

易鑫集团

YIXIN GROUP

易鑫集团有限公司

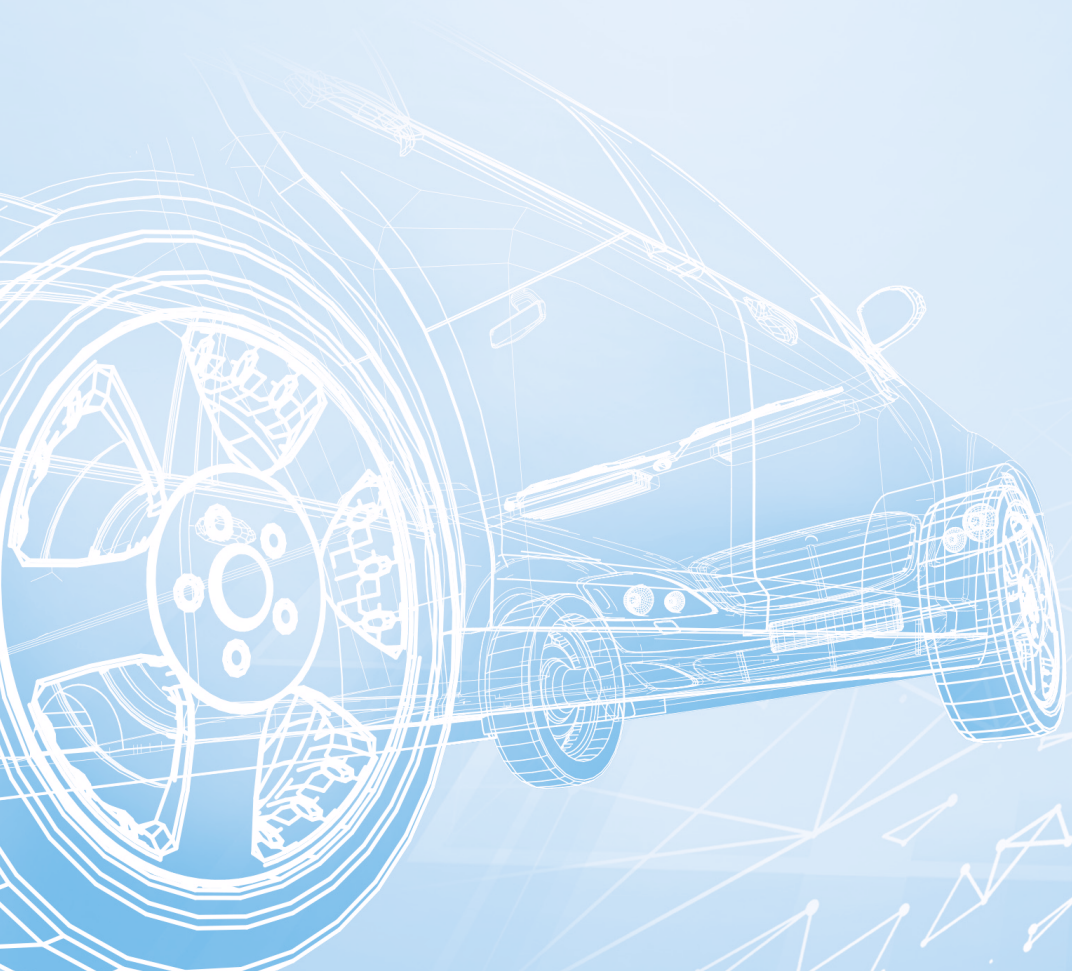
Yixin Group Limited

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

Stock Code: 2858

2022 INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Andy Xuan Zhang (*Chairman and Chief Executive Officer*)
Mr. Dong Jiang (*Joint President*)

Non-executive Directors

Mr. Qing Hua Xie
(*appointed on April 6, 2022*)
Mr. Qin Miao
Ms. Amanda Chi Yan Chau
Mr. Jun Yang
(*resigned on August 3, 2022*)
Mr. Matthew Yun Ming Cheng
(*resigned on April 6, 2022*)

Independent Non-executive Directors

Mr. Tin Fan Yuen
Mr. Chester Tun Ho Kwok
Ms. Lily Li Dong

AUDIT COMMITTEE

Mr. Chester Tun Ho Kwok (*Chairman*)
Mr. Tin Fan Yuen
Ms. Lily Li Dong

REMUNERATION COMMITTEE

Mr. Tin Fan Yuen (*Chairman*)
Mr. Andy Xuan Zhang
Ms. Lily Li Dong

NOMINATION COMMITTEE

Mr. Andy Xuan Zhang (*Chairman*)
Mr. Chester Tun Ho Kwok
Ms. Lily Li Dong

COMPANY SECRETARY

Mr. Man Wah Cheng

AUTHORISED REPRESENTATIVES

Mr. Andy Xuan Zhang
Mr. Man Wah Cheng

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

LEGAL ADVISERS

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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
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Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of Communications
China Construction Bank
Shenzhen Qianhai WeBank Co., Ltd.
Postal Savings Bank of China

COMPANY WEBSITE

www.yixincars.com

STOCK CODE

2858



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am delighted to present the interim report 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

	2022		2021		Year-on-year	
	Number of Financing transactions '000 <i>Unaudited</i>	Financing amount '000 <i>Unaudited</i>	Number of Financing transactions '000 <i>Unaudited</i>	Financing amount '000 <i>Unaudited</i>	Number of Financing transactions % <i>Unaudited</i>	Financing amount % <i>Unaudited</i>
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, Tuohu, 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 interim report. 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	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
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	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
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 RMB'000 Unaudited	2021 RMB'000 Unaudited	Year-on-year %
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
<i>Non-IFRSs measure</i>			
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,			2021	
	RMB'000 Unaudited	2022 % 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%

Note:

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

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.

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.

Note:

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

COST OF REVENUES

For the Reporting Period, the Group's cost of revenues was 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,			2021	
	RMB'000 Unaudited	2022 % of total cost	Year-on- year	RMB'000 Unaudited	% of total cost
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⁽²⁾ was 3.8% for the Reporting Period, compared to 4.8% in the same period last year.

Note:

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

GROSS PROFIT AND MARGIN

	Six months ended June 30,			
	2022		2021	
	<i>RMB'000</i>	<i>Margin</i>	<i>RMB'000</i>	<i>Margin</i>
	<i>Unaudited</i>		<i>Unaudited</i>	
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.

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	Change %
	<i>Unaudited</i>	<i>Unaudited</i>	
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.

Note:

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

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.

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 RMB'000 Unaudited	December 31, 2021 RMB'000 Audited	Year-on-year change %
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
	<i>(RMB'000, except for percentage)</i>	
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, minimize 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 RMB'000	2021 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 interim report, 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 interim report, 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).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the underlying Shares

Name of Director	Number of Shares			Approximate percentage of issued Shares ⁽⁵⁾
	Personal interest	Number of underlying Shares interested ⁽⁴⁾	Total interests	
Mr. Andy Xuan Zhang	–	233,466,189(L) ⁽¹⁾	233,466,189	3.58%
Mr. Dong Jiang	28,657,810(L)	15,000,000(L) ⁽²⁾	43,657,810	0.67%
Mr. Jun Yang ⁽⁶⁾	3,000(L)	–	3,000	0.00%
Ms. Lily Li Dong	–	675,696(L) ⁽³⁾	675,696	0.01%
Mr. Chester Tung Ho Kwok	–	1,351,391(L) ⁽³⁾	1,351,391	0.02%
Mr. Tin Fan Yuen	–	1,351,391(L) ⁽³⁾	1,351,391	0.02%

Notes:

- (1) Mr. Andy Xuan Zhang's entitlement to receive up to 233,466,189 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (2) Such interest represents the award Shares granted to Mr. Dong Jiang under the Second Share Award Scheme adopted by the Company.
- (3) Such interest represents the award Shares granted to each of Ms. Lily Li Dong, Mr. Chester Tung Ho Kwok and Mr. Tin Fan Yuen respectively under the Second Share Award Scheme adopted by the Company.
- (4) The letter "L" denotes long position in such underlying Shares.
- (5) The percentages are calculated on the basis of 6,523,771,512 Shares in issue as at June 30, 2022.
- (6) Mr. Jun Yang has resigned as a non-executive Director with effect from August 3, 2022

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONTINUED)

(ii) Interests in the underlying shares of associated corporations of the Company

Name of Director	Number of ordinary shares in Yiche Holding			Total interests	Approximate percentage of issued shares ⁽³⁾
	Beneficiary of a trust (other than a discretionary interest)	Personal interest	Number of underlying shares interested ⁽²⁾		
Mr. Andy Xuan Zhang	–	–	1,680,000(L) ⁽¹⁾	1,680,000	2.33%

Notes:

- (1) Mr. Andy Xuan Zhang's entitlement to shares related to outstanding restricted stock units granted under Yiche Holding's employee incentive plan.
- (2) The letter "L" denotes long position in such underlying shares.
- (3) The percentage is calculated on the basis of 72,208,453 ordinary shares of Yiche Holding in issue as at June 30, 2022.

Save as disclosed above, as at June 30, 2022, so far as was known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to be interested under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2022, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of Shares interested⁽⁶⁾	Approximate percentage of issued Shares⁽⁷⁾
Tencent Mobility Limited ⁽¹⁾	Beneficial owner	489,922,607(L)	7.51%
THL H Limited ⁽¹⁾	Beneficial owner	931,604,940(L)	14.28%
Morespark ⁽¹⁾	Beneficial owner	2,093,833,612(L)	32.10%
	Beneficial owner	21,106,272(S)	0.32%
Tencent ⁽¹⁾	Interest of controlled corporation	3,515,361,159(L)	53.89%
	Interest of controlled corporation	21,106,272(S)	0.32%
JD.com Global Investment Limited ⁽²⁾	Beneficial owner	406,675,101(L)	6.23%
JD Financial Investment Limited ⁽²⁾	Beneficial owner	645,602,320(L)	9.90%
JD.com Investment Limited ⁽²⁾	Interest of controlled corporation	1,052,277,421(L)	16.13%
JD.com ⁽²⁾	Interest of controlled corporation	1,052,277,421(L)	16.13%
Max Smart Limited ⁽²⁾	Interest of controlled corporation	1,052,277,421(L)	16.13%
UBS Trustees (B.V.I.) Limited ⁽²⁾	Trustee	1,052,277,421(L)	16.13%
Liu Qiangdong Richard ⁽³⁾	Beneficiary of a trust	1,052,277,421(L)	16.13%
Hammer Capital Holdco 1 Limited ⁽⁴⁾	Beneficial owner	422,125,440(L)	6.47%
Hammer Capital ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Hammer Capital Asset Management Limited ⁽⁴⁾	Investment manager	516,393,344(L)	7.92%
Hammer Capital Partners Ltd. ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Hammer Capital Opportunities General Partner ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Silver Oryx Limited ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Avantua Investments Limited ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Go Winner Investments Limited ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Woodbury Capital Management Limited ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Cheng Chi Kong ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Cheung Siu Fai ⁽⁴⁾	Interest of controlled corporation	516,393,344(L)	7.92%
Tsang Ling Kay Rodney ^{(4),(5)}	Beneficial owner	68,871,952(L)	1.06%
	Interest of controlled corporation	581,819,092(L)	8.92%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes:

- (1) Tencent Mobility Limited which holds 489,922,607 Shares, THL H Limited which holds 931,604,940 Shares, and Morespark which holds 2,093,833,612 Shares in long position and 21,106,272 Shares in short position, are wholly-owned subsidiaries of Tencent. Accordingly, Tencent is deemed to be interested in the same number of Shares in which Tencent Mobility Limited, THL H Limited and Morespark are interested under the SFO. Tencent has granted a voting proxy to Proudview Limited in relation to 573,885,842 Shares, representing approximately 8.80% of the issued share capital of the Company as at June 30, 2022.
- (2) JD.com Global Investment Limited which holds 406,675,101 Shares and JD Financial Investment Limited which holds 645,602,320 Shares are wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is controlled in terms of voting power as to 72.60% by Max Smart Limited as of March 31, 2022. Max Smart Limited, a British Virgin Islands company, is 100% owned by UBS Nominees Limited on behalf of The Max Smart Trust, with UBS Trustees (BVI) Ltd. as the trustee.
- (3) Liu Qiangdong Richard holds 1,052,277,421 Shares as a beneficiary of a private trust.
- (4) Hammer Capital Holdco 1 Limited which holds 422,125,440 Shares and Hammer Capital Offerco 1 Limited which holds 94,267,904 Shares are wholly-owned subsidiaries of Hammer Capital. Accordingly, Hammer Capital is deemed to be interested in the same number of Shares in which Hammer Capital Holdco 1 Limited and Hammer Capital Offerco 1 Limited are interested under the SFO.
 - (a) Silver Oryx Limited, being the sole limited partner of Hammer Capital, is wholly-owned by Avantua Investments Limited. Avantua Investments Limited is wholly-owned by Ace Trend Holdings Limited. Ace Trend Holdings Limited is owned as to 70% by Go Winner Investments Limited, which in turn is wholly-owned by Woodbury Capital Management Limited, and Woodbury Capital Management Limited is wholly-owned by Cheng Chi Kong.
 - (b) (i) Hammer Capital Asset Management Limited, being the investment manager of Hammer Capital, is wholly-owned by Hammer Capital Partners Ltd.. Hammer Capital Partners Ltd. is owned by each of Cheung Siu Fai and Tsang Ling Kay Rodney as to 50%;
(ii) Hammer Capital Opportunities General Partner, being general partner of Hammer Capital, is wholly-owned by Tsang Ling Kay Rodney.

Accordingly, each of Hammer Capital's general partners, controlling corporations and controlling persons is deemed to be interested in the same number of Shares in which Hammer Capital is interested under the SFO.
- (5) Hammer Capital Management Limited, which holds 65,425,748 Shares, is wholly-owned by Tsang Ling Kay Rodney. Accordingly, Tsang Ling Kay Rodney is deemed to be interested in the same number of Shares in which Hammer Capital Management Limited is interested under the SFO.
- (6) The letter "L" and "S" denote the Substantial Shareholder's long position and short position in such Shares, respectively.
- (7) The percentages are calculated on the basis of 6,523,771,512 Shares in issue as at June 30, 2022.

Save as disclosed above, as at June 30, 2022, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme was approved and adopted by the Board on May 26, 2017 and amended on September 1, 2017. The purpose of the Pre-IPO Share Option Scheme is to promote the success and enhance the value of the Company, by linking the personal interests of the members of the Board, employees, consultants and other individuals to those of the Shareholders and, by providing such individuals with an incentive for outstanding performance, to generate superior returns to the Shareholders. The Pre-IPO Share Option Scheme is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of recipients upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and the 2021 Annual Report of the Company.

Details of the options granted under the Pre-IPO Share Option Scheme and their movements during the Reporting Period are as follows:

Name or category of option holders	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2022	Number of options		Outstanding as at June 30, 2022
					Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	
Director and senior management							
Mr. Andy Xuan Zhang	July 3, 2017	10 years from the date of grant	US\$0.0014	168,464,000	-	-	168,464,000
	October 1, 2017	10 years from the date of grant	US\$0.0014	65,002,189	-	-	65,002,189
Mr. Zhifeng Jia (賈志峰)	July 3, 2017	10 years from the date of grant	US\$0.0014	700,000	-	-	700,000
Other grantees							
In aggregate	Between July 3, 2017 and October 1, 2017	10 years from the date of grant	US\$0.0014	1,353,159	(61,500)	-	1,291,659
Total				235,519,348	(61,500)	-	235,457,848

SHARE AWARD SCHEMES

The Company has adopted two share award schemes, namely, the First Share Award Scheme and the Second Share Award Scheme, in which eligible participants (including any Director) of the Group will be entitled to participate.

1. First Share Award Scheme

The First Share Award Scheme was adopted by written resolutions of the Shareholders on May 26, 2017, amended on September 1, 2017 and May 6, 2021 and effective from the Listing Date. The purpose of the First Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group.

Pursuant to the First Share Award Scheme, the Board shall select the Eligible Person(s) for participation in the First Share Award Scheme and determine the number of Shares to be awarded.

As at June 30, 2022, 252,827,576 Shares had been granted or agreed to be granted under the First Share Award Scheme and the trustee has applied Shares held under the First Share Award Scheme which were unallocated or forfeited pursuant to the First Share Award Scheme to partly satisfy the awards granted.

Details of the awarded Shares granted under the First Share Award Scheme and their movements during the Reporting Period are set out below:

Name	Date of grant	Held at January 1, 2022	Number of Awards			Held at June 30, 2022	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
Other grantees								
In aggregate	17-Jul-18	4,580,500	-	(4,528,988)	(51,512)	-	31-Mar-22	3.14
In aggregate	20-Dec-18	7,029,326	-	(6,929,326)	(100,000)	-	31-Mar-22	1.83
	20-Dec-18	1,055,042	-	-	-	1,055,042	31-Aug-22	1.83
Sub-total		8,084,368	-	(6,929,326)	(100,000)	1,055,042		
In aggregate	24-Jul-19	185,232	-	(185,232)	-	-	31-Mar-22	1.82
	24-Jul-19	965,500	-	-	-	965,500	31-Aug-22	1.82
	24-Jul-19	965,500	-	-	-	965,500	31-Aug-23	1.82
Sub-total		2,116,232	-	(185,232)	-	1,931,000		

SHARE AWARD SCHEMES (CONTINUED)

1. First Share Award Scheme (Continued)

Name	Date of grant	Held at January 1, 2022	Number of Awards			Held at June 30, 2022	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
In aggregate	9-Dec-20	400,000	-	(400,000)	-	-	31-Mar-22	2.63
	9-Dec-20	950,000	-	-	-	950,000	31-Aug-22	2.63
	9-Dec-20	400,000	-	-	-	400,000	31-Mar-23	2.63
	9-Dec-20	950,000	-	-	-	950,000	31-Aug-23	2.63
	9-Dec-20	400,000	-	-	-	400,000	31-Mar-24	2.63
	9-Dec-20	950,000	-	-	-	950,000	31-Aug-24	2.63
Sub-total		4,050,000	-	(400,000)	-	3,650,000		
In aggregate	27-May-21	23,070,000	-	(23,060,000)	(10,000)	-	31-Mar-22	2.53
	27-May-21	23,070,000	-	-	(1,260,000)	21,810,000	31-Mar-23	2.53
	27-May-21	23,070,000	-	-	(1,260,000)	21,810,000	31-Mar-24	2.53
	27-May-21	22,500,000	-	-	(1,250,000)	21,250,000	31-Mar-25	2.53
Sub-total		91,710,000	-	(23,060,000)	(3,780,000)	64,870,000		
In aggregate	14-Sep-21	10,605,928	-	-	(190,000)	10,415,928	31-Aug-22	1.63
	14-Sep-21	10,605,928	-	-	(190,000)	10,415,928	31-Aug-23	1.63
	14-Sep-21	10,605,928	-	-	(190,000)	10,415,928	31-Aug-24	1.63
	14-Sep-21	10,605,928	-	-	(190,000)	10,415,928	31-Aug-25	1.63
Sub-total		42,423,712	-	-	(760,000)	41,663,712		
In aggregate	22-Dec-21	1,307,859	-	-	-	1,307,859	31-Aug-22	1.19
	22-Dec-21	1,307,859	-	-	-	1,307,859	31-Aug-23	1.19
	22-Dec-21	1,307,859	-	-	-	1,307,859	31-Aug-24	1.19
	22-Dec-21	1,307,860	-	-	-	1,307,860	31-Aug-25	1.19
Sub-total		5,231,437	-	-	-	5,231,437		
In aggregate	19-Apr-22	-	1,165,000	-	-	1,165,000	31-Aug-22	0.81
	19-Apr-22	-	1,165,000	-	-	1,165,000	31-Aug-23	0.81
	19-Apr-22	-	1,165,000	-	-	1,165,000	31-Aug-24	0.81
	19-Apr-22	-	1,165,000	-	-	1,165,000	31-Aug-25	0.81
Sub-total		-	4,660,000	-	-	4,660,000		
Total		158,196,249	4,660,000	(35,103,546)	(4,691,512)	123,061,191		

SHARE AWARD SCHEMES (CONTINUED)

2. Second Share Award Scheme

The Second Share Award Scheme was adopted by written resolutions of all the Shareholders on September 1, 2017 and effective from the Listing Date. The purpose of the Second Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group.

The Board may, from time to time, grant awards to any eligible participant who the Board considers to have contributed or will contribute to the Group.

As at June 30, 2022, 59,476,956 Shares had been granted or agreed to be granted under the Second Share Award Scheme.

Details of the awarded Shares granted under the Second Share Award Scheme and their movements during the Reporting Period are set out below:

Name	Date of grant	Held at January 1, 2022	Number of Awards			Held at June 30, 2022	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
Directors								
Mr. Dong Jiang	20-Sep-18	1,225,000	-	(1,225,000)	-	-	31-Mar-22	2.34
	13-Jul-21	5,000,000	-	(5,000,000)	-	-	31-Mar-22	2.22
	13-Jul-21	5,000,000	-	-	-	5,000,000	31-Mar-23	2.22
	13-Jul-21	5,000,000	-	-	-	5,000,000	31-Mar-24	2.22
	13-Jul-21	5,000,000	-	-	-	5,000,000	31-Mar-25	2.22
Mr. Tin Fan Yuen	22-Dec-21	337,847	-	-	-	337,847	31-Aug-22	1.19
	22-Dec-21	337,847	-	-	-	337,847	31-Aug-23	1.19
	22-Dec-21	337,847	-	-	-	337,847	31-Aug-24	1.19
	22-Dec-21	337,850	-	-	-	337,850	31-Aug-25	1.19
Mr. Chester Tun Ho Kwok	22-Dec-21	337,847	-	-	-	337,847	31-Aug-22	1.19
	22-Dec-21	337,847	-	-	-	337,847	31-Aug-23	1.19
	22-Dec-21	337,847	-	-	-	337,847	31-Aug-24	1.19
	22-Dec-21	337,850	-	-	-	337,850	31-Aug-25	1.19
Ms. Lily Li Dong	22-Dec-21	168,924	-	-	-	168,924	31-Aug-22	1.19
	22-Dec-21	168,924	-	-	-	168,924	31-Aug-23	1.19
	22-Dec-21	168,924	-	-	-	168,924	31-Aug-24	1.19
	22-Dec-21	168,924	-	-	-	168,924	31-Aug-25	1.19
Sub-total		24,603,478	-	(6,225,000)	-	18,378,478		

SHARE AWARD SCHEMES (CONTINUED)

2. Second Share Award Scheme (CONTINUED)

Name	Date of grant	Held at January 1, 2022	Number of Awards			Held at June 30, 2022	Vesting date	Closing price at date of grant (HK\$)
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period			
Other grantees								
In aggregate	20-Sep-18	500,000	-	(500,000)	-	-	31-Mar-22	2.34
	20-Dec-18	300,000	-	(300,000)	-	-	31-Mar-22	1.83
	13-Jul-21	4,500,000	-	(4,500,000)	-	-	31-Mar-22	2.22
	13-Jul-21	4,500,000	-	-	-	4,500,000	31-Mar-23	2.22
	13-Jul-21	4,500,000	-	-	-	4,500,000	31-Mar-24	2.22
	13-Jul-21	4,500,000	-	-	-	4,500,000	31-Mar-25	2.22
	14-Sep-21	445,000	-	-	-	445,000	31-Aug-22	1.63
	14-Sep-21	445,000	-	-	-	445,000	31-Aug-23	1.63
	14-Sep-21	445,000	-	-	-	445,000	31-Aug-24	1.63
	14-Sep-21	445,000	-	-	-	445,000	31-Aug-25	1.63
	22-Dec_21	1,000,000	-	-	-	1,000,000	31-Aug-22	1.19
	22-Dec_21	1,000,000	-	-	-	1,000,000	31-Aug-23	1.19
	22-Dec_21	1,000,000	-	-	-	1,000,000	31-Aug-24	1.19
	22-Dec_21	1,000,000	-	-	-	1,000,000	31-Aug-25	1.19
Sub-total		24,580,000	-	(5,300,000)	-	19,280,000		
Total		49,183,478	-	(11,525,000)	-	37,658,478		

USE OF PROCEEDS FROM THE LISTING

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

As at June 30, 2022, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilisation up to June 30, 2022		Utilisation during the Reporting Period		Unutilized amount	
	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000
Sales and marketing	1,952,278	1,657,523	1,952,278	1,657,523	-	-	-	-
Research and technology capabilities enhancement	1,301,519	1,105,016	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	309,393

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.

QUALIFICATION REQUIREMENTS

PRC law currently limits foreign ownership of companies that provide value-added telecommunications services (including Internet information services other than operating E-commerce business, Domestic multi-party communication services, Store-and-forward business, and Call center business) in the PRC up to 50%. Moreover, for a foreign investor to obtain any equity interest in a value-added telecommunications company in China, it must satisfy the Certain Qualification Requirements. Foreign investors that meet these requirements must obtain approvals from the MIIT or its authorized local counterparts, which retain considerable discretion in granting such approvals. Pursuant to publicly available information, the PRC government has issued value-added telecommunications business operating licenses to only a limited number of foreign-invested companies. If Beijing Yixin has a foreign investor as its shareholder, such foreign investor must fulfill the aforementioned requirements and Beijing Yixin shall apply for a new value-added telecommunications business operating license from the MIIT. The MIIT will have discretion as to whether to grant the license. On March 29, 2022, the Decision of the State Council on Revising and Repealing Certain Administrative Regulations, which took effect on May 1, 2022, was promulgated to amend certain provisions of regulations including the FITE Regulation (2016 Version). Pursuant to the revised Provisions on Administration of Foreign Invested Telecommunications Enterprises (the "FITE Regulation (2022 Version)"), the foreign investor contemplating to acquire equity interests in a value-added telecommunications services provider in China will not be required to demonstrate good track records and experience in operating a value-added telecommunication business overseas. Given the recency of the issuance of the FITE Regulation (2022 Version), there is a general lack of guidance and substantial uncertainties exist as to whether in practice the Certain Qualification Requirements will still be applied to, and whether and what other qualification requirements will be imposed on or applied to, a foreign investor with respect to holding equity interests in a value-added telecommunications services provider in China, as well as with the interpretation and implementation of existing and future regulations in this regard. If it is determined in the future that there is no substantial restriction on issuance of value-added telecommunications business operating licenses to foreign-invested companies, it is uncertain whether we can, or how long it will take us to, reorganize the equity structure of Beijing Yixin and obtain a new value-added telecommunications business operating license from the MIIT.

Efforts and actions undertaken to comply with Certain Qualification Requirements

Despite the lack of clear guidance or interpretation on the Certain Qualification Requirements and the cancellation of such Certain Qualification Requirements under the FITE Regulation (2022 Version), we have been gradually building up our track record of overseas value-added telecommunications business operations for the purposes of being qualified, as early as possible, to acquire equity interests in Beijing Yixin when the relevant PRC laws allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in the PRC. We are in the process of expanding our overseas value-added telecommunications business through our overseas subsidiaries. We have taken the following measures to meet the Certain Qualification Requirements:

1. Yixin HK has been incorporated in Hong Kong since November 2014 for the purposes of establishing and expanding our operations overseas;
2. We have registered several trademarks outside the PRC for the promotion of our operation of mobile apps and the provision of online information services overseas;
3. Yixin HK has set up an office and employed staffs in Hong Kong for the expansion of our operations overseas;

QUALIFICATION REQUIREMENTS (CONTINUED)

Efforts and actions undertaken to comply with Certain Qualification Requirements (Continued)

4. Our Company has constructed its overseas website, www.yixincars.com, which is primarily for introducing our Group's business to users and investor relations purpose. The Company plans to utilize this website to help overseas investors to better understand our products and business, and our website will have links to re-direct the users to our domestic website. Through this overseas website, we can capture and analyze overseas user data in order to provide helpful insights for our overseas expansion plans; and
5. Our Company has commenced feasibility studies on the further development of marketing to overseas markets and potential investments or acquisitions in order to optimize its strategic plan for expanding its current businesses to overseas markets.

Subject to the discretion of the competent authority on a case-by-case basis on whether the Group has fulfilled the Certain Qualification Requirements and other qualification requirements (if any), our PRC Legal Advisor is of the view that the above steps taken by us are reasonable and appropriate for gradually building up a track record to meet the Certain Qualification Requirements as our Company will have experience in providing value-added telecommunications services in overseas markets, which is in accordance with the FITE Regulations (2016 Version). In addition, we will remain abreast of any regulatory developments and continuously assess whether we meet all qualification requirements, with a view to unwinding the New Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws.

Since foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations outlined above, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entity directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and qualification requirements, the Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entity through the New Contractual Arrangements between Tianjin Kars, the Company's wholly-owned subsidiaries in the PRC, on the one hand, and Beijing Yixin and its respective shareholders, on the other hand. The New Contractual Arrangements allow the results of operations and assets and liabilities of Beijing Yixin and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRSs as if they were wholly-owned subsidiaries of our Group.

On July 6, 2021, certain PRC regulatory authorities issued the Opinions on Strictly Cracking Down on Illegal Securities Activities 《關於依法從嚴打擊證券違法活動的意見》 which further emphasized the need to strengthen cross-border collaboration on law enforcement and regulation of securities law in three ways: (i) strengthening joint regulatory oversight, including improving relevant laws and regulations on data security, cross-border data flow, classified information management etc. and strengthening the standardized management of cross-border data transmission mechanism and process; (ii) strengthening the supervision of China-based overseas-listed companies, including promoting the construction of relevant regulatory systems to deal with the risks and emergencies of China-based overseas-listed companies; (iii) establishing a comprehensive overseas regulatory system for overseas capital markets, including formulating the judicial interpretation and supplementary rules for provisions of the securities law that are applicable overseas.

QUALIFICATION REQUIREMENTS (CONTINUED)

Efforts and actions undertaken to comply with Certain Qualification Requirements (Continued)

Subsequently, on December 24, 2021, the CSRC released the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) 《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》, and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) 《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》 (collectively the “**Draft Overseas Listing Rules**”). According to the Draft Overseas Listing Rules, the offering or listing of shares, depository receipts, convertible corporate bonds, or other equity-like securities by a PRC company on an overseas stock market, whether directly or indirectly through an offshore holding company, should be filed with the CSRC. The issuer (if the issuer is a PRC company), or its affiliated PRC company (if the issuer is an offshore holding company), must make a filing to the CSRC in respect of any initial public offerings, follow-on offerings and other offering activities conducted by the issuer. Once listed overseas, an issuer is further required to report to the CSRC within three business days after the occurrence of any of the following major events: (i) a change of control of the issuer; (ii) the investigation, sanction or other measures undertaken by a foreign securities regulatory agencies or relevant competent authorities with respect to the issuer; and (iii) the voluntary or mandatory delisting of the issuer. Based on a set of Q&A published on the CSRC’s official website in connection with the release of the Draft Overseas Listing Rules, a CSRC official indicated that the filing requirements proposed under the said rules will apply to future offerings and listings, including initial public offerings of non-listed PRC companies and follow-on offerings by PRC companies that are already listed overseas. The regulator will separately provide other filing requirements applicable to PRC companies that are already listed overseas and will allow sufficient time for the transition period. As the Draft Overseas Listing Rules are currently in draft form, there are still uncertainties regarding its final content, adoption timeline, effective date or relevant implementation rules. There are also uncertainties regarding other new rules or regulations to be promulgated in the future and the additional requirements that may be imposed on us. As of the date of this interim report, we are unable to predict the impact of these regulations on maintaining the listing status of our securities, or any of our future offerings of securities overseas.

In addition, on December 28, 2021, the Cyberspace Administration of China (the “**CAC**”) and several other administrations jointly issued the Measures for Cybersecurity Review 《網絡安全審查辦法》 (the “**Measures**”), which became effective on February 15, 2022. According to the Measures, among others, if an “online platform operator” that is in possession of personal data of more than one million users intends to list in a foreign country, it must report to the relevant cybersecurity review office for a cybersecurity review. In addition, the Measure also provides that if the relevant authorities consider that certain network products and services, data processing activities and overseas listing activities affect or may affect national security, the authorities may initiate a cybersecurity review even if the companies do not have an obligation to report for a cybersecurity review under such circumstances. On November 14, 2021, the CAC published Regulations on Network Data Security Management (Draft for Comments) 《網絡數據安全管理條例(徵求意見稿)》 (the “**Draft Regulations**”), which set out general guidelines for the protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, supervision and management, and legal liabilities. The Draft Regulations stipulate that data processors process important data or that are listed overseas shall conduct an annual data security review by itself or by a data security service provider commissioned by it, and submit the annual data security review report for the prior year to the municipal cybersecurity department by January 31 each year. If the Draft Regulations are enacted in the current form eventually, we, as an overseas listed company, must carry out the above annual data security review and meet relevant reporting obligations. As the Measures were newly issued and draft Regulations have not been adopted, it is uncertain how the foregoing regulations will be enacted (if not enacted yet), interpreted or implemented, whether such regulations may have retroactive effect and how they will affect us. Furthermore, if there would be any approval, filings and/or other administration procedures to be obtained from or completed with the CSRC, the CAC or other PRC regulatory authorities as required by any new laws and regulations, while we will use our best endeavors to comply with the requirements of such new laws and regulations and avoid or mitigate any related adverse effects, we cannot assure that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC, the CAC or other PRC regulatory authorities, which may have material adverse effect on our business, operation or financial conditions.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding securities transactions (the "Company's Securities Dealing Code"), regarding Directors' and relevant employees' dealings in the Company's securities on terms no less exacting than those set out in the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code during the Reporting Period.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save and except for the interests of our Controlling Shareholders in our Company, during the Reporting Period, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Articles of Association and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board oversees risk management functions directly and also through the Audit Committee and the senior management, and will assess the effectiveness of the risk management and internal control systems at least once a year.

The senior management is responsible for the overall implementation of risk management and internal control plans and policies determined by the Board and managing the risks in connection with all of the Company's business operations. The senior management identifies, assesses and takes measures against any significant risks that the Company is facing, and reviews the risk assessment report on a quarterly basis and reports to the Board on a semi-annual basis.

The Audit Committee assists the Board in leading the management and monitoring and overseeing the risk management and internal control systems through the internal audit department, and reporting and making recommendations to the Board where appropriate.

The internal audit department oversees the risk management and internal control systems under the supervision of the Audit Committee by performing independent audit on the effectiveness and completeness of the risk management and internal control systems of the Company. It identifies any material risks and makes recommendations on the improvement and rectification plans and measures and conducts follow-up audits with regard to the identified issues to ensure that the planned remedial measures have been duly implemented. The internal audit department operates independently from the Company's business centers and departments and directly reports the audit findings and follow-up status to the Audit Committee on a quarterly basis.

RISK MANAGEMENT

The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. The Company, on a regular basis, identifies and assesses risk factors that may negatively affect the achievement of its objectives, and formulates appropriate response measures.

The Company has adopted the following dynamic risk management process in response to the ever-changing risk landscape:

- Business and functional departments identify, assess and respond to risks in the course of operation in a systematic manner, escalating concerns and communicating results to the internal audit department;
- The internal audit department collects and analyses the significant risks at the company level, and provides input on risk response strategies and control measures for such risks. These significant risks as well as the corresponding risk responses and control measures will be reviewed by senior management and subsequently by the Audit Committee before reporting to the Board;
- The internal audit department reviews and evaluates the responses to significant risks from time to time, and reports to the Audit Committee at least once a year; and
- The Audit Committee, on behalf of the Board, assesses and determines the nature and level of the risks that the Company is willing to take in order to achieve its business objectives and formulates appropriate response strategies which includes designating responsible departments for handling each significant risk. The Audit Committee provides guidance to the Company's management to implement effective risk management system with supports from the internal audit department.

INTERNAL CONTROL

The Company has always valued the importance of the internal control systems, and has complied with the requirements under Appendix 14 Corporate Governance Code and Appendix 16 Disclosure of Financial Information of the Listing Rules.

The management of the Company is responsible for the design, implementation and maintenance of the effectiveness of the internal control systems. The Board, assisted by the Audit Committee, is responsible for monitoring and overseeing the performance of management over the internal control system to ensure that it is appropriate and effective.

The Company's internal control systems clearly define the roles and responsibilities of each party as well as the authorisations and approvals required for key actions of the Company. Policies and procedures are put in place for the key business processes. This information is also clearly conveyed to employees of the Company in practice and plays an important role in the internal control systems. All employees must strictly follow the policies which cover, amongst other things, financial, legal and operational issues that set the control standards for the management of each business process.

In addition, the internal audit department supervises the establishment of the risk management and internal control systems set up by the management of the Company, ensures that the management has implemented appropriate measures and reports the general situation of risk management and internal control of the Company to the Audit Committee on a quarterly basis. The internal audit department also conducts objective evaluation on the effectiveness of the Company's risk management and internal control systems and reports the results to the Audit Committee.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems.

The review process comprises, among other things, of meetings with management of business and functional departments, internal audit department, legal and compliance department, and the external auditors, reviewing the relevant work reports and information of key performance indicators, internal audit department and external auditors' assessment on internal control and discussing the major risks with the senior management of the Company.

The Board is of the view that throughout the Reporting Period, the risk management and internal control systems of the Group are effective and adequate.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff with appropriate qualifications and experience and that such staff receive appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequate with sufficient resources and budget. The relevant staff have appropriate qualifications and experience, and receives sufficient training and development.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings by the internal audit department, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are put in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

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.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2021 Annual Report of the Company and up to the date of this interim report are set out below:

Name of Director	Details of Change	Effective Date
Mr. Qing Hua Xie	Appointed as non-executive Director	April 6, 2022
Mr. Matthew Yun Ming Cheng	Resigned as non-executive Director	April 6, 2022
Mr. Jun Yang	Resigned as non-executive Director	August 3, 2022

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

From July 1, 2022 and up to the date of this interim report, there was no important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Yixin Group Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 44 to 84, which comprises the interim condensed consolidated balance sheet of Yixin Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 22 August 2022

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)
		1,356,909	707,073
Gross profit			
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
		150,005	(106,907)
Operating profit/(loss)			
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)
		147,220	(112,170)
Profit/(Loss) before income tax			
Income tax expense	10	(23,319)	(22,426)
		123,901	(134,596)
Profit/(Loss) for the period			
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 RMB'000 Unaudited	2021 RMB'000 Unaudited
Profit/(Loss) for the period	123,901	(134,596)
Other comprehensive income/(loss), net of tax: <i>Items that may not be reclassified to profit or loss</i>		
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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	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

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 2021		4,182	34,882,666	971,426	(21,324,412)	14,533,862
Comprehensive income						
Loss for the period		-	-	-	(134,596)	(134,596)
Currency translation differences		-	-	(22,198)	-	(22,198)
Total comprehensive loss for the period		-	-	(22,198)	(134,596)	(156,794)
Transactions with owners in their capacity as owners						
Share-based compensation	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 RMB'000 Unaudited	2021 RMB'000 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
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, Uglund 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”. Hong Kong Dollars are defined as “HKD” and Singapore Dollars are defined as “SGD”.

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.

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) *Expected credit loss measurement (continued)*

Finance receivables (continued)

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 RMB'000 Unaudited	Stage II RMB'000 Unaudited	Stage III RMB'000 Unaudited	Total RMB'000 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
<hr/>				
31 December 2021	Stage I RMB'000 Audited	Stage II RMB'000 Audited	Stage III RMB'000 Audited	Total RMB'000 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.

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) *Expected credit loss measurement (continued)*

Trade receivables and other receivables (continued)

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 Xince Investment (Shanghai) Co., Ltd. ("Xince"), an indirectly wholly-owned subsidiary of the Company, Xince should pay the redemption price on behalf of Chetaotao to Yuyao Yangming Equity Investment Fund Co., Ltd ("Yangming"), an investor of Chetaotao, if Chetaotao and its parent Company fails to complete certain redemption obligations on the conditions and in a period pre-determined with Yangming. As of 30 June 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).

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) *Expected credit loss measurement (continued)*

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)

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

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			Total RMB'000 Unaudited
	Level 1 RMB'000 Unaudited	Level 2 RMB'000 Unaudited	Level 3 RMB'000 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			Total RMB'000 Audited
	Level 1 RMB'000 Audited	Level 2 RMB'000 Audited	Level 3 RMB'000 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

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

(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.

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

(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).

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Fair value estimation (continued)

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

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 RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 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

6 SEGMENT INFORMATION (continued)

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

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

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 RMB'000 Unaudited	Recognized over time RMB'000 Unaudited	Total RMB'000 Unaudited	Recognized at a point in time RMB'000 Unaudited	Recognized over time RMB'000 Unaudited	Total RMB'000 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.

10 INCOME TAX EXPENSE (continued)

(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 Unaudited	2021 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).

13 LEASES (continued)

(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	As at
	30 June	31 December
	2022	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

14 INVESTMENTS IN ASSOCIATES (continued)

(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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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

16 FINANCE RECEIVABLES (continued)

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

	Six Months ended 30 June 2022			
	Stage I	Stage II	Stage III	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	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	Stage II	Stage III	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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

19 CASH AND BANK BALANCES (continued)
(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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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.

19 CASH AND BANK BALANCES (continued)

(b) Restricted cash (continued)

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 RMB'000 Unaudited	As at 31 December 2021 RMB'000 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 USD'000	Number of preferred shares	Nominal value of preferred shares 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	–	–

20 SHARE CAPITAL AND SHARE PREMIUM (continued)

	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

21 SHARE-BASED PAYMENTS (continued)

(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 months	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 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Significant transactions with related parties

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties (all amounts are presented net of value-added taxes):

	Six months ended 30 June 2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
(i) Purchases of data services and traffic support services from related parties Suqian yunhan information technology Co.,Ltd.	19,592	9,563
(ii) Purchases of used car valuation services in accordance with used auto services agreements Bitauto Holdings Limited and its subsidiaries ("Bitauto Group")	12,554	6,238
(iii) Provision of business support services in accordance with business cooperation framework agreement Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin")	15,000	-

27 RELATED PARTY TRANSACTIONS (continued)

(b) Period end balances with related parties

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
(i) Trade receivables due from related parties Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin")	5,300	26,500
(ii) Other receivables due from related parties Dalian Rongxin	3,803	61,190
(iii) Trade and other payables due to related parties Dalian Rongxin Qingdao Caitong Yixin Financial Leasing Co., Ltd. Suqian Yunhan Information Technology Co., Ltd. Bitauto Group	354,392 36,338 3,356 8,838	165,559 – 3,531 12,837
	402,924	181,927

28 SUBSEQUENT EVENT

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

“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
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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 on January 9, 2015 and the Consolidated Affiliated Entity
“Board”	the board of Directors
“Certain Qualification Requirements”	a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas
“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 interim report, references in this interim report to the PRC or China do not include Taiwan, Hong Kong or Macau
“Company”, “our 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 on November 19, 2014 and carries on business in Hong Kong as Yixin Automotive Technology Group Limited 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 we control through the New Contractual Arrangements, namely Beijing Yixin
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this interim report, refers to Tencent and Morespark and each of them shall be referred to as a controlling Shareholder
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company



DEFINITIONS

“Eligible Person(s)”	any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group
“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
“FITE Regulations”	the Provisions on Administration of Foreign Invested Telecommunications Enterprises 《外商投資電信企業管理規定》 promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, which stipulates that the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors
“GPS”	global positioning system
“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 our Company by virtue of the New Contractual Arrangements) from time to time
“Hammer Capital”	Hammer Capital Opportunities Fund L.P., an exempted limited partnership organized under the laws of the Cayman Islands, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering of the Shares on the Main Board
“JD.com”	JD.com, Inc., a company incorporated in the Cayman Islands and currently listed on Nasdaq Global Select Market (Nasdaq: JD) and the Main Board of the Stock Exchange (stock code: 9618), and a Substantial Shareholder
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	November 16, 2017, being 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
“Measures”	the draft Measures for Cybersecurity Review 《網絡安全審查辦法》 issued by the Cyberspace Administration of China
“MIIT”	the Ministry of Industry and Information Technology of the PRC
“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
“New Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Tianjin Kars, our Consolidated Affiliated Entity and its shareholders, details of which are described in the sections headed “Qualification Requirements” under “Other Information”
“OEM(s)”	the original equipment manufacturer(s)
“PRC Legal Advisor”	Han Kun Law Offices, the PRC legal adviser to the Company
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by our Company on May 26, 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 of the Company dated November 6, 2017
“Reporting Period”	the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	the software as a service
“Second Share Award Scheme”	the share award scheme conditionally approved and adopted by our Company 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” of the Prospectus
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of Share(s) from time to time



DEFINITIONS

“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
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder
“THL H Limited”	a company incorporated under the laws of the British Virgin Islands, a whollyowned subsidiary of Tencent, our 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”, “U.S.” 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
“VIN”	vehicle identification number
“Yiche Holding”	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is owned as to 65.53% by Morespark
“Yixin HK”	Yixin Holding Hong Kong Limited (易鑫集團香港有限公司), a company incorporated under the laws of Hong Kong on November 27, 2014 and a direct wholly-owned subsidiary of the Company
“Yusheng”	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
“%”	per cent

* for identification purposes only

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this interim report are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and figures rounded to the nearest thousand, million or billion may not be identical to figures that have been rounded differently to them.

易鑫集团

YIXIN GROUP

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