,			
	2022		2021	
	RMB'000	***Margin***	*RMB'000*	*Margin*
	Unaudited		*Unaudited*	
Segment gross profit and gross profit margins				
Transaction platform business	**1,023,065**	**55%**	453,369	56%
Self-operated financing business	**333,844**	**58%**	253,704	42%
Total	**1,356,909**	**55%**	707,073	50%

For the Reporting Period, the Group's gross profit was RMB1,357 million, representing an increase of RMB650 million or 92% compared to RMB707 million in the same period last year. For the Reporting Period and the first half of 2021, the Group's gross profit margin was 55% and 50% respectively.

Note:

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

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 55%, which decreased slightly compared to the same period last year. The profitability of our transaction platform business remained stable in spite of the pressure from supply shock and demand contraction during the Reporting Period.

Self-operated financing business

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

	2022	2021	
	Unaudited	*Unaudited*	*Change %*
Interest income	**566,028**	587,859	-4%
Funding costs	**228,735**	284,562	-20%
Net interest income	**337,293**	303,297	11%
Net interest margin(1)	**5.6%**	5.0%	11%

For the Reporting Period, the net interest margin of the Group's self-operated financing business was 5.6%, an increase of 60bps from 5.0% in the same period last year, primarily due to the decrease of the average funding cost of our net finance receivables. The improvement of net interest margin has mainly benefited from our improved profitability and the eased monetary policy during the Reporting Period.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 6% year-on-year to RMB609 million for the Reporting Period, compared to RMB573 million for the same period last year, primarily due to the increase in salaries, employee benefits and share-based compensation expenses, and partially offset by the decrease in amortization of intangible assets arising from asset and business acquisitions. Share-based compensation expenses for our sales and marketing personnel were RMB28 million for the Reporting Period, compared to RMB8 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 14% year-on-year to RMB444 million for the Reporting Period, compared to RMB389 million for the same period last year, which was in line with the increase in the number of financing transactions.

Note:

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

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 24% year-on-year to RMB231 million for the Reporting Period, compared to RMB186 million for the same period last year, primarily due to the increase in provision for impairment of vehicles collected from financing lease customers and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB32 million for the Reporting Period, compared to RMB21 million for the same period last year. By eliminating the effect of certain non-cash item, namely share-based compensation expenses, the administrative expenses increased by 20% year-on-year to RMB199 million for the Reporting Period, compared to RMB165 million for the same period last year.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 47% year-on-year to RMB93 million for the Reporting Period, compared to RMB64 million for the same period last year, primarily due to the increase in salaries, employee benefits and share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB20 million for the Reporting Period, compared to RMB6 million for the same period last year. By eliminating the effect of certain non-cash item, namely share-based compensation expenses, administrative expenses increased by 28% year-on-year to RMB74 million for the Reporting Period, compared to RMB58 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 242% year-on-year to RMB338 million for the Reporting Period, compared to RMB99 million for the same period last year, which was primarily contributed by the increase in provision for expected credit losses of finance receivables. The increase of provision is mainly due to the increase in Company's auto financing assets, the decrease in the reversal of impairment resulting from delayed recovery and litigation process as affected by Covid-19 epidemic, and more conservative forward-looking factors built in our Expected Credit Loss ("**ECL**") model.

OTHER INCOME AND OTHER GAINS, NET

Our other income and other gains, net decreased by 40% year-on-year to RMB65 million for the Reporting Period, compared to RMB108 million for the same period last year. The decrease was primarily due to the decrease in other income from business cooperation agreements with Yusheng.

OPERATING PROFIT/(LOSS)

Our operating profit for the Reporting Period was RMB150 million, compared to the operating loss of RMB107 million for the same period last year, mainly due to the increase in gross profit.

FINANCE (COST)/INCOME, NET

Our finance cost, net for the Reporting Period was RMB13 million, compared to the finance income, net of RMB3 million for the same period last year.

INCOME TAX EXPENSE

Our income tax expense was RMB23 million for the Reporting Period, compared to RMB22 million for the same period last year, mainly due to the increase in our operating profit incurred during the Reporting Period.

PROFIT/(LOSS) FOR THE PERIOD

Our profit was RMB124 million for the Reporting Period, compared to a loss of RMB135 million for the same period last year, due to the increase in gross profit.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (2021: nil).

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at		
	June 30, 2022	December 31, 2021	Year-on-year change
	RMB'000	*RMB'000*	*%*
	Unaudited	*Audited*	
Carrying amount of finance receivables	**11,636,637**	11,109,198	5%
Cash and cash equivalents	**4,168,223**	3,051,720	37%
Total borrowings	**10,894,598**	9,422,403	16%
Current assets	**16,190,621**	14,897,268	9%
Current liabilities	**9,484,209**	8,363,004	13%
Net current assets	**6,706,412**	6,534,264	3%
Total equity	**14,941,040**	14,642,211	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 RMB11.6 billion as at June 30, 2022, compared to RMB11.1 billion as at December 31, 2021.

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

	As at	
	June 30, 2022	December 31, 2021
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**12,066,699**	11,510,629
Provision for expected credit losses (ending balance)	**(430,062)**	(401,431)
Provision to net finance receivables ratio[1]	**3.56%**	3.49%

Note:

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

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

	As at			
	June 30, 2022	December 31, 2021	**June 30, 2021**	December 31, 2020
Past due ratio:				
180+ days[1]	**1.56%**	1.64%	**1.67%**	1.62%
90+ days (including 180+ days)[2]	**1.94%**	1.95%	**2.18%**	2.28%

Notes:

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

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

While the Group kept a steady growth, the quality of our interest-earning assets continued to improve. As at June 30, 2022, our 180+ days past due ratio and 90+ days (including 180+ days) past due ratio for all financed transactions through both our self-operated financing lease services and loan facilitation services were 1.56% and 1.94%, respectively (December 31, 2021: 1.64% and 1.95%, respectively).

Maturity Profile

Reference is made to the annual report (the "**2021 Annual Report**") of the Company for the year ended December 31, 2021. Further information is provided in relation to the maturity profile of the finance leases granted for its self-operated financing business as disclosed in the section headed "Finance Receivables" on page 15 of the 2021 Annual Report and the key internal controls in relation to this segment.

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

	June 30, 2022		December 31, 2021		**June 30, 2021**		December 31, 2020	
	RMB'000	***% of total***	*RMB'000*	*% of total*	***RMB'000***	***% of total***	*RMB'000*	*% of total*
Maturity date								
Within 1 year	**5,861,995**	**48.58%**	5,939,789	51.60%	**7,822,547**	**69.58%**	9,193,534	69.27%
1 to 2 years	**5,644,778**	**46.78%**	4,996,752	43.41%	**2,928,912**	**26.05%**	3,862,532	29.10%
2 years and beyond	**559,926**	**4.64%**	574,088	4.99%	**490,688**	**4.37%**	216,354	1.63%
Total	**12,066,699**	**100.00%**	11,510,629	100.00%	**11,242,147**	**100.00%**	13,272,420	100.00%

Net finance receivables due within one year represent net finance receivables which the Group will receive within one year as of the reporting dates indicated. As of December 31, 2021, net finance receivables due within one year as set forth in the table above represented 51.60% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the maturity of net finance receivables booked in past years.

With the recovery of China's economy and auto industry, we facilitated approximately 96 thousand financed transactions through self-operated financing business for the year ended December 31, 2021, representing a 60% year-on-year increase in volume, 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.

As of June 30, 2022, net finance receivables due within one year as set forth in the table above represented 48.58% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the maturity of net finance receivables booked in past years.

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 various 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. However, most of our financing lease contracts have been outstanding for a relatively short period and are not fully seasoned. The asset quality of our self-operated financing business may further deteriorate as the finance receivables season or as our product mix evolves. We implement similar credit risk management measures across our service categories or product lines, by actively monitoring historical past due ratio and continuously improving our data analytics capabilities, as well as executing post-financing management and loss recovery measures by leveraging the vehicle telematics systems installed on all automobiles financed by us. For details, please refer to "Business – Risk Management and Internal Control – Credit Risk Management" of the prospectus of the Company dated November 6, 2017.

Further, the Group implemented classification management of finance receivables that accurately reveals the asset risk profile and confirms 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 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 Settlement

We will not process the request of settlement 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.

Settlement

After a request of settlement that satisfies our requirements has been duly processed, we will initiate the procedures for settlement. 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, if necessary.
- 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 experience and identify any 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 we observed any abnormal behavior in consumers, we will initiate our collection process, which includes the following:

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

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

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

Loss Recovery

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

After our asset management center collects the automobile with the support of outsourced local collection specialists, it will assess the automobile condition and obtain proper third-party appraisal reports with respect to the automobile. We will enter into direct negotiation with the consumer to ascertain the possibility of re-acquisition of the automobile by the consumer. If the consumer waives the re-acquisition 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.

The above information does not affect the information disclosed in the 2021 Annual Report and save as disclosed above, all other information in the 2021 Annual Report remains unchanged.

CASH AND CASH EQUIVALENTS

As at June 30, 2022, our cash and cash equivalents amounted to RMB4,168 million, compared to RMB3,052 million as at December 31, 2021. The increase in cash and cash equivalents was mainly due to the collection of interest and principal related to our financing lease services.

As at June 30, 2022, RMB3,633 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,627 million as at December 31, 2021.

Our net cash used in operating activities was RMB109 million for the Reporting Period, compared to the net cash inflow of RMB2.5 billion for the same period last year, mainly due to the decrease in cash inflow from finance receivables booked in prior periods.

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, 2022, our total borrowings were RMB10.9 billion, compared to RMB9.4 billion, as at December 31, 2021. 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 RMB2.5 billion as at June 30, 2022; and (ii) bank loans and borrowings from other institutions of RMB8.4 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 23% as at June 30, 2022.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 24 to the interim condensed consolidated financial statements.

As at June 30, 2022, Yixin, as the original owner and sponsor, has issued in aggregate 33 standardized products, totaling RMB41.5 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc. The asset-backed securities product issued in June this year were oversubscribed by more than 2.5 times, and the issuance rate was 4.0%, both of which have set the best record of Yixin's issuance.

NET CURRENT ASSETS

Our net current assets increased by 3% to RMB6,706 million as at June 30, 2022, compared to RMB6,534 million as at December 31, 2021. Our current assets were RMB16.2 billion as at June 30, 2022, compared to RMB14.9 billion as at December 31, 2021, primarily due to the increase of cash and cash equivalents. Our current liabilities were RMB9.5 billion as at June 30, 2022, compared to RMB8.4 billion as at December 31, 2021, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB14.9 billion as at June 30, 2022, compared to RMB14.6 billion as at December 31, 2021, primarily due to the net profit incurred during the Reporting Period.

	As at	
	June 30, 2022	December 31, 2021
Current ratio (times)[1]	**1.71**	1.78
Gearing ratio[2]	**23%**	21%
Debt to equity ratio (times)[3]	**0.73**	0.64

Notes:

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

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

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

Current Ratio

Our current ratio decreased to 1.71 as at June 30, 2022, compared to 1.78 as at December 31, 2021, mainly due to the increase in the current liabilities of the Group.

Gearing Ratio

Our gearing ratio increased to 23% as at June 30, 2022, compared to 21% as at December 31, 2021, mainly due to the increase in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio increased to 0.73 as at June 30, 2022, compared to 0.64 as at December 31, 2021, mainly due to the increase in total borrowings. The Group continues to maintain a good debt-paying ability, and has further improved financial leverage while raising the return on assets.

CAPITAL EXPENDITURE AND INVESTMENTS

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**97,219**	6,671
Purchase of intangible assets	**432**	541
Investments in financial assets at fair value through profit or loss	**12,500**	5,000
Investments in associates and subsidiaries measured at fair value through profit or loss	**–**	32,000
Total	**110,151**	44,212

FOREIGN EXCHANGE RISK

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

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

SIGNIFICANT INVESTMENTS HELD

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

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

In November 2019 and December 2020, the Company subscribed 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.

Yusheng achieved significant growth in the Reporting Period with the volume of its retail transactions increased by more than 100% compared to the same period in 2021. Yusheng's self-operated used car retail stores reached 42 and is now operating the most used car retail stores in China. Yusheng also takes the lead in cooperation with EV automobile manufacturers such as NIO, XPeng, Li Auto and Zeekr.

As at June 30, 2022, the fair value of our investment in Yusheng was RMB2,229,554,000 (December 31, 2021: RMB2,118,033,000) which constituted 7.5% of the total assets of the Group (December 31, 2021: 7.7%). The Company did not recognize any realized or unrealized gain or loss from the investment nor did the Company receive any dividend for the six months ended June 30, 2022 and 2021.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEE AND REMUNERATION POLICY

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

As at June 30, 2022, we had 4,348 full-time employees (December 31, 2021: 4,980). In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are eligible participants of the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, the details of which are set out in the Prospectus and Note 21 to the interim condensed consolidated financial statements.

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

The total remuneration cost (including share-based compensation expenses) incurred by the Group for the Reporting Period was RMB537 million, compared to RMB387 million for the same period last year.

MATERIAL ACQUISITIONS AND DISPOSALS

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

As at June 30, 2022, we did not have any material contingent liabilities (December 31, 2021: nil).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2022 *RMB'000* Unaudited	2021 *RMB'000* Unaudited
Revenues	*6*		
Transaction Platform Business		**1,875,509**	810,143
Self-operated Financing Business		**576,834**	605,626
		2,452,343	1,415,769
Cost of revenues	*8*	**(1,095,434)**	(708,696)
Gross profit		**1,356,909**	707,073
Selling and marketing expenses	*8*	**(609,477)**	(573,438)
Administrative expenses	*8*	**(230,708)**	(185,981)
Research and development expenses	*8*	**(93,349)**	(63,716)
Credit impairment losses	*8*	**(337,909)**	(98,723)
Other income and other gains, net	*7*	**64,539**	107,878
Operating profit/(loss)		**150,005**	(106,907)
Finance (cost)/income, net	*9*	**(13,305)**	2,727
Share of profits/(losses) of investments accounted for using the equity method	*14(a)*	**10,520**	(7,990)
Profit/(Loss) before income tax		**147,220**	(112,170)
Income tax expense	*10*	**(23,319)**	(22,426)
Profit/(Loss) for the period		**123,901**	(134,596)
Profit/(Loss) attributable to:			
– Owners of the Company		**123,901**	(134,596)
– Non-controlling interests		**–**	–
		123,901	(134,596)
Profit/(Loss) per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	*11*		
– Basic		**0.02**	(0.02)
– Diluted		**0.02**	(0.02)

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	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit/(Loss) for the period	**123,901**	(134,596)
Other comprehensive income/(loss) net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**109,924**	(22,198)
Total comprehensive income/(loss) for the period	**233,825**	(156,794)
Attributable to:		
– Owners of the Company	**233,825**	(156,794)
– Non-controlling interests	**–**	–
	233,825	(156,794)

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 2022** ***RMB'000*** **Unaudited**	As at 31 December 2021 *RMB'000* Audited
ASSETS			
Non-current assets			
Property and equipment	*12*	**441,855**	454,114
Right-of-use assets	*13*	**15,794**	20,386
Intangible assets	*12*	**1,234,637**	1,374,318
Associates using equity accounting	*14(a)*	**627,961**	605,103
Associates measured at fair value through profit or loss	*14(b)*	**56,000**	56,000
Financial assets at fair value through profit or loss	*15*	**3,114,883**	2,995,871
Deferred income tax assets	*25*	**734,397**	749,321
Prepayments, deposits and other assets	*18*	**267,728**	192,460
Finance receivables	*16*	**6,034,733**	5,379,618
Trade receivables	*17*	**807,183**	742,531
Restricted cash	*19(b)*	**150,519**	70,203
		13,485,690	12,639,925
Current assets			
Finance receivables	*16*	**5,601,904**	5,729,580
Trade receivables	*17*	**2,811,172**	1,890,033
Prepayments, deposits and other assets	*18*	**1,442,682**	1,827,522
Restricted cash	*19(b)*	**2,166,640**	2,398,413
Cash and cash equivalents	*19(a)*	**4,168,223**	3,051,720
		16,190,621	14,897,268
Total assets		**29,676,311**	27,537,193
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*20*	**4,227**	4,204
Share premium	*20*	**35,059,146**	34,976,080
Other reserves		**1,059,225**	967,386
Accumulated losses		**(21,181,558)**	(21,305,459)
Total equity		**14,941,040**	14,642,211

	Note	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	*24*	**4,203,832**	3,467,173
Lease liabilities	*13*	**4,696**	7,616
Deferred income tax liabilities	*25*	**93,761**	96,838
Other non-current liabilities	*26*	**948,773**	960,351
		5,251,062	4,531,978
Current liabilities			
Trade payables	*22*	**501,686**	537,616
Risk assurance liabilities	*5.1(a)*	**913,358**	651,958
Other payables and accruals	*23*	**1,212,221**	1,059,849
Current income tax liabilities		**156,914**	147,269
Borrowings	*24*	**6,690,766**	5,955,230
Lease liabilities	*13*	**9,264**	11,082
		9,484,209	8,363,004
Total liabilities		**14,735,271**	12,894,982
Total equity and liabilities		**29,676,311**	27,537,193

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 2022		4,204	34,976,080	967,386	(21,305,459)	14,642,211
Comprehensive income						
Profit for the period		–	–	–	123,901	123,901
Currency translation differences		–	–	109,924	–	109,924
Total comprehensive income for the period		–	–	109,924	123,901	233,825
Transactions with owners in their capacity as owners						
Share-based compensation	*21*	–	–	80,467	–	80,467
Release of ordinary shares from Share Scheme Trusts	*20, 21*	1	2,007	(2,002)	–	6
Shares issued upon exercise of employee share options	*20, 21*	–	220	(220)	–	–
Vesting of restricted awarded shares	*20, 21*	22	80,839	(80,861)	–	–
Purchase of restricted shares under share award scheme		–	–	(15,469)	–	(15,469)
Total transactions with owners in their capacity as owners		23	83,066	(18,085)	–	65,004
Balance at 30 June 2022		4,227	35,059,146	1,059,225	(21,181,558)	14,941,040

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

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 2022	2021
		RMB'000	*RMB'000*
		Unaudited	Unaudited
Cash flows from operating activities			
Cash (used in)/generated from operations		**(107,067)**	2,510,631
Income tax (paid)/returned		**(1,827)**	1,869
Net cash (used in)/generated from operating activities		**(108,894)**	2,512,500
Cash flows from investing activities			
Interest received		**20,338**	8,337
Proceeds from disposal of property and equipment and intangible assets		**991**	4,837
Purchase of property and equipment and other non-current assets		**(17,219)**	(6,671)
Purchase of intangible assets		**(432)**	(541)
Loans to third parties		**(12,000)**	(130,000)
Repayments of loans by third parties		**24,127**	35,000
Payment for an investment		**(80,000)**	(32,000)
Investments in financial assets at fair value through profit or loss	*15*	**(12,500)**	(5,000)
Placements of restricted cash		**(141,045)**	(261,090)
Maturity of restricted cash		**257,008**	473,519
Net cash generated from investing activities		**39,268**	86,391

	Note	Six months ended 30 June 2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
Cash flows from financing activities			
Proceeds from borrowings		**6,296,107**	4,483,352
Repayment of borrowings		**(4,833,446)**	(6,464,865)
Release of deposits for borrowings		**24,316**	65,632
Principal elements of lease payments		**(7,008)**	(6,195)
Proceeds from exercise of share options		**–**	539
Purchase of restricted shares under share award scheme		**(15,469)**	(5,015)
Interest paid		**(289,420)**	(358,389)
Net cash generated from/(used in) financing activities		**1,175,080**	(2,284,941)
Net increase in cash and cash equivalents		**1,105,454**	313,950
Cash and cash equivalents at beginning of the period		**3,051,720**	2,711,558
Exchange gains/(losses) on cash and cash equivalents		**11,049**	(5,286)
Cash and cash equivalents at end of the period		**4,168,223**	3,020,222

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 entities (together, the "**Group**") are principally engaged in (i) the provision of loan facilitation services, guarantee services, after-market services and other services ("**Transaction Platform Business**"); and (ii) the provision of financing lease services and other self-operated services ("**Self-operated Financing Business**") in the People's Republic of China (the "**PRC**").

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" and Hong Kong Dollars are defined as "HKD".

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021 which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") by the Group.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, 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 2022 and are applicable for the Group:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020

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

Standards and amendments	**Effective for annual periods beginning on or after**
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

4 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2021.

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 2021.

There have been no significant changes in the Group's risk management department or in any risk management policies since 31 December 2021.

(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 2021.

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 2022 and 31 December 2021 was determined as follows for finance receivables:

30 June 2022	**Stage I**	**Stage II**	**Stage III**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Expected loss rate	**1.82%**	**34.27%**	**48.17%**	**3.56%**
Gross carrying amount *(Note 16)*	**11,577,659**	**116,154**	**372,886**	**12,066,699**
Provision for expected credit losses	**210,649**	**39,803**	**179,610**	**430,062**

31 December 2021	Stage I	Stage II	Stage III	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Audited	Audited	Audited	Audited
Expected loss rate	1.71%	39.23%	46.15%	3.49%
Gross carrying amount *(Note 16)*	11,037,428	75,751	397,450	11,510,629
Provision for expected credit losses	188,287	29,714	183,430	401,431

The most significant assumptions used for the ECL estimate as at 30 June 2022 are Producer Price Index (PPI) and broad money ("**M2**") (31 December 2021: loan balance at financial institutions and M2). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables.

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

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

Trade receivables and other receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on the days past due. For other receivables other than loans recognized as a result of payment under risk assurance, the expected credit losses are assessed individually. The Company 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 Gross Domestic Product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

Off balance-sheet items

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 30 June 2022, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB40,135 million (31 December 2021: RMB33,165 million).

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 2022, the total outstanding redemption price under the guarantee agreement was RMB605 million (31 December 2021: RMB605 million).

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

The most significant assumptions used for the expected credit loss estimate as at 30 June 2022 are loan balance at financial institutions and broad money ("**M2**") (31 December 2021: are loan balance at financial institutions and M2).

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

As at 30 June 2022, the Group recorded risk assurance liability amounting to RMB913 million (31 December 2021: RMB652 million).

Other financial risk

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

In response, the Group has continued to take the following actions: (a) increased the capital injection to Tianjin Duoxin Financial Guarantee Company Limited and Guangzhou Shengda Financial Guarantee Company Limited ("**Guangzhou Shengda**"), wholly-owned subsidiaries that are licensed to provide financial guarantees and are used to guarantee new facilitation arrangements, and (b) entered into an agreement with certain lending institution to transfer its existing guarantee obligations to Guangzhou Shengda.

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

5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 and as at 31 December 2021, 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 2022:

	As at 30 June 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Assets:				
Financial assets at fair value through profit or loss *(Note 15)*	**–**	**–**	**3,114,883**	**3,114,883**
Associates measured at fair value through profit or loss *(Note 14)*	**–**	**–**	**56,000**	**56,000**
Total financial assets	**–**	**–**	**3,170,883**	**3,170,883**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2021:

	As at 31 December 2021			
	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 15)*	–	–	2,995,871	2,995,871
Associates measured at fair value through profit or loss *(Note 14)*	–	–	56,000	56,000
Total financial assets	–	–	3,051,871	3,051,871

(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 2022 and 2021.

	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 2022	**2,995,871**	**56,000**	**3,051,871**
Additions	**12,500**	**–**	**12,500**
Change in fair value	**(6,958)**	**–**	**(6,958)**
Currency translation differences	**113,470**	**–**	**113,470**
As at 30 June 2022	**3,114,883**	**56,000**	**3,170,883**
Total unrealized gains and change in fair value for the period	**(6,958)**	**–**	**(6,958)**

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

There is no transfer from level 1 and level 2 instruments to level 3 for the six months ended 30 June 2022 (2021: 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 2022 ***RMB'000***	**Valuation technique**	**Significant unobservable inputs**	**Percentage or ratio range**	**Relationship of unobservable inputs to fair value**
Unlisted securities	389,923	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	2.5%	The higher the expected terminal growth rate, the higher the fair value.
	490,567	Market approach	Volatility	52.1%-52.5%	The higher the expected volatility, the higher the fair value.
Debt instruments	2,229,554	Market approach	WACC (Weighted Average Cost of Capital)	20%	The higher the expected WACC, the lower the fair value.
			Bond yield	11.76%	The higher the expected bond yield, the lower the fair value.
			Terminal growth rate	2.5%	The higher the expected terminal growth rate, the higher the fair value.

6 SEGMENT INFORMATION

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

– Transaction Platform Business

– Self-operated Financing Business

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

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

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

The segment results for the six months ended 30 June 2022 are as follows:

	Six months ended 30 June 2022		
	Transaction Platform Business	**Self-operated Financing Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	Unaudited	**Unaudited**	**Unaudited**
Revenues	**1,875,509**	**576,834**	**2,452,343**
– Recognized at a point in time	**1,649,733**	**–**	**1,649,733**
– Recognized over time	**225,776**	**576,834**	**802,610**
Gross profit	**1,023,065**	**333,844**	**1,356,909**
Operating profit/(loss)	**400,512**	**(250,507)**	**150,005**

The segment results for the six months ended 30 June 2021 are as follows:

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

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 2022 and 2021.

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 2022 and 31 December 2021, 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 2022			Six months ended 30 June 2021		
	Recognized at a point in time	**Recognized over time**	**Total**	Recognized at a point in time	Recognized over time	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
	Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited
Transaction Platform Business:	**1,649,733**	**225,776**	**1,875,509**	725,582	84,561	810,143
– Loan facilitation services	**1,518,033**	**–**	**1,518,033**	672,871	–	672,871
– Guarantee services	**–**	**225,776**	**225,776**	–	84,555	84,555
– After-market services	**88,789**	**–**	**88,789**	52,711	–	52,711
– SaaS services	**42,911**	**–**	**42,911**	–	–	–
– Other services	**–**	**–**	**–**	–	6	6
Self-operated Financing Business	**–**	**576,834**	**576,834**	17,767	587,859	605,626
– Financing lease services	**–**	**566,028**	**566,028**	–	587,859	587,859
– Sales of automobiles	**–**	**–**	**–**	16,177	–	16,177
– Operating lease services and others	**–**	**10,806**	**10,806**	1,590	–	1,590
Total	**1,649,733**	**802,610**	**2,452,343**	743,349	672,420	1,415,769

7 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Other income from business cooperation arrangements with Yusheng Holdings Limited	**74,071**	102,194
Government grants	**2,109**	2,984
Gains on disposal of property and equipment and intangible assets	**130**	1,372
Fair value (loss)/gain on financial assets	**(6,958)**	18
Foreign exchange losses, net	**(12,699)**	(735)
Bank fees and charges	**(2,942)**	(8,905)
Others, net	**10,828**	10,950
	64,539	107,878

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Commission fees	**817,884**	352,460
Employee benefit expenses	**537,171**	387,165
Provision for expected credit losses:		
– Finance receivables *(Note 16)*	**255,487**	46,176
– Risk assurance liabilities	**61,311**	6,673
– Other receivables	**21,093**	45,647
– Trade receivables *(Note 17)*	**18**	228
Funding costs	**228,735**	284,562
Depreciation and amortization charges	**162,260**	203,704
Service fee related to financing lease business	**91,557**	113,986
Provision for impairment of other non-current assets	**63,418**	40,233
Office and administrative expenses	**43,070**	36,611
Marketing and advertising expenditures	**2,414**	16,252
Cost of automobiles sold	**–**	16,362
Other expenses	**82,459**	80,495
Total	**2,366,877**	1,630,554

9 FINANCE (COST)/INCOME, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
– Interest income	**27,609**	29,976
Finance cost:		
– Interest expenses	**(40,914)**	(27,249)
Finance (cost)/income, net	**(13,305)**	2,727

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2022 and 2021 is analysed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax expense	**11,472**	24,387
Deferred income tax *(Note 25)*	**11,847**	(1,961)
Income tax expense	**23,319**	22,426

(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 2022 and 2021.

(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 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof.

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

In accordance with relevant PRC laws and regulations, Xinjiang Yin'an Information Technology Co., Ltd. ("**Xinjiang Yin'an**"), Xinjiang Wanxing Information Technology Co., Ltd. ("**Xinjiang Wanxing**") and Xinjiang Wanhong Information Technology Co., Ltd. ("**Xinjiang Wanhong**") are exempted from EIT for five years, commencing from the first operation income generating year.

(d) PRC Withholding Tax ("WHT")

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

For the six months ended 30 June 2022 and 2021, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

11 PROFIT/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	**6,368,619,679**	6,326,890,590
Less: shares held for restricted share scheme	**(7,527,401)**	(1,973,298)
Weighted average number of issued ordinary shares for calculating basic profit/(loss) per share	**6,361,092,278**	6,324,917,292
Profit/(Loss) attributable to owners of the Company for calculating basic profit/(loss) per share (RMB'000)	**123,901**	(134,596)
Diluted impact on profit/(loss) (RMB'000)	**–**	–
Profit/(Loss) attributable to owners of the Company for calculating diluted profit/(loss) per share (RMB'000)	**123,901**	(134,596)
Numbers of restricted shares with potential dilutive effect	**242,321,724**	–
Weighted average number of issued ordinary shares for calculating diluted profit/(loss) per share *(Note (c))*	**6,603,414,002**	6,324,917,292
Profit/(Loss) per share		
– Basic (RMB per share)	**0.02**	(0.02)
– Diluted (RMB per share)	**0.02**	(0.02)

Notes:

(a) Diluted profit/(loss) 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 2022 and 2021, the Company's dilutive potential ordinary shares comprise share options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (Note 21).

(b) For the six months ended 30 June 2022, a calculation was done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above was compared with the number of shares that would have been issued, assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted profit per share.

(c) As the Group incurred loss for the six months ended 30 June 2021, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended 30 June 2021 were the same as basic loss per share.

12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and Equipment *RMB'000*	Intangible Assets *RMB'000*
Unaudited		
Six months ended 30 June 2022		
Opening net book amount	**454,114**	**1,374,318**
Additions	**3,664**	**757**
Disposals	**(960)**	**(2)**
Depreciation/amortization charge	**(14,963)**	**(140,436)**
Closing net book amount	**441,855**	**1,234,637**
Unaudited		
Six months ended 30 June 2021		
Opening net book amount	484,944	1,722,892
Additions	5,754	466
Disposals	(6,577)	–
Depreciation/amortization charge	(17,240)	(180,286)
Closing net book amount	466,881	1,543,072

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 2022 ***RMB'000*** **Unaudited**	As at 31 December 2021 *RMB'000* Audited
Right-of-use assets		
Properties	**15,794**	20,386
Lease liabilities		
Current	**9,264**	11,082
Non-current	**4,696**	7,616
	13,960	18,698

Additions to the right-of-use assets during the six months ended 30 June 2022 were RMB2,296,000 (30 June 2021, RMB5,407,000).

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Depreciation charge of right-of-use assets		
Properties	**6,861**	6,178
Interest expense (included in finance cost)	**183**	1,001
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**2,044**	921

14 INVESTMENTS IN ASSOCIATES

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Investments in associates:		
Associates using equity accounting (a)	**627,961**	605,103
Associates measured at fair value through profit or loss (b)	**56,000**	56,000
	683,961	661,103

(a) Associates using equity accounting

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At the beginning of the period	**605,103**	461,973
Share of profits/(losses) of associates	**10,520**	(7,990)
Currency translation differences	**12,338**	–
At the end of the period	**627,961**	453,983

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At the beginning of the period	**56,000**	–
Addition	**–**	32,000
At the end of the period	**56,000**	32,000

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At the beginning of the period	**2,995,871**	2,568,860
Additions	**12,500**	5,000
Change in fair value	**(6,958)**	18
Currency translation differences	**113,470**	(21,838)
At the end of the period	**3,114,883**	2,552,040

16 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 30 June 2022 and 31 December 2021 are as below:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Finance receivables		
– Finance receivables, gross	**13,326,199**	12,738,754
– Unearned finance income	**(1,259,500)**	(1,228,125)
Finance receivables, net	**12,066,699**	11,510,629
Less: provision for expected credit losses	**(430,062)**	(401,431)
Carrying amount of finance receivables	**11,636,637**	11,109,198
Finance receivables, gross		
– Within one year	**6,714,801**	6,773,483
– After one year but not more than two years	**6,041,765**	5,383,379
– After two years but not more than five years	**569,633**	581,892
	13,326,199	12,738,754
Finance receivables, net		
– Within one year	**5,861,995**	5,939,789
– After one year but not more than two years	**5,644,778**	4,996,752
– After two years but not more than five years	**559,926**	574,088
Total	**12,066,699**	11,510,629

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

	As at 30 June 2022 *RMB'000* **Unaudited**	As at 31 December 2021 *RMB'000* Audited
Finance receivables:		
– Individual customers	**11,333,506**	10,764,203
– Auto dealers	**303,131**	344,995
	11,636,637	11,109,198

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

	Six Months ended 30 June 2022			
	Stage I *RMB'000* **Unaudited**	**Stage II** *RMB'000* **Unaudited**	**Stage III** *RMB'000* **Unaudited**	**Total** *RMB'000* **Unaudited**
As at 1 January 2022	**188,287**	**29,714**	**183,430**	**401,431**
Provision for impairment	**42,210**	**26,275**	**243,405**	**311,890**
Asset derecognised (including final repayment)	**–**	**–**	**56,403**	**56,403**
Transfer for the period:				
Conversion to Stage I	**7,840**	**(2,231)**	**(5,609)**	**–**
Conversion to Stage II	**(10,102)**	**10,336**	**(234)**	**–**
Conversion to Stage III	**(17,586)**	**(24,291)**	**41,877**	**–**
Reversal of impairment	**–**	**–**	**(56,403)**	**(56,403)**
Write-off	**–**	**–**	**(283,259)**	**(283,259)**
As at 30 June 2022	**210,649**	**39,803**	**179,610**	**430,062**

	Six Months ended 30 June 2021			
	Stage I *RMB'000* Unaudited	Stage II *RMB'000* Unaudited	Stage III *RMB'000* Unaudited	Total *RMB'000* Unaudited
As at 1 January 2021	167,519	131,744	201,297	500,560
Provision for impairment	18,567	65,853	131,620	216,040
Asset derecognised (including final repayment)	–	–	169,864	169,864
Transfer for the period:				
Conversion to Stage I	139	(122)	(17)	–
Conversion to Stage II	(17,837)	18,227	(390)	–
Conversion to Stage III	(47,860)	(193,683)	241,543	–
Reversal of impairment	–	–	(169,864)	(169,864)
Write-off	–	–	(430,947)	(430,947)
As at 30 June 2021	120,528	22,019	143,106	285,653

17 TRADE RECEIVABLES

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Trade receivables	**3,751,193**	2,765,384
Less: provision for impairment	**(132,838)**	(132,820)
Trade receivables, net	**3,618,355**	2,632,564
– Within one year	**2,811,172**	1,890,033
– After one year but not more than five years	**807,183**	742,531
Trade receivables, net	**3,618,355**	2,632,564

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

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Up to 3 months	**3,528,066**	2,619,834
3 to 6 months	**49,992**	5,443
Over 6 months	**40,297**	7,287
	3,618,355	2,632,564

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

	Provision for impairment	
	2022 *RMB'000* **Unaudited**	2021 *RMB'000* Unaudited
At the beginning of the period	**132,820**	128,375
Charge for the period	**18**	1,228
Reverse	**–**	(1,000)
At the end of the period	**132,838**	128,603

18 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Included in non-current assets:		
Vehicles collected from financing lease customers	**210,688**	160,150
Prepayment for capital investments	**97,500**	17,500
Deposits	**90,516**	94,047
Long-term prepaid expense	**2,660**	3,470
Others	**12,564**	75
	413,928	275,242
Less:provision for impairment of vehicles collected from financing lease customers	**(146,200)**	(82,782)
	267,728	192,460
Included in current assets:		
Loans recognized as a result of payment under risk assurance	**425,757**	302,035
Deposits	**313,413**	290,924
Loans to third parties	**281,051**	293,178
Other receivables from third parties	**222,612**	573,027
Other receivables from disposal of assets	**156,070**	270,403
Prepaid taxes	**113,857**	91,431
Loans to related parties	**19,000**	19,000
Prepayments	**12,589**	17,679
Other receivables from related parties	**5,635**	61,310
Others	**115,886**	112,274
	1,665,870	2,031,261
Less: provision for impairment of other receivables	**(223,188)**	(203,739)
	1,442,682	1,827,522
Total	**1,710,410**	2,019,982

As at 30 June 2022 and 31 December 2021, the carrying amounts of prepayments, deposits and other assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

19 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Cash and cash equivalents	**4,168,223**	3,051,720

As at 30 June 2022 and 31 December 2021, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
RMB	**3,633,044**	2,627,186
HKD	**341,855**	235,033
USD	**170,683**	189,501
SGD	**22,641**	–
	4,168,223	3,051,720

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the 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 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Cash pledged for loan facilitation services (a)	**1,894,349**	1,596,131
Term deposits pledged for bank borrowings (b)	**344,771**	440,763
Cash deposited for borrowings (c)	**7,528**	16,530
Others	**70,511**	415,192
	2,317,159	2,468,616
Of which are:		
Current restricted cash	**2,166,640**	2,398,413
Non-current restricted cash	**150,519**	70,203

Notes:

(a) The balance represents the deposits placed with banks and used as pledged assets for the Group's loan facilitation services.

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

(c) The balance represents the cash deposited for bank borrowings and cash collected from the finance receivables that are deposited for asset-backed securitization or other secured borrowings by the Group. Such balance is restricted from withdrawal by the Group.

As at 30 June 2022 and 31 December 2021, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
RMB	**2,110,835**	2,172,964
USD	**120,805**	8
HKD	**85,519**	295,644
	2,317,159	2,468,616

As at 30 June 2022, the applicable interest rates per annum on restricted cash ranged from 0.01% to 2.75% (31 December 2021: 0.00% to 2.75%).

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	**Nominal value of ordinary shares**	**Number of preferred shares**	**Nominal value of preferred shares**
		USD'000		***USD'000***
Authorized:				
As at 1 January and 30 June 2022	**15,000,000,000**	**1,500**	**–**	**–**
As at 1 January and 30 June 2021	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 2022		**6,519,050,012**	**632**	**4,204**	**34,976,080**
Newly issued ordinary shares		**4,660,000**	**–**	**–**	**–**
Release of ordinary shares from Share Scheme Trusts	*(a)*	**–**	**–**	**1**	**2,007**
Shares issued upon exercise of employee share options	*(b)*	**61,500**	**–**	**–**	**220**
Vesting of restricted awarded shares	*(c)*	**–**	**4**	**22**	**80,839**
As at 30 June 2022		**6,523,771,512**	**636**	**4,227**	**35,059,146**
At 1 January 2021		6,376,600,363	629	4,182	34,882,666
Newly issued ordinary shares		92,360,000	–	–	–
Release of ordinary shares from Share Scheme Trusts	*(a)*	–	1	6	34,708
Shares issued upon exercise of employee share options	*(b)*	917,500	–	1	3,288
Vesting of restricted awarded shares	*(c)*	–	1	9	30,308
As at 30 June 2021		6,469,877,863	631	4,198	34,950,970

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 2022, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834. During the six months ended 30 June 2022 560,000 ordinary shares held by Share Scheme Trusts were issued and outstanding.

(b) During the six months ended 30 June 2022, 61,500 pre-IPO share options with an exercise price of USD0.0014 were exercised.

(c) During the six months ended 30 June 2022, 46,628,546 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares.

21 SHARE-BASED PAYMENTS

The total expenses recognized in the interim condensed consolidated income statement for share-based awards granted to the Group's employees are RMB80,467,000 for the six months ended 30 June 2022 (2021: RMB35,064,000).

(a) Shares options granted to employees under the 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.

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

	Number of share options	
	2022	2021
Outstanding as at 1 January	**236,079,348**	251,766,880
Exercised during the period	**(621,500)**	(10,602,756)
Forfeited during the period	**–**	(245,210)
Outstanding as at 30 June	**235,457,848**	240,918,914
Exercisable as at 30 June	**235,317,848**	218,958,115

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

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

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

	Number of RSUs	Weighted average fair value per RSU *(USD)*
Outstanding as at 1 January 2022	**207,379,725**	**0.28**
Granted during the period	**4,660,000**	**0.10**
Vested and sold during the period	**(46,628,546)**	**0.31**
Forfeited during the period	**(4,691,512)**	**0.31**
Outstanding as at 30 June 2022	**160,719,667**	**0.29**
Vested as at 30 June 2022	**121,334,471**	**0.30**
Outstanding as at 1 January 2021	46,290,072	0.29
Granted during the period	92,360,000	0.33
Vested and sold during the period	(16,706,291)	0.30
Forfeited during the period	(3,031,338)	0.27
Outstanding as at 30 June 2021	118,912,443	0.32
Vested as at 30 June 2021	69,758,822	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 2022, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 91%, respectively (31 December 2021: 100%, 100% and 91%).

22 TRADE PAYABLES

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Trade payables	**501,686**	537,616

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

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Up to 3 months	**456,882**	503,482
3 to 6 moths	**10,845**	7,338
6 months to 1 year	**12,692**	4,347
Over 1 year	**21,267**	22,449
	501,686	537,616

23 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Other payables to related parties	**394,836**	171,702
Deposits payable	**148,409**	199,586
Advances from customers	**135,524**	122,205
Accrued expenses	**130,755**	122,806
Staff costs and welfare accruals	**95,205**	118,409
Deferred other income – current	**72,961**	87,287
Tax payable	**52,242**	61,031
Interest payable	**43,487**	41,067
Others	**138,802**	135,756
	1,212,221	1,059,849

As at 30 June 2022 and 31 December 2021, 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.

24 BORROWINGS

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Included in non-current liabilities:		
Pledge borrowings	**1,914,032**	1,531,218
Other secured borrowings	**945,317**	1,196,216
Asset-backed securitization debt	**840,508**	605,826
Unsecured borrowings	**503,975**	133,913
	4,203,832	3,467,173
Included in current liabilities:		
Other secured borrowings	**2,789,384**	2,769,878
Unsecured borrowings	**2,000,739**	903,055
Asset-backed securitization debt	**1,703,980**	1,817,309
Pledge borrowings	**196,663**	464,988
	6,690,766	5,955,230
Total borrowings	**10,894,598**	9,422,403

The borrowings are repayable as follows:

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Within 1 year	**6,690,766**	5,955,230
Between 1 and 2 years	**2,339,891**	1,695,558
Between 2 and 5 years	**1,817,941**	1,714,015
Over 5 years	**46,000**	57,600
	10,894,598	9,422,403

As at 30 June 2022, the applicable interest rates per annum on long-term borrowings range from 3.01% to 9.00% (2021: 4.05% to 9.00%).

As at 30 June 2022, the applicable interest rates per annum on short-term borrowings range from 3.22% to 8.00% (2021: 3.22% to 8.00%).

As at 30 June 2022 and 31 December 2021, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

25 DEFERRED INCOME TAXES

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

Deferred income tax liabilities	Fair value gain on financial assets *RMB'000* Unaudited	Others *RMB'000* Unaudited	Total *RMB'000* Unaudited
As at 1 January 2022	**(95,994)**	**(844)**	**(96,838)**
Credited to interim condensed consolidated income statement	**2,976**	**101**	**3,077**
As at 30 June 2022	**(93,018)**	**(743)**	**(93,761)**
As at 1 January 2021	(2,353)	(1,099)	(3,452)
Credited to interim condensed consolidated income statement	–	127	127
As at 30 June 2021	(2,353)	(972)	(3,325)

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 2022	**332,225**	**42,298**	**156,801**	**217,997**	**749,321**
Credited/(Charged) to interim condensed consolidated income statement	**35,892**	**(6,290)**	**(61,918)**	**17,392**	**(14,924)**
As at 30 June 2022	**368,117**	**36,008**	**94,883**	**235,389**	**734,397**
As at 1 January 2021	424,641	41,156	121,183	115,215	702,195
Credited/(Charged) to interim condensed consolidated income statement	10,111	202	(27,890)	19,411	1,834
As at 30 June 2021	434,752	41,358	93,293	134,626	704,029

26 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2022 *RMB'000* Unaudited	As at 31 December 2021 *RMB'000* Audited
Deferred other income	**926,881**	932,107
Long-term deposits payable	**11,878**	13,138
Other liabilities	**10,014**	15,106
	948,773	960,351

27 SUBSEQUENT EVENT

Up to the date of this announcement, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2022.

OTHER INFORMATION

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

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

Employee and Remuneration Policy

As at June 30, 2022, we had 4,348 full-time employees (December 2021: 4,980). In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are eligible participants of the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, the details of which are set out in the Prospectus.

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

Audit Committee and Review of Financial Statements

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chester Tun Ho Kwok, Mr. Tin Fan Yuen and Ms. Lily Li Dong. Mr. Chester Tun Ho Kwok is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period 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.

	Net proceeds from the IPO		Utilisation up to June 30, 2022		Utilisation during the six months ended June 30, 2022		Utilisation amount	
	HK$'000	*RMB'000*	***HK$'000***	***RMB'000***	***HK$'000***	***RMB'000***	*HK$'000*	*RMB'000*
Sales and marketing	1,952,278	1,657,523	**1,952,278**	**1,657,523**	**–**	**–**	–	–
Research and technology capabilities enhancement	1,301,519	1,105,016	**937,120**	**795,633**	**89,096**	**75,644**	**364,399**	**309,383**
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**	**6,143,196**	**5,215,694**	**89,096**	**75,644**	**364,399**	**309,383**

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

Interim Dividend

The Board did not recommend the payment of an interim dividend for the Reporting Period (2021: nil).

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yixincars.com). The interim report of the Group for the Reporting Period will be published on the aforesaid websites and dispatched to the Shareholders in due course.

APPRECIATION

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

DEFINITIONS

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

"affiliate(s)"	any company that directly or indirectly controls, is controlled by or is under common control of the company in question, provided that control shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of a company, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise, and accordingly, for the purpose of the definition of affiliate(s), a company shall be deemed to control another company if such first company, directly or indirectly, owns or holds more than 50% of the voting equity securities in such other company, and terms deriving from control, such as "controlling" and "controlled", shall have a meaning corollary to that of control
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Beijing Yixin"	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC and the Consolidated Affiliated Entity
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this announcement, references in this announcement to the PRC or China do not include Taiwan, Hong Kong or Macau

"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' dealings in the securities of the Company on terms no less exacting than the Model Code
"Consolidated Affiliated Entity"	the entity the Company controls through the Contractual Arrangements, namely Beijing Yixin
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, our Consolidated Affiliated Entity and its shareholders
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this 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
"FinTech"	the financial technology
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme" in Appendix IV to the Prospectus
"Group", "our Group", "we", "us" or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entity (the financial results of which have been consolidated and accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements) from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IPO"	initial public offering of the Shares on the Main Board
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	November 16, 2017, the date the Shares were listed on the Stock Exchange

"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Morespark"	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
"NEV"	the new energy vehicle
"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
"Prospectus"	the prospectus issued by the Company in connection with the Hong Kong Public Offering dated November 6, 2017
"PricewaterhouseCoopers"	the Group's auditor
"Reporting Period"	the six months ended June 30, 2022
"RMB"	Renminbi, the lawful currency of PRC
"SaaS"	the 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

"smart Automobile"	smart Automobile Co., Ltd.* (智馬達汽車有限公司), a joint venture established by Mercedes-Benz AG* (梅賽德斯-奔馳股份有限公司) and Geely Automobile Group Company Limited* (吉利汽車集團有限公司)
"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
"VAT"	value-added tax
"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 22, 2022

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