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

ANNUAL REPORT 2022

易鑫集团
YIXIN GROUP

www.yixincars.com

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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
Mr. Qin Miao
Ms. Amanda Chi Yan Chau

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

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Certified Public Accountants and
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Bank of Communications
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Postal Savings Bank of China

COMPANY WEBSITE

www.yixincars.com

STOCK CODE

2858

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Yixin Group Limited 易鑫集团有限公司, I hereby present the annual report of the Group for the Reporting Period.

The Group faced a complex macro economic environment during the past year, with China's economy being stacked with a series of challenges. Due to the long-term de-leveraging of the real estate sector, decline of exports and the strict restrictions imposed to combat the spread of the COVID-19 pandemic, China's year-on-year GDP growth rate slipped to 3.0% for 2022.

Meanwhile, the automobile industry faced the challenges of chip shortage, market turbulence as a result of the COVID-19 pandemic and raw material inflation. In order to unleash the full consumption potential of the automobile industry as well as to stimulate the overall economy, the Chinese government rolled out a number of stimulus policies to boost the new and used automobile industry during the Reporting Period, including "reduction of vehicle purchase tax by half for new passenger cars that were priced under RMB300,000 (excluding value-added tax) and had engine displacements of two litres or less", "cancellation of restrictions on the sales of used vehicles". According to China Association of Automobile Manufacturers ("**CAAM**") and China Automobile Dealers Association ("**CADA**"), the total number of passenger cars sold (including new cars and used cars) increased slightly by 3% in 2022. NEVs demonstrated a strong growth momentum, with penetration rate of passenger vehicles reaching 27% in 2022.

Despite the complex macro economic environment and volatile industry situation, the Group made remarkable achievements for the Reporting Period. Thanks to the unremitting efforts of all staff, we realized an adjusted net profit of RMB688 million for the Reporting Period, representing a 152% increase compared to an adjusted net profit of RMB273 million for the year ended December 31, 2021, being the Group's best record since listing.

The Group recorded 556 thousand financing transactions in 2022, representing a 5% growth compared to 2021. The financing amount was RMB53.0 billion in 2022, representing a 18% growth compared to 2021. Used cars transactions accounted for 52% of the total financing amount for the Reporting Period. Due to the continuous growth of China's car ownership and the various stimulus policies, our used vehicle business is expected to embrace blooming opportunities.

Driven by the Group's robust business growth, our new core services revenues increased by 54% from RMB2,347 million for the year ended December 31, 2021 to RMB3,610 million for the Reporting Period.

In recent years, against the backdrop of China's volatile real estate market, investments in automotive-related assets are increasingly favored by financial institutions as alternatives. The Group enjoyed further reduced funding cost in 2022. For example, the interest rate of priority A1 class in the ABN project launched in November 2022 was 3.3%, representing the most favourable rate historically.

The Group closely monitored the prevailing uncertainties of external situations and proactively adjusted our risk policies during the Reporting Period. Our 90+ days past due ratio slightly decreased to 1.92% as of December 31, 2022, compared to 1.95% as of December 31, 2021. We also noticed a weakening of customers' repayment ability and payment collection measures cannot be implemented as usual due to the frequent resurgence of COVID-19 in China. Delayed economic recovery also undermined the asset quality under management. To handle the rising risks, the Group developed a decision-making engine based on our massive customer data so as to take automatic analysis and precautions on customer repayment behaviors. We also recorded provisions to meet foreseeable market volatilities based on the Expected Credit Loss ("**ECL**") model. As the assets under our management are generated by the automotive consumption with vehicles being used as collateral, our business is more resilient and relatively less affected by the economic cycle than other credit business.

We enhanced our core business by enriching our product portfolio, improving our service process, and strengthening our risk management capability. At the same time, we strive to make the best of our strengths and capabilities to explore potential business markets. We seized strategic opportunities and made solid progress in the following two areas:

1) NEV

The rapid development of NEV market has been beyond expectations and electrification has become an irreversible trend. In 2022, the NEV sales in China increased to 6.9 million, accounting for more than half of the global market share. The accelerating penetration of electric vehicles has brought profound changes to the entire automobile industry. In terms of marketing strategy, NEV brands pay more attention to the integration of online marketing and offline experience. Regarding sales channels, NEV brands prefer direct sales or agency rather than distribution mode. As for customer service, NEV brands subverted the traditional "product/ vehicle-centric mindset" and fully embrace "customer-centric thinking". As a result of China's stable supply chain cluster and large customer base, Chinese auto brands are taking a leading position in the current NEV wave.

The Group promptly kept up with the NEV trend in the past few years. The NEV financing amount contributed around 18% of the total new car financing amount in the second half of 2022. During the Reporting Period, our financed NEV transactions increased by 153% year-on-year to approximately 35 thousand. The Group has actively expanded the cooperative relationships with more domestic NEV brands in the Reporting Period, such as Leapmotor, Chery New Energy, BYD etc..

There is no doubt that NEV will continue to replace traditional fuel vehicles in the foreseeable future. According to Roland Berger, the sales of NEV passenger vehicles will account for 46% of the total passenger car sales in 2025. NEV is becoming more appealing to consumers in lower-tier cities and rural markets, where Yixin has prominent presence. Benefitting from our robust relationships with OEMs, iterative digital capability and diversified business model, the Group has substantial potential to thrive in the NEV industry.

By reducing the purchase threshold of NEV, BaaS (Battery as a Service) is more widely recognised and accepted among users. The technological advancement and improving infrastructure bring convenience and flexibility to customers. BaaS is a blue ocean market at present and is gradually growing into a trillion-dollar sector in terms of market size. Yixin can leverage on the efficiency of our traditional offline sales and enrich our asset diversity by exploring opportunities in this area through a variety of business models, including but not limited to battery leasing, battery swapping, battery cascade utilization etc..

We noticed that the NEV wave was accompanied by the development of automobile intelligence in the past few years. Driven by the trend of automatic driving, robot taxi, robot bus, commuting shuttle, etc., become new choices for mobility. In order to grasp opportunities in this industrial transformation, the Group continued to increase investment in this area. For example, we have invested in a high-tech enterprise which provides automatic driving solutions through the integration of "vehicle-road-cloud". We maintained close dialogue with it and looking for further cooperation in the near future. Based on our solid experience in automobile financing, strong product innovation capability, precise risk control ability, and vast customer base, we are confident to become a key market player in the NEV industry ecosystem. The Group will strive to extend its business operations to the upstream and downstream of the industrial chain through strategic cooperation and equity investment to explore business opportunities in a broader range of auto industry, such as smart transportation, fleet management and other fields relating to mobility as a service (MaaS).

2) FINTECH (SAAS)

Having been working in the field of auto finance for nearly a decade, we have witnessed an accelerating digital transformation in the industry. Higher requirements for financial institutions' technological capabilities drive the rising demand for the services of third-party technology solution providers. Based on our big data and risk management capability, we have built a FinTech center, which is dedicated to help various institutions achieve cross-boundary connection with clients via an innovative system called TianYi ("添億"), which comprises of multiple service modules including client acquisition, risk assessment, credit approval, post-financing monitoring etc..

During the inaugural year of our newly-established FinTech business, Yixin focused on validating demand and enhancing our market presence in 2022. We have established business partnerships with nearly 40 organizations as of December 31, 2022. In "Leapmotor, Pudong Development Bank and Yixin Joint Operation Project", we innovatively developed a multi-party alliance business model, which can satisfy different needs from financial institutions, OEMs, dealers, and end customers in the same business scenario and operation process. The Group recorded a promising result with a revenue of RMB122 million by providing services during the Reporting Period, including auto finance technology consultation, system implementation and transaction facilitation services. We will devote more R&D efforts to further enhance customer experience and stickiness so as to deepen cooperation with our existing SaaS partners with repeated businesses. The goal of our SaaS business in 2023 is to fulfill a financing amount that exceeds RMB10 billion based on our FinTech platform.

In the long run, we would like to build an ecosystem that integrates more types of strategic partnership into our platform, including but not limited to OEMs leasing companies, consumer finance companies, insurance companies, used car evaluation agencies, etc.. By constructing a technology-based one-stop platform that services the whole auto financing industry chain, we can break through capital constraints in our business expansion. The vision of our FinTech business is to become a leading technological service provider that empowers the entire automotive finance industry and beyond.

Looking forward to 2023, we are generally optimistic about the auto financing market since China's overall economy is expected to pick up in light of the lifting of majority of the COVID-19 epidemic prevention and containment measures. In the meantime, we strive to navigate against macro volatilities and adhere to the keynote of "seeking progress while maintaining stability". We will further accelerate digital transformation to improve operational efficiency and strengthen the risk management capability. We will deepen our value proposition in the automotive and mobility chain. Our synergetic business portfolios will further enhance Yixin's "Tech+Fin" ecosystem and enable the Group to be more resilient and vigorous amid rapid market development.

The Board is delighted to propose payment of final and special dividends to our shareholders for the first time since the Listing, fulfilling our promise and bringing higher returns to Shareholders. The Board has recommended the payment of a final dividend of HK1.95 cents per Share, representing approximately 30% of our net profit per Share for the Reporting Period, and has proposed a special dividend of HK1.30 cents per Share in recognition of Shareholders' unwavering support since the Listing. The proposed final and special dividends are subject to the approval of the Shareholders at the Annual General Meeting. It is expected that the proposed final and special dividends will be payable on Friday, June 2, 2023 to the Shareholders whose names appear on the register of members of the Company on Monday, May 22, 2023.

Finally, on behalf of the Group, I would like to express our sincere gratitude to our clients 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
February 27, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC ENVIRONMENT

There are three powerful forces holding back global economy in 2022: the conflict between Russia and Ukraine, the tightening of monetary policy amid inflationary spiral, and the slowdown of the Chinese economy.

China's economy faced multiple challenges during the past year. The prolonged epidemic caused by the Omicron virus amplified China's economic slowdown. The continued pressure and adjustment of the real estate market also caused the contraction in aggregate demand and lack of confidence. China's economy has shown a U-shaped trend in 2022. Economic growth slowed to 0.4% in the second quarter from 4.8% in the first quarter. Along with major cities' resumption of work and production, and a package of stimulus policies issued by the State Council to stabilize the economy, the GDP ended up growing 3.0% for 2022.

China's macroeconomic indicators are expected to improve in 2023. The 20th National Congress of the Communist Party of China (CPC) provided new opportunities for China's high-level opening-up to the outside world and new momentum for world economic growth. According to the State Council, macro policies would focus on "stabilizing growth, promoting recovery, preventing risks and ensuring security", rebuilding the confidence and expectations of market players. China will further strengthen the implementation of a proactive fiscal policy in 2023 to underpin economic recovery despite many ongoing challenges. In the meantime, the government will expedite its actions on rural vitalization, technology enhancement, and the construction of a modernized industrial system and major infrastructure projects.

INDUSTRY OVERVIEW

China's automobile industry experienced troubles such as supply disturbance, demand weakening, and product delivery obstruction during the Reporting Period. The demand of new car market was effectively boosted under policy stimulus since second quarter, while the used car market was relatively underperformed than expected. According to CAAM and CADA, China's total sales of new and used passenger increased by 3% in the Reporting Period. Specifically, China's total sales of new passenger vehicles for the Reporting Period was 23.6 million, representing a 10% year-on-year increase compared to 2021. Total sales of used passenger vehicles for the Reporting Period was 12.9 million, representing a 8% year-on-year decrease compared to 2021.

The high growth rate of the NEV industry in 2022 was beyond expectations at the beginning of the year. According to CAAM, the annual sales of NEV is 6.9 million, representing an increase of 93% year-on-year compared to 2021. According to Roland Berger, NEV industry will continue to mature and the penetration rate of NEV passenger car will likely reach up to 34% by 2023.

Auto financing service plays an important role in accelerating the automobile industry in becoming a pillar industry in the national economy. We expect the demand of retail auto financing and vehicle owner derivative financing will keep growing, especially for NEV financing and used car financing. In addition, high quality and scarce auto financial assets are sought after by various financial institutions. Yixin, as an innovative auto financing enterprise in the industry value chain, will seize opportunities and enjoy a growing market space in this industry-changing era.

GOVERNMENT STIMULUS

The government launched a variety of stimulus policies to achieve a stable economy growth in 2022. The supporting measures for auto industry played an important role in the economic recovery process.

For new car sales, the "Announcement on Reducing Vehicle Acquisition Tax on Certain Passenger Vehicles" (《關於減征部分乘用車車輛購置稅的公告》), published by the Ministry of Finance and the State Taxation Administration on May 31, 2022, sparked a swift recovery. In addition, on November 21, 2022, the Ministry of Industry and Information Technology (MIIT), the National Development and Reform Commission (NDRC), and the State-owned Assets Supervision and Administration Commission (SASAC) announced seventeen specific measures in "Notice about consolidating the upturn trend and reinvigorating the industrial economy" (《關於鞏固回升向好趨勢加力振作工業經濟的通知》) to further expand automobile consumption.

For NEV market, the Ministry of Commerce and 17 other departments jointly issued the "Several Measures on Revitalising the Circulation of Vehicles and Expanding Automobile Consumptions" (《關於搞活汽車流通擴大汽車消費的若干措施》, hereafter referred to as "**Several Measures**") on July 7, 2022, which promoted the purchase of new energy vehicles, especially for rural areas. More critically, the "Announcement of Renewal of the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles" (《關於延續新能源汽車免征車輛購置稅政策的公告》) was published by the Ministry of Finance, the General Administration of Taxation, and the Ministry of Industry and Information Technology on September 18, 2022. The "Action Plan for the Standardisation and Enhancement of Energy Carbon Peaking and Carbon Neutrality" (《能源碳達峰碳中和標準化提升行動計劃》) was published by the Energy Bureau on October 9th, 2022 to accelerate the construction of charging and battery swapping infrastructure, as well as promote change of regulatory standards for electric vehicles' charging flexibility.

Regarding used car transactions, the "Several Measures" (《若干措施》) also applied, which proposed to remove arbitrary restrictions on the establishment of used car dealerships, expedite the circulation of commercialised used cars, and facilitate the market scale. The Ministry of Commerce and the Ministry of Public Security issued the "Notice on Improving the Record-keeping of Used Vehicle Market Entities and Vehicle Transaction Registration" (《關於完善二手車市場主體備案和車輛交易登記管理的通知》) in September 2022 to further reduce the cost of registration of used vehicle transactions, and to better promote automobile cascading consumption and the continued healthy development of the used vehicle market.

Lastly, in terms of auto financing, the "Several Measures" (《若干措施》) stipulated that financial institutions are guided to reasonably increase credit support for automobile consumption. Meanwhile, manufacturers and dealers were encouraged to cooperate with financing lease companies in an orderly manner. On November 22, 2022, the executive meeting of State Council (《國常會:部署抓實抓好穩經濟一攬子政策和接續措施全面落地見效，鞏固經濟回穩向上基礎》) emphasised "increasing financial support for the real economy, and continuing to motivate financial services for transportation and logistics".

BUSINESS REVIEW

Although the macro environment was volatile for the past year, the Group actively adopted steady development strategy to achieve solid business growth. The Group made great efforts in optimizing product design, simplifying service process, and bolstering risk resistance. Despite the epidemic resurgence, the decline of household income, and the contraction of consumption, the Group still achieved encouraging operating performance in 2022.

AUTO FINANCING TRANSACTIONS

	Year ended December 31,					
	2022		2021		Year-on-year	
	Number of Financing transactions	**Financing amount**	Number of Financing transactions	Financing amount	Number of Financing transactions	Financing amount
	'000	***'000***	*'000*	*'000*	*%*	*%*
New vehicles	**265**	**25,617,014**	293	25,371,884	-9%	1%
Used vehicles	**291**	**27,378,930**	237	19,556,042	23%	40%
Total	**556**	**52,995,944**	530	44,927,926	5%	18%
NEV	**35**	**3,705,442**	14	1,239,361	153%	199%

Our total financing transactions increased by 5% year-on-year to 556 thousand for the year ended December 31, 2022, compared to 530 thousand for the year ended December 31, 2021. The total financing amount increased by 18% year-on-year to RMB53.0 billion for the year ended December 31, 2022, compared to RMB44.9 billion for the year ended December 31, 2021.

Our new vehicle financing transactions decreased by 9% year-on-year to 265 thousand for the year ended December 31, 2022, compared to 293 thousand for the year ended December 31, 2021; while the financing amount increased by 1% year-on-year to RMB25.6 billion for the year ended December 31, 2022, compared to RMB25.4 billion for the year ended December 31, 2021. This is primarily because that we strategically tilted towards serving premium customers in the new car market.

Among our new vehicle financing transactions, our NEV financing transactions significantly increased by 153% year-on-year to 35 thousand for the year ended December 31, 2022, compared to 14 thousand for the year ended December 31, 2021. The financing amount increased by 199% year-on-year to RMB3.7 billion for the year ended December 31, 2022, compared to RMB1.2 billion for the year ended December 31, 2021. The Group closely followed the development trend of NEV industry. Our NEV financing amount contributed around 18% of total new vehicles financing amount in the second half of 2022, as compared to 7% of the same period of 2021. In 2022, we strengthened our cooperation with AION NEV, which contributed nearly 30% of our total NEV financing transactions. Other domestic brands such as BYD, Chery New Energy and Changan Auto also played important roles in our NEV business. The Group has been focusing on building connections with more new energy brands to expand our service offerings. Moreover, the advancement of technologies and infrastructure of NEV industry brings about more opportunities for market players, thus the Group tends to get more deeply involved in the new energy industry chain by exploring businesses among charging infrastructure, battery leasing, battery swapping, and new energy fleet management, etc., to make greater contribution to the national energy transformation and carbon neutrality strategy.

Our used vehicle financing transactions significantly increased by 23% year-on-year to 291 thousand for the year ended December 31, 2022, compared to 237 thousand for the year ended December 31, 2021. In 2022, we particularly allocated more resources to sales force and channel development to further expand our footprint in the used car market. As a result, 52% of our total vehicle financing transactions came from our used car business. The financing amount increased by 40% year-on-year to RMB27.4 billion for the year ended December 31, 2022, compared to RMB19.6 billion for 2021, and noticeably outperformed the used car industry in 2022. Looking forward, with the increase of China's car possession base, the scale of used car market is expected to be growing and expanding. Yixin will seize this opportunity and continue to polish our products to better serve mainstream customers in used car market.

AFTER-MARKET SERVICES

Since the second half of 2020, we have entered after-market services business by providing a variety of after-market products and services such as GPS, maintenance package, GAP Insurance, etc.. In 2022, we maintained solid development in our after-market business, with revenue of RMB184 million. We are delighted to note that more and more of our used car customers are using after-market services which accounted for 45% of our total after-market transactions in 2022. By the end of 2022, the Group has accumulated more than 3 million customers, forming a solid foundation to enable Yixin to further expand and differentiate its services along the service life cycle.

SAAS SERVICES

Leveraging on its profound experience in the auto financing service, the Group has incubated a FinTech business by commercializing our in-house developed system and products. We provide technology applications and technology-enabled business solutions in auto financing industry chain. Our FinTech platform helps OEMs, dealers, financial institutions, and other third-party tech companies to connect with auto financing customers. Our integrated solutions help these organizations reach out to customers more broadly, identify risks more accurately, and provide customer service more efficiently. The Group has a specific roadmap for our FinTech business at the very beginning of 2022, the first year of this strategic business. Our main goal is to verify the market demand, test the service model and build connections with industry partners. In general, we have made progress in this strategy as expected. During the Reporting Period, we have strengthened our business with Volvo Finance in syndicated leasing; and launched an innovative tripartite cooperation model in "Leapmotor, Pudong Development Bank and Yixin Joint Operation Project". By improving our products and service, we have established cooperation with nearly 40 institutional clients and realized a revenue of RMB122 million. In 2023, we will increase the investment in R&D, deepen our cooperation with our existing SaaS partners, so as to enhance customer experience and stickiness. This model in the long run will enable the Group to create commercial value in a more high-tech, compliant, and asset-light form, and help us tap into the whole auto financing market with a size of over RMB2 trillion. The vision of our FinTech business is to build a technology-based one-stop platform, serving the whole auto financing industry chain, promoting the growth of the ecosystem, including but not limited to OEMs leasing companies, consumer finance companies, insurance companies, used car evaluation agencies, etc..

NON-IFRSS FINANCIAL MEASURES

To supplement our consolidated financial statements, which are 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 annual 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 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, impairment loss on investment in an associate, 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 for the relevant periods. The effect of items eliminated from Adjusted Operating Profit and Adjusted Net Profit is a significant component in understanding and assessing our operating and financial performance.

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

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

ADJUSTED OPERATING PROFIT

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Operating profit	**400,024**	102,182
Add:		
Fair value changes arising from investee companies	**9,927**	(397,523)
Amortization of intangible assets resulting from asset and business acquisitions	**210,617**	342,666
Impairment loss on investment in an associate	**–**	96,415
Share-based compensation expenses	**134,534**	131,020
Adjusted operating profit	**755,102**	274,760

Our adjusted operating profit was RMB755 million for the Reporting Period, compared to RMB275 million for the year ended December 31, 2021. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Net profit	**370,814**	28,953
Add:		
Fair value changes arising from investee companies	**1,232**	(303,864)
Amortization of intangible assets resulting from asset and business acquisitions	**210,471**	342,410
Impairment loss on investment in an associate	**–**	96,415
Share-based compensation expenses	**105,821**	109,305
Adjusted net profit	**688,338**	273,219

Our adjusted net profit was RMB688 million for the Reporting Period, compared to RMB273 million for the year ended December 31, 2021. The increase was mainly due to the increase in revenue.

YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

The following table sets forth the comparative figures for the years ended December 31, 2022 and 2021.

	Year ended December 31,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
Revenues	**5,201,508**	3,494,344	49%
Cost of revenues	**(2,313,137)**	(1,716,003)	35%
Gross profit	**2,888,371**	1,778,341	62%
Selling and marketing expenses	**(1,218,335)**	(1,358,417)	-10%
Administrative expenses	**(430,061)**	(397,736)	8%
Research and development expenses	**(192,045)**	(146,429)	31%
Credit impairment losses	**(790,296)**	(286,376)	176%
Other income and other gains, net	**142,390**	512,799	-72%
Operating profit	**400,024**	102,182	291%
Finance cost, net	**(9,769)**	(3,111)	214%
Share of profits/(losses) of investments accounted for using the equity method	**15,236**	(15,446)	-199%
Profit before income tax	**405,491**	83,625	385%
Income tax expense	**(34,677)**	(54,672)	-37%
Profit for the period	**370,814**	28,953	1,181%
Non-IFRSs measure			
Adjusted operating profit	**755,102**	274,760	175%
Adjusted net profit	**688,338**	273,219	152%

REVENUES

Our total revenues increased by 49% year-on-year to RMB5,202 million for the Reporting Period, compared to RMB3,494 million for the year ended December 31, 2021, 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 transactions during the Reporting Period, increased by 54% year-on-year to RMB3,610 million, compared to RMB2,347 million for the year ended December 31, 2021. The following table sets forth the comparative figures for the years ended December 31, 2022 and 2021.

	Year ended December 31,				
	2022			2021	
	RMB'000	*% of total revenues*	*Year-on-year*	*RMB'000*	*% of total revenues*
Revenues					
Transaction platform business					
Loan Facilitation Services	3,153,649	61%	62%	1,951,709	56%
SaaS Services	121,614	2%	N/A	–	–
Other Platform Services	708,996	14%	102%	350,570	10%
Guarantee services	525,192	10%	136%	222,473	6%
After-market services	183,804	4%	49%	123,253	4%
Other services	–	–	-100%	4,844	–
Subtotal	3,984,259	77%	73%	2,302,279	66%
Self-operated financing business					
Financing Lease Services	1,188,496	22%	3%	1,156,483	33%
From new transactions during the period	456,650	8%	15%	395,587	11%
From existing transactions in prior periods	731,846	14%	-4%	760,896	22%
Other Self-operated Services[1]	28,753	1%	-19%	35,582	1%
Subtotal	1,217,249	23%	2%	1,192,065	34%
Total	5,201,508	100%	49%	3,494,344	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 73% year-on-year to RMB3,984 million for the Reporting Period, compared to RMB2,302 million for the year ended December 31, 2021, mainly due to the increase in revenue of our loan facilitation services. Our transaction platform business contributed 77% of total revenues for the Reporting Period, compared to 66% for the year ended December 31, 2021.

Revenues from our loan facilitation services increased by 62% year-on-year to RMB3,154 million for the Reporting Period, compared to RMB1,952 million for 2021, 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 463 thousand financed transactions through our loan facilitation services, representing a 7% year-on-year increase in volume. Given that we had deployed more resources for used cars, the proportion of used car transactions in all our facilitated transactions increased to 55%, compared to 41% for 2021.

Revenues from our SaaS services reached RMB79 million in the second half of 2022, which showed a clear growing trend and propelled our annual SaaS revenue to RMB122 million, contributing 2% of total revenue in 2022. 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 102% to RMB709 million for the Reporting Period, compared to RMB351 million for the year ended December 31, 2021, mainly due to the increase in revenue from guarantee services and auto after-market services. Our revenue from guarantee services was RMB525 million for the Reporting Period, increased by 136% from RMB222 million for the year ended December 31, 2021, 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 from after-market services reached RMB184 million, which increased by 49% from RMB123 million for the year ended December 31, 2021.

Self-operated financing business

Revenues from our self-operated financing business increased by 2% year-on-year to RMB1,217 million for the Reporting Period, compared to RMB1,192 million for 2021, primarily due to the increase in revenues from new financing lease transactions during the Reporting Period.

Revenues from our financing lease services increased by 3% year-on-year to RMB1,188 million for the Reporting Period, compared to RMB1,156 million for the year ended December 31, 2021, due to the increase in net finance receivables. The average yield of our net finance receivables[(1)] was 9.3% for the Reporting Period, compared to 9.8% for the year ended December 31, 2021, 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 RMB2,313 million, representing an increase of 35% compared to RMB1,716 million for the year ended December 31, 2021, 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 RMB1,711 million from RMB1,090 million in 2021, mainly due to the expansion of the scale of transaction platform business. Funding costs decreased to RMB492 million from RMB499 million in 2021, 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 4.2% for the year ended December 31, 2021. The following table sets out the cost details of each business type during the period shown:

	Year ended December 31,				
	2022			2021	
	RMB'000	***% of total cost***	***Year-on-year***	*RMB'000*	*% of total cost*
Cost of revenues:					
Transaction platform business	**1,777,576**	**77%**	**52%**	1,169,740	68%
Self-operated financing business	**535,561**	**23%**	**-2%**	546,263	32%
Total	**2,313,137**	**100%**	**35%**	1,716,003	100%

Note:

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

GROSS PROFIT AND MARGIN

	Year ended December 31,			
	2022		2021	
	RMB'000	***Margin***	*RMB'000*	*Margin*
Segment gross profit and gross profit margins				
Transaction platform business	**2,206,683**	**55%**	1,132,539	49%
Self-operated financing business	**681,688**	**56%**	645,802	54%
Total	**2,888,371**	**56%**	1,778,341	51%

For the Reporting Period, the Group's gross profit was RMB2,888 million, representing an increase of RMB1,110 million or 62% compared to RMB1,778 million for the year ended December 31, 2021. For the Reporting Period and the year ended December 31, 2021, the Group's gross profit margin was 56% and 51%, respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 55%, compared to 49% for the year ended December 31, 2021. The profitability of our transaction platform business improved mainly due to a higher percentage of high-yield business conducted 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 %*
Interest income	**1,188,496**	1,156,483	3%
Funding costs	**492,397**	498,877	-1%
Net interest income	**696,099**	657,606	6%
Net interest margin(1)	**5.5%**	5.6%	-2%

For the Reporting Period, the net interest margin of the Group's self-operated financing business was 5.5%, an decrease of 10 basis points from 5.6% for the year ended December 31, 2021, primarily due to the decrease of the yield of our net finance receivables.

Note:

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

SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased by 10% year-on-year to RMB1,218 million for the Reporting Period, compared to RMB1,358 million for the year ended December 31, 2021, primarily due to the decrease in amortization of intangible assets arising from asset and business acquisitions. Share-based compensation expenses for our sales and marketing personnel were RMB45 million for the Reporting Period, compared to RMB43 million for the year ended December 31, 2021. After 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 decreased by 1% year-on-year to RMB964 million for the Reporting Period, compared to RMB974 million for the year ended December 31, 2021, primarily due to the decrease of the service fee, partially offset by the increase in salaries and employee benefits which was in line with the increase of financing transactions.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 8% year-on-year to RMB430 million for the Reporting Period, compared to RMB398 million for the year ended December 31, 2021, primarily due to the increase in salaries and employee benefits. Share-based compensation expenses for our administrative personnel were RMB57 million for the Reporting Period, compared to RMB61 million for the year ended December 31, 2021. After eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the administrative expenses increased by 11% year-on-year to RMB373 million for the Reporting Period, compared to RMB336 million for the year ended December 31, 2021.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 31% year-on-year to RMB192 million for the Reporting Period, compared to RMB146 million for the year ended December 31, 2021, 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 RMB33 million for the Reporting Period, compared to RMB27 million for the year ended December 31, 2021. After eliminating the effect of certain non-cash item, namely share-based compensation expenses, research and development expenses increased by 33% year-on-year to RMB159 million for the Reporting Period, compared to RMB120 million for the year ended December 31, 2021, 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 because of payment under risk assurance, and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses increased by approximately 176% year-on-year to RMB790 million for the Reporting Period, compared to RMB286 million for the year ended December 31, 2021, which primarily resulted from the increase in provision for expected credit losses of finance receivables and risk assurance liabilities. The increase of provision was 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 pandemic, and more unbiased and prudential forward-looking factors built in our ECL model.

OTHER INCOME AND OTHER GAINS, NET

Our other income and other gains, net decreased by 72% year-on-year to RMB142 million for the Reporting Period, compared to RMB513 million for the year ended December 31, 2021. The decrease was primarily due to the decrease in other income from business cooperation agreements with Yusheng and the fair value changes arising from investee companies.

OPERATING PROFIT

Our operating profit for the Reporting Period was RMB400 million, compared to RMB102 million for the year ended December 31, 2021, mainly due to the increase in gross profit.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB10 million, compared to RMB3 million for the year ended December 31, 2021.

INCOME TAX EXPENSE

Our income tax expense was RMB35 million for the Reporting Period, compared to RMB55 million for the year ended December 31, 2021, primarily due to the tax preference enjoyed by the subsidiaries established in Xinjiang, as well as one of the principal subsidiaries of the Group being accredited as a "High-tech enterprise" , that is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws during the Reporting Period.

PROFIT FOR THE PERIOD

Our profit was RMB371 million for the Reporting Period, compared to RMB29 million for the year ended December 31, 2021, due to the increase in gross profit.

DIVIDEND

The Board has recommended the payment of a final dividend of HK1.95 cents per Share and a special dividend of HK1.30 cents per Share for the year ended December 31, 2022 (2021: nil). The total amount of the proposed final and special dividends is approximately HK$212.0 million (equivalent to approximately RMB185.5 million) (2021: nil), which is based on 6,523,873,012 Shares in issue on February 27, 2023.

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at December 31,		
	2022	2021	Year-on-year
	RMB'000	*RMB'000*	*%*
Carrying amount of finance receivables	**13,742,013**	11,109,198	24%
Cash and cash equivalents	**3,433,182**	3,051,720	12%
Total borrowings	**12,512,272**	9,422,403	33%
Current assets	**16,852,216**	14,897,268	13%
Current liabilities	**11,116,350**	8,363,004	33%
Net current assets	**5,735,866**	6,534,264	-12%
Total equity	**15,326,213**	14,642,211	5%

FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment, and in return, customers pay us interest and principal monthly. Our carrying amount of finance receivables increased to RMB13.7 billion as at December 31, 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 December 31,	
	2022	2021
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**14,356,423**	11,510,629
Provision for expected credit losses (ending balance)	**(614,410)**	(401,431)
Provision to net finance receivables ratio[1]	**4.28%**	3.49%

Note:

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

Maturity Profile

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

	December 31, 2022		December 31, 2021	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Maturity date				
Within 1 year	**6,688,699**	**46.59%**	5,939,789	51.60%
1 to 2 years	**4,783,210**	**33.32%**	4,996,752	43.41%
2 years and beyond	**2,884,514**	**20.09%**	574,088	4.99%
Total	**14,356,423**	**100.00%**	11,510,629	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, 2022, net finance receivables due within one year as set forth in the table above represented 46.59% 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 automobile industry, we facilitated approximately 93 thousand transactions through self-operated financing business for the year ended December 31, 2022, which contributed to the increase of net finance receivables due after one year and beyond. The evenly distributed maturity of the Group's net finance receivables could provide the Group with healthy liquidity and sustainable cash inflows.

OFF BALANCE-SHEET LOANS

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of December 31, 2022, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB44,638 million:

	As at December 31,	
	2022	2021
	(RMB'000, except for percentage)	
Loans with potential repurchase obligations, net (ending balance)	**44,637,563**	33,165,198
Risk assurance liabilities ("**RAL**"; net, ending balance)	**(1,137,788)**	(632,253)
RAL ratio[1]	**2.55%**	1.91%

Note:

(1) Risk assurance liability divided by loan balance with repurchase obligations.

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

DAY PAST DUE RATIO

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

	December 31, 2022	December 31, 2021
Past due ratio:		
180+ days[1]	**1.49%**	1.64%
90+ days (including 180+ days)[2]	**1.92%**	1.95%

Notes:

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

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

As at December 31, 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 1.49% and 1.92%, respectively (December 31, 2021: 1.64% and 1.95%, respectively). The asset quality remained resilient due to the effective response we have taken along the business procedure. The Group proactively tightens the standards of customer approval considering the uncertainties of macro-economic environment in 2022. During the contract period, the Group continuously monitors and analyzes customer repayment behaviours. Through our newly launched early warning and decision-making engine, we could approach customers with misconduct at early stage. As for asset recovery, we hedge against the adverse impact of the closure of some regional offices caused by pandemic prevention, by deploying backup offices for asset collection functions and adopting the automatic dispatching system, intelligent voice customer service and other digital tools to improve efficiency.

Internal Control

The Company has developed comprehensive risk management and internal control systems to address the credit risks that the Company is exposed to, being the Company's principal exposure. The Company has implemented the credit assessment process, which focuses on a consumer's ability and willingness to pay its financial obligations, and developed our data-driven credit assessment system, which is tailored to our business model. Our credit assessment and approval policies are similar across our service categories or product lines. While applicants may choose different financing product offerings based on their different financing needs, all applicants go through a similar credit assessment and approval process governed by similar policies and receive credit decisions, regardless of the product lines being applied for. We implement similar credit risk management measures across our service categories or product lines, by actively monitoring historical past due ratio and continuously improving our data analytics capabilities, as well as executing post-financing management and loss recovery measures by leveraging the vehicle telematics systems installed on all automobiles financed by us. For details, please refer to "Business – Risk Management and Internal Control – Credit Risk Management" of the prospectus of the Company dated November 6, 2017.

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

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

Credit Assessment and Approval Procedures

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

Assessment and Approval

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

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

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

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

Request of Draw-down

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

- The automobile purchase agreement must be duly executed by the parties named in the approved application package.

- The invoice must be duly stamped. The transaction amount and the VIN on the invoice must be consistent with our records in the system.

- A valid repayment bank account must be available.

Draw-down of Loans

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

- All the legal documents and agreements must have been duly signed with the witness by our own staff or the staff of the relevant dealership store and a photo of the onsite signing has been uploaded to our system.

- The underlying automobiles have been properly pledged to us, where appropriate.

- The required insurance policy and the vehicle telematics systems are in place.

Post-Financing Management

Our post-financing management process includes the following steps:

- Our post-financing management team will make welcome calls to our new consumers within 15 days after settlement in order to understand their customer experience as well as identify early stage of potential risks of delinquency.

- Our post-financing management team monitors the status of GPSs installed on the subject automobiles on a daily basis.

- In order to ensure that the consumers' repayments are on schedule, the post-financing service team will send reminders via text messages three days prior to the repayment due dates.

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

- our customer service team or outsourced call center team will remind the consumer of the repayment and send a collection notice to the said consumer within 10 days after the due date;

- our outsourced local collection specialists may conduct an on-site collection if there is any further delay;

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

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

Loss Recovery

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

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

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

CASH AND CASH EQUIVALENTS

As at December 31, 2022, our cash and cash equivalents amounted to RMB3,433 million, compared to RMB3,052 million as at December 31, 2021. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at December 31, 2022, RMB2,793 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 RMB2.0 billion for the Reporting Period, compared to the net cash inflow of RMB1.5 billion for the year ended December 31, 2021, mainly due to the increase in cash outflow in new financing lease transactions.

BORROWINGS AND SOURCE OF FUNDS

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

As at December 31 2022, our total borrowings were RMB12.5 billion, compared to RMB9.4 billion, as at December 31, 2021. The increase was mainly due to the increase in the scale of business. Total borrowings were comprised of (i) asset-backed securities and asset-backed notes of RMB4.0 billion as at December 31, 2022; and (ii) bank loans and borrowings from other institutions of RMB8.5 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 32% as at December 31, 2022.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 28 to the consolidated financial statements.

As at December 31, 2022, Yixin, as the original owner and sponsor, has issued in aggregate 37 standardized products, totaling RMB44.9 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc.. The structured product that was launched by the Group in November 2022 was the first asset-backed note project in China that received an international "AAA" rating, and its issuance price of Priority A1 Class was 3.3%, which has set the best record in Yixin's history.

NET CURRENT ASSETS

Our net current assets decreased by 12% to RMB5,736 million as at December 31, 2022, compared to RMB6,534 million as at December 31, 2021. Our current assets were RMB16.9 billion as at December 31, 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 RMB11.1 billion as at December 31, 2022, compared to RMB8.4 billion as at December 31, 2021, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB15.3 billion as at December 31, 2022, compared to RMB14.6 billion as at December 31, 2021, primarily due to the net profit incurred during the Reporting Period.

	As at December 31,	
	2022	2021
Current ratio (times)(1)	**1.52**	1.78
Gearing ratio(2)	**31%**	21%
Debt to equity ratio (times)(3)	**0.82**	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 1.52 as at December 31, 2022, compared to 1.78 as at December 31, 2021, mainly due to the increase in the current portion of borrowings of the Group.

Gearing Ratio

Our gearing ratio increased to 31% as at December 31, 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 0.82 as at December 31, 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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**33,576**	13,203
Prepayment for a capital investment	**80,000**	17,500
Purchase of intangible assets	**3,024**	1,871
Investments in financial assets at fair value through profit or loss	**12,500**	85,000
Investments in associates and joint ventures in the form of ordinary shares	**–**	311,000
Total	**129,100**	428,574

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 21 and Note 28 to the 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 strengthen our cooperation relationship with Yusheng in used automobile business.

Despite the continued impact of COVID-19, Yusheng achieved significant growth during the Reporting Period with a year-on-year increase in the volume of its retail transactions of more than 135%. The number of Yusheng's self-operated used car retail stores reached 49, which makes Yusheng the operator of the most used car retail stores in China. Yusheng also takes the lead in cooperation with NEV automobile manufacturers such as NIO, XPeng, Li Auto and Zeekr and in the second half of 2022 started collaborating with SAIC Feifan (RISING AUTO), AITO, and AVATR.

As at December 31, 2022, the fair value of our investment in Yusheng was RMB2,333,977,000 (December 31, 2021: RMB2,118,033,000), which constituted 7.3% of the total assets of the Group (December 31, 2021: 7.7%). The Company did not receive any dividends in respect of its investment in Yusheng for the years ended December 31, 2022 and 2021, and there were unrealised gains of approximately RMB19,613,000 from changes in fair value arising from investee companies for the year ended December 31, 2022 (2021: RMB37,419,000).

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual 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 December 31, 2022, we had 4,106 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 24 to the 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 RMB1,014 million, compared to RMB955 million for the year ended December 31, 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual 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 Note 21 and Note 28 to the consolidated financial statements.

CONTINGENT LIABILITIES

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

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

The biography of each Director is set out below.

EXECUTIVE DIRECTORS

Mr. Andy Xuan Zhang, aged 47, is our Chief Executive Officer, an executive Director and chairman of the Board. He is also the chairman of the Nomination Committee as well as a member of the Remuneration Committee. Mr. Zhang also acts as a director of certain subsidiaries of the Company. Mr. Zhang founded the Group in December 2013. He is responsible for the overall strategic planning and business direction of the Group and management of the Company. Mr. Zhang has over 20 years of operational and managerial experience with both multinational companies and local Chinese companies in internet, automobile and finance industries. Mr. Zhang held numerous positions in Bitauto since 2006 and has been the executive director and chief executive officer of Yiche Holding since the completion of merger of Bitauto as a wholly-owned subsidiary of Yiche Holding in November 2020. He had served as an executive director and the chief executive officer of Bitauto from January 2018 to the completion of the merger. Mr. Zhang's extensive involvement in Bitauto's strategy and operations contributed significantly to the growth of Bitauto and its listing and trading on the NYSE as a public company from November 2010 to November 2020.

Mr. Zhang obtained his bachelor's degree in finance and accounting from New York University in May 1999. Mr. Zhang has also been granted a certified public accountant by the Education Department of New York State, U.S.A. in October 2003.

Mr. Dong Jiang, aged 51, is an executive Director, our Joint President and a director of certain subsidiaries of the Company. He joined the Company in March 2015 and was the chief operating officer of the Company from June 2017 to December 2017. Mr. Jiang is primarily responsible for overseeing the day-to-day operations of the Company. Prior to joining our Group, from February 2011 to March 2015, Mr. Jiang was group deputy manager of China Grand Automotive Services Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600297). From January 2008 to January 2010, he was senior vice president of China Auto Rental Inc. (now known as CAR Inc.), a company previously listed on the Main Board of the Stock Exchange (stock code: 699).

Mr. Jiang obtained his bachelor's degree in aquaculture from Dalian Ocean University in July 1993 and master's degree in business administration from Peking University in July 2011.

NON-EXECUTIVE DIRECTORS

Mr. Qing Hua Xie, aged 44, is a non-executive Director since April 2022. Mr. Xie joined Tencent in December 2003 and currently serves as the corporate vice president of Tencent. Mr. Xie obtained a bachelor's degree in economics from Sun Yat-Sen University in 2001.

Mr. Qin Miao, aged 49, is a non-executive Director since December 2021. Mr. Miao joined JD.com. in June 2020 as the vice president and has worked as the president of life and service business group of JD retail since January 2021. Mr. Miao currently serves as a director of Yiche Holding since November 2021. Prior to that, Mr. Miao worked at McDonald's (China) Co., Ltd., from June 1993, and was serving as the chief operating officer of McDonald's (China) Co., Ltd. when he left in August 2013. He then worked at Golden Jaguar from August 2013, and was serving as the chief executive officer of the company when he left in October 2014.

Mr. Miao obtained his master's degree in business administration from the China Europe International Business School in October 2011.

Ms. Amanda Chi Yan Chau, aged 41, is a non-executive Director since May 2021. Ms. Chau has been employed by Hammer Capital (Hong Kong) Limited as managing director since July 2014. Prior to that, she was director of investment banking at Citigroup Global Markets Asia Limited. Ms. Chau has a combined 10 years of investment banking experience with Credit Suisse (Hong Kong) Limited, Merrill Lynch (Asia Pacific) Limited and Citigroup Global Markets Asia Limited. During this period, Ms. Chau has originated and executed many capital markets and mergers and acquisitions transactions for corporate clients across Asia Pacific.

Ms. Chau graduated from the Northwestern University, United States of America with a master of science degree in industrial engineering and management sciences, and from The University of Chicago, United States of America with a bachelor of arts degree in economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tin Fan Yuen, aged 70, is an independent non-executive Director, chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Yuen joined our Group in June 2017 and was appointed as an independent non-executive Director on November 6, 2017. He was formerly chief executive of the Stock Exchange from October 1988 to October 1991, deputy chairman and executive director of the Pacific Century Group from 1996 to 2006, deputy chairman and executive director of PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 8), from August 1999 to June 2006, executive chairman of Pacific Century Insurance Holdings Limited (now known as FTL Asia Holdings Limited), a company previously listed on the Main Board of the Stock Exchange (stock code: 65), from June 1999 to July 2007, independent non-executive director of China Foods Limited, a company listed on the Main Board of the Stock Exchange (stock code: 506), from July 1993 to August 2017 and independent non-executive director of Agricultural Bank of China Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1288) and the Shanghai Stock Exchange (stock code: 601288), from March 2013 to August 2019.

Mr. Yuen currently holds positions in the following publicly listed companies:

- Pacific Century Regional Developments Limited, a company listed on the Singapore Exchange Limited (stock code: P15), as an independent non-executive deputy chairman since February 2015; and

- Shanghai Industrial Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 363), as an independent non-executive director since July 2016.

Mr. Yuen obtained his bachelor of arts degree in economics from the University of Chicago in June 1975. He is the chairman of the board of trustees of the Hong Kong Centre for Economic Research, chairman of the board of Ortus Capital Management Limited, and a member of the board of trustees of University of Chicago and Fudan University.

Mr. Chester Tun Ho Kwok, aged 59, is an independent non-executive Director, chairman of the Audit Committee and a member of the Nomination Committee. Mr. Kwok joined our Group in June 2017 and was appointed as an independent non-executive Director on November 6, 2017. On April 29, 2021, Mr. Kwok was appointed as an independent non-executive director, a member of the audit committee and the nomination and remuneration committee of SF REIT Asset Management Limited, the manager of SF Real Estate Investment Trust which was listed on the Main Board of the Stock Exchange on May 17, 2021 (stock code: 2191). Since January 2016, Mr. Kwok has been an independent non-executive director and a member of the audit committee and investment committee of Henderson Sunlight Asset Management Limited ("**Henderson Sunlight**"), the manager of Sunlight Real Estate Investment Trust, a company listed on the Main Board of the Stock Exchange (stock code: 435). With effect from November 1, 2018, Mr. Kwok was appointed as a member of the remuneration and nomination committee of Henderson Sunlight.

Mr. Kwok had served as a member of the Process Review Panel of the Securities and Futures Commission from November 2016 to October 2022. He was also a member of the Takeovers and Mergers Panel of the Securities and Futures Commission from April 2007 to March 2016.

While in the banking industry, Mr. Kwok served in a senior capacity in a number of international financial institutions, including Credit Suisse (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited.

Mr. Kwok obtained his bachelor of arts degree from the University of Cambridge in June 1985. He has been a member of the Hong Kong Securities Institute since 1998 and a fellow of the Hong Kong Institute of Directors since 2016.

Ms. Lily Li Dong, aged 52, is an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Dong joined our Group in June 2017 and was appointed as independent non-executive Director on November 6, 2017. Since May 20, 2021, Ms. Dong was appointed as an independent non-executive director, chairwoman of the audit committee, a member of the remuneration committee and the nomination committee of Angelalign Technology Inc., a company listed on the Main Board of the Stock Exchange on June 16, 2021 (stock code: 6699). On April 13, 2020, Ms Dong was appointed as the independent director and a member of the audit committee and nominating and corporate governance committee of 58.com Inc., a company previously listed on the NYSE (stock code: WUBA). On April 20, 2020, she was appointed as a member of the special committee of 58.com Inc. to evaluate and consider the acquisition/privatization proposal from certain investors. She carried these roles until September 17, 2020 when 58.com Inc. completed privatization and delisted from the NYSE. From August 2015 to June 2017, Ms. Dong was the chief financial officer of eDaijia, an online designated driver service provider. Prior to that, she served as chief financial officer at RDA Microelectronics, Inc., a fabless semiconductor company previously listed on Nasdaq Global Select Market (stock code: RDA) ("**RDA**"), from November 2007 to July 2015, and was its director from January 2014 to July 2015. Ms. Dong has extensive experience as a finance and management professional and led the initial public offering process of RDA. Prior to that, Ms. Dong worked for Hewlett-Packard in China since 1992, and was the finance operations manager of Hewlett-Packard Technology (Shanghai) Co., Ltd.* (惠普科技(上海)有限公司) when she left in 2005.

Ms. Dong obtained her bachelor's degree in economics from the Nanjing University of Science and Technology in July 1992 and her executive master's degree in business administration from China Europe International Business School in November 2004.

OUR SENIOR MANAGEMENT

Mr. Zhi Gao, aged 51, joined our Group in September 2016. Mr. Gao has been appointed as our Joint President since March 24, 2022 and is primarily responsible for managing auto finance operations of our Group. Mr. Gao previously served as our Chief Operating Officer and vice president of operations. Prior to joining our Group, Mr. Gao was employed at Coca-cola Industries Management (Shanghai) Co., Ltd. (可口可樂企業管理(上海)有限公司) from April 2002 to August 2016, serving as duty general manager and market executive head of Coca-Cola Bottling Plant prior to his departure.

Mr. Gao graduated from the chemical engineering department of Dalian Institute of Light Industry (大連輕工業學院) (currently known as Dalian Polytechnic University (大連工業大學)) in July 1993. He also received his executive master's degree in business administration from Dalian University of Technology in June 2015.

Mr. Rui Song, aged 49, joined our Group in January 2019. Mr. Song has been appointed as our Chief Operating Officer since March 24, 2022 and is primarily responsible for managing auto finance operations of our Group. Mr. Song previously served as our senior vice president. Prior to joining our Group, Mr. Song was employed at DIFU Holding Group Co., Ltd. from 2017 to 2018, serving as general manager of DIFU Holding Group Co., Ltd. prior to his departure. Mr. Song was employed at Coca Cola Industries Management (Shanghai) Co., Ltd. from 1996 to 2017, serving as a sales director of Coca Cola Bottling Plant.

Mr. Song graduated from the foreign languages department of Lanzhou University in July 1995.

Mr. Xiaoguang Yang, aged 47, joined our Group in June 2020 as our Chief Financial Officer. Prior to joining our Group, Mr. Yang served as the chief financial officer and a director of Wacai Network Technology Co., Ltd.* (挖財網絡技術有限公司). Prior to that, Mr. Yang served at Fullerton Credit Services of Fullerton Financial Holdings Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Pte. Ltd., Singapore, from 2014 to 2016 as chief financial officer, responsible for corporate finance, equity financing and legal affairs. Mr. Yang also held financial management positions in Far East Horizon Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3360) and GE Capital of General Electric Company, a company listed on the NYSE (NYSE: GE).

Mr. Yang holds a bachelor's degree from Nankai University and a master's degree in business administration from Arizona State University.

COMPANY SECRETARY

Mr. Man Wah Cheng is the Company Secretary. Mr. Cheng is a Certified Public Accountant of the HKICPA and a fellow member of the Association of Chartered Certified Accountants. Mr. Cheng has around 20 years of experience in accounting, finance, taxation and corporate secretarial fields.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, subsequent to the date of the 2022 interim report of the Company and up to the date of this report, changes in information of Directors are set out below:

Name of Director	Details of Change	Effective Date
Mr. Chester Tun Ho Kwok	Ceased to be a member of the Process Review Panel of the Securities and Futures Commission due to the expiry of the term of appointment	October 31, 2022

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

REPORT OF THE DIRECTORS

The Board presents its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2022.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on November 19, 2014 as an exempted limited liability company under the Cayman Companies Law. The Company adopted and carries on business in Hong Kong under the name of "Yixin Automotive Technology Group Limited".

PRINCIPAL ACTIVITIES

The Group is principally engaged in the operation of an online automobile finance transaction platform in China. The Group operates its business in two segments: (i) transaction platform business, where we primarily facilitate auto loans to consumers offered by our auto finance partners; and (ii) self-operated financing business, where we primarily provide consumers with auto finance solutions through financing leases.

The analysis of the Group's revenues and contribution to results by business segments and the Group's revenues by geographical areas of operations are set out in Note 5 to the consolidated financial statements.

USE OF PROCEEDS

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 RMB5,525 million). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

As at December 31, 2022, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		**Utilization up to December 31, 2022**		**Utilization during the Reporting Period**		**Unutilized amount**	
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*
Sales and marketing	1,952,278	1,657,523	1,952,278	1,657,523	–	–	–	–
Research and technology capabilities enhancement	1,301,519	1,105,016	1,044,555	886,848	196,531	166,859	256,964	218,168
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**	**6,250,631**	**5,306,909**	**196,531**	**166,859**	**256,964**	**218,168**

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

BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this annual report. Particulars of important events affecting the Group that have occurred during the Reporting Period are included in the abovementioned sections. Also, the financial risk management objectives and policies of the Group can be found in Note 3 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Management Discussion and Analysis" and "Five-Year Financial Summary" sections of this annual report. Description of principal risks and uncertainties that the Group may be facing can be found in the "Chairman's Statement", "Management Discussion and Analysis" and "Risks relating to the New Contractual Arrangements" sections of this annual report.

In addition, discussions on the Group's environmental policies and performance, including compliance with the relevant laws and regulations that have a significant impact on the Group, and relationships with its key stakeholders (including employees, customers and suppliers and others) are included in the section headed "Major Customers and Suppliers" in this annual report as well as in the "ESG Report" and the "Corporate Governance Report" contained in this annual report. All the review, discussions and analysis mentioned above form part of this report.

RESULTS

The results of the Group for the year ended December 31, 2022 are set out in the consolidated income statement of this annual report.

The Board has recommended the payment of a final dividend of HK1.95 cents per Share and a special dividend of HK1.30 cents per Share for the year ended December 31, 2022 to Shareholders whose names appear on the register of members of the Company on Monday, May 22, 2023. The total amount of the proposed final and special dividends is estimated to be approximately HK$212.0 million (equivalent to approximately RMB185.5 million) based on 6,523,873,012 Shares at the date of this annual report. The Shareholders are reminded that there is no assurance that a dividend will be proposed or declared in any subsequent periods. The Board will continue to review and assess from time to time in accordance with the dividend policy of the Company to determine whether any dividend payment will be proposed or declared in the future.

The recommended final dividend of HK1.95 cents per Share and a special dividend of HK1.30 cents per Share will be considered at the Annual General Meeting.

There was no arrangement under which any Shareholder has waived or agreed to waive any dividend during the Reporting Period.

SHARE CAPITAL

Details of movements in the share capital of the Company for the year ended December 31, 2022 are set out in Note 22 to the consolidated financial statements.

During the year ended December 31, 2022, 163,000 new Shares were issued pursuant to the Pre-IPO Share Option Scheme as a result of the exercise of share options by option holders and 4,660,000 new Shares were issued pursuant to the First Share Award Scheme as a result of the grant of share awards.

RESERVES

As at December 31, 2022, the Company had distributable reserves amounting to RMB18,296,147,000 (2021: RMB16,641,777,000).

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2022 are set out in the consolidated statement of changes in equity on pages 150 to 151 and in Note 36(b) to the consolidated financial statements, respectively.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended December 31, 2022 are set out in Note 12 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 37 to the consolidated financial statements.

DEBENTURES AND BORROWINGS

As at December 31, 2022, our total borrowings were RMB12.5 billion, compared to RMB9.4 billion as at December 31, 2021. Total borrowings comprised (i) asset-backed securities and notes of RMB4.0 billion; and (ii) bank loans and borrowings from other institutions of RMB8.5 billion as at December 31, 2022. Details of the Group's borrowings are set out in Note 28 to the consolidated financial statements.

The Group did not issue any debenture during the Reporting Period (2021: nil).

DONATIONS

During the year ended December 31, 2022, the Group did not make any charitable donations (2021: nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the condensed consolidated results and financial positions of the Group for the last five financial years is set out on page 249 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme (as defined below). Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 33, Note 8(a) and Note 8(b), respectively, to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES

1. 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.

Purpose

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.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

1. Pre-IPO Share Option Scheme (Continued)

Eligible participants

Any employees, consultants, all members of the Board, and other individuals, as determined, authorized and approved by the Board or a committee authorised by the Board (the "**Committee**").

Maximum number of Shares

The overall limit on the number of options to be granted pursuant to the Pre-IPO Share Option Scheme represents 59,780,609 underlying Shares, or 418,464,263 underlying Shares, after taking into account the Capitalization Issue, representing approximately 6.41% of the issued Shares as at the date of this annual report.

As at December 31, 2022, outstanding options representing 235,356,348 underlying Shares were granted to eligible participants pursuant to the Pre-IPO Share Option Scheme. Details of the Pre-IPO Share Option Scheme are set out in Note 24(a) to the consolidated financial statements.

Limit for each participant

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant.

Remaining life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme commenced on May 26, 2017 (the "**Effective Date**"). Any options that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Pre-IPO Share Option Scheme and the applicable award agreement between the Company and the participant.

Consideration

Nil consideration is required to be paid by the grantees for the grant of options under the Pre-IPO Share Option Scheme.

Option period

The term of any option granted under the Pre-IPO Share Option Scheme shall not exceed 10 years, subject to the Shareholders' approval of extension of the exercise period for an option beyond 10 years from the date of grant. The Board shall also determine any conditions, if any, that must be satisfied before all or part of the options may be exercised.

The Board has the authority to determine the minimum period for which an option must be held before it can vest. The Pre-IPO Share Option Scheme does not specify any minimum holding period or performance targets.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

1. Pre-IPO Share Option Scheme (Continued)

Exercise price

The exercise price per Share subject to an option shall be determined by the Committee and set forth in the award agreement and may be a fixed or variable price related to the fair market value of the Shares.

Details of the movement of the options granted under the Pre-IPO Share Option Scheme during the year are as follows:

				Number of options				
Name or category of option holders	**Date of grant**	**Exercise period**	**Exercise price**	**Outstanding as at January 1, 2022**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Outstanding as at December 31, 2022**	**Weighted average closing price immediately before the exercise date (HK$)**
Director and senior management								
Mr. Andy Xuan Zhang	July 3, 2017	10 years from date of grant	US$0.0014	168,464,000	–	–	168,464,000	N/A
	October 1, 2017	10 years from date of grant	US$0.0014	65,002,189	–	–	65,002,189	N/A
Mr. Zhifeng Jia (賈志峰)	July 3, 2017	10 years from date of grant	US$0.0014	700,000	–	–	700,000	N/A
Other grantees – Employees								
In aggregate	Between July 3, 2017 and October 1, 2017	10 years from date of grant	US$0.0014	1,353,159	(163,000)	–	1,190,159	0.96
Total				**235,519,348**	**(163,000)**	**-**	**235,356,348**	

Details of the fair value of the options at the date of grant and the accounting standard and policy adopted are set out in Note 24(a) to the consolidated financial statements. Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and Note 24(a) to the consolidated financial statements.

2. First Share Award Scheme

The First Share Award Scheme operated during the Reporting Period 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.

Purpose

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.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

2. First Share Award Scheme (Continued)

Eligible participants

Any 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 as the Board or its delegate(s) determine.

Awards

An award granted by the Board to eligible participants which may vest in the form of Shares or the actual selling price of the Shares in cash ("**First Award Shares**").

Granting of awards

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. For the avoidance of doubt, nil consideration is required to be paid by the eligible participants for the grant of awards under the First Share Award Scheme.

Each grant of an award to any Director or the chairman of the Company shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of an award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

Maximum number of Shares to be awarded

The aggregate number of Shares underlying all grants made pursuant to the First Share Award Scheme (excluding First Award Shares granted which have been forfeited in accordance with the First Share Award Scheme) will not exceed 285,250,982 Shares without further Shareholders' approval, which represents 4.37% of the issued Shares as at the date of this annual report.

As at December 31, 2022, 334,737,576 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.

Vesting of awards

The Board or its delegate(s) may from time to time while the First Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the share awards to be vested. The share awards granted or agreed to be granted under the First Share Award Scheme as at December 31, 2022 would vest on specific dates, or in equal tranches from the date of grant over two to four years, on condition that the employees remain in service without any performance requirements.

To satisfy the awards, the Company shall (i) issue and allot Shares to the trustee under the specific mandate sought from Shareholders at general meeting and/or (ii) transfer to the trustee the necessary funds and instruct the trustee to acquire Shares through on-market transactions at the prevailing market price.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

2. First Share Award Scheme (Continued)

Maximum number of Shares to be awarded (Continued)

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

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2022	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at December 31, 2022	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Other grantees – Employees											
In aggregate	17-Jul-18	4,580,500	–	(4,528,988)	–	(51,512)	–	31-Mar-22	–	3.17	0.93
In aggregate	20-Dec-18	7,029,326	–	(6,929,326)	–	(100,000)	–	31-Mar-22	–	1.86	0.93
	20-Dec-18	1,055,042	–	(975,042)	–	(80,000)	–	31-Aug-22	–	1.86	1.00
Sub-total		8,084,368	–	(7,904,368)	–	(180,000)	–				0.94
In aggregate	24-Jul-19	185,232	–	(185,232)	–	–	–	31-Mar-22	–	1.80	0.93
	24-Jul-19	965,500	–	(365,500)	(600,000)	–	–	31-Aug-22	–	1.80	1.00
	24-Jul-19	965,500	–	–	(600,000)	–	365,500	31-Aug-23	–	1.80	N/A
Sub-total		2,116,232	–	(550,732)	(1,200,000)	–	365,500				0.98
In aggregate	9-Dec-20	400,000	–	(400,000)	–	–	–	31-Mar-22	–	2.60	0.93
	9-Dec-20	950,000	–	–	(950,000)	–	–	31-Aug-22	–	2.60	N/A
	9-Dec-20	400,000	–	–	(400,000)	–	–	31-Mar-23	–	2.60	N/A
	9-Dec-20	950,000	–	–	(950,000)	–	–	31-Aug-23	–	2.60	N/A
	9-Dec-20	400,000	–	–	(400,000)	–	–	31-Mar-24	–	2.60	N/A
	9-Dec-20	950,000	–	–	(950,000)	–	–	31-Aug-24	–	2.60	N/A
Sub-total		4,050,000	–	(400,000)	(3,650,000)	–	–				0.93
In aggregate	27-May-21	23,070,000	–	(23,060,000)	–	(10,000)	–	31-Mar-22	–	2.52	0.93
	27-May-21	23,070,000	–	–	(21,250,000)	(1,270,000)	550,000	31-Mar-23	–	2.52	N/A
	27-May-21	23,070,000	–	–	(21,250,000)	(1,270,000)	550,000	31-Mar-24	–	2.52	N/A
	27-May-21	22,500,000	–	–	(21,250,000)	(1,250,000)	–	31-Mar-25	–	2.52	N/A
Sub-total		91,710,000	–	(23,060,000)	(63,750,000)	(3,800,000)	1,100,000				0.93

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

2. First Share Award Scheme (Continued)

Maximum number of Shares to be awarded (Continued)

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2022	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at December 31, 2022	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
In aggregate	14-Sep-21	10,605,928	–	(7,040,928)	(3,327,500)	(237,500)	–	31-Aug-22	–	1.69	1.00
	14-Sep-21	10,605,928	–	–	(3,327,500)	(332,500)	6,945,928	31-Aug-23	–	1.69	N/A
	14-Sep-21	10,605,928	–	–	(3,327,500)	(332,500)	6,945,928	31-Aug-24	–	1.69	N/A
	14-Sep-21	10,605,928	–	–	(3,327,500)	(332,500)	6,945,928	31-Aug-25	–	1.69	N/A
Sub-total		42,423,712	–	(7,040,928)	(13,310,000)	(1,235,000)	20,837,784				1.00
In aggregate	22-Dec-21	1,307,859	–	(1,307,859)	–	–	–	31-Aug-22	–	1.24	1.00
	22-Dec-21	1,307,859	–	–	–	–	1,307,859	31-Aug-23	–	1.24	N/A
	22-Dec-21	1,307,859	–	–	–	–	1,307,859	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,307,860	–	–	–	–	1,307,860	31-Aug-25	–	1.24	N/A
Sub-total		5,231,437	–	(1,307,859)		–	3,923,578				1.00
In aggregate	19-Apr-22	–	1,165,000	(1,145,000)	–	(20,000)	–	31-Aug-22	–	0.82	1.00
	19-Apr-22	–	1,165,000	–	–	(20,000)	1,145,000	31-Aug-23	–	0.82	N/A
	19-Apr-22	–	1,165,000	–	–	(20,000)	1,145,000	31-Aug-24	–	0.82	N/A
	19-Apr-22	–	1,165,000	–	–	(20,000)	1,145,000	31-Aug-25	–	0.82	N/A
Sub-total		–	4,660,000	–	–	(80,000)	3,435,000				1.00
In aggregate	20-Sep-22	–	4,877,500	(4,877,500)	–	–	–	31-Oct-22	–	0.92	0.65
	20-Sep-22	–	21,650,000	–	–	(250,000)	21,400,000	31-Mar-23	–	0.92	N/A
	20-Sep-22	–	4,877,500	–	–	(2,500,000)	2,377,500	31-Aug-23	–	0.92	N/A
	20-Sep-22	–	21,650,000	–	–	(250,000)	21,400,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	–	4,277,500	–	–	(2,500,000)	1,777,500	31-Aug-24	–	0.92	N/A
	20-Sep-22	–	21,250,000	–	–	(250,000)	21,000,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	–	3,327,500	–	–	(2,500,000)	827,500	31-Aug-25	–	0.92	N/A
Sub-total		–	81,910,000	(4,877,500)	–	(8,250,000)	68,782,500				0.65
Total		**158,196,249**	**86,570,000**	**(50,815,375)**	**(81,910,000)**	**(13,596,512)**	**98,444,362**				**0.92**

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

2. First Share Award Scheme (Continued)

Limit for each participant

Under the First Share Award Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant but unvested under the Second Share Award Scheme.

Termination

The First Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing on the earlier of the passing of a Shareholders' resolution approving the adoption of the First Share Award Scheme or the Listing Date except in respect of any non-vested First Award Shares granted hereunder prior to the expiration of the First Share Award Scheme, for the purpose of giving effect to the vesting of such First Award Shares or otherwise as may be required in accordance with the provisions of the First Share Award Scheme; and

(b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the First Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the First Award Shares already granted to a selected participant.

81,910,000 Shares under the First Share Award Scheme were modified during the Reporting Period. There was no incremental fair value incurred and no impact on the related accounting treatments. Details of the fair value of the awarded Shares granted under the First Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 24(b) to the consolidated financial statements.

Further details of the First Share Award Scheme are set out in the Prospectus and Note 24(b) to the consolidated financial statements.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

3. 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.

Purpose

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.

Eligible participants

Any 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 as the Board or its delegate(s) determine.

Awards

An award granted by the Board to eligible participants which may vest in the form of Shares or the actual selling price of the Shares in cash ("**Second Award Shares**").

Granting of awards

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. For the avoidance of doubt, nil consideration is required to be paid by the eligible participants for the grant of awards under the Second Share Award Scheme.

Each grant of an award to any Director or the chairman of the Company shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of an award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

To satisfy the awards, the Company may transfer to the trustee the necessary funds and instruct the trustee to acquire Shares through on-market transactions at the prevailing market price.

Maximum number of Shares to be awarded

The aggregate number of Shares underlying all grants made pursuant to the Second Share Award Scheme (excluding Second Award Shares which have been forfeited in accordance with the Second Share Award Scheme) will not exceed 5% of the total number of issued Shares without Shareholders' approval, subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

As at December 31, 2022, 87,976,956 Shares had been granted or agreed to be granted under the Second Share Award Scheme.

Vesting of awards

The Board or its delegate(s) may from time to time while the Second Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the share awards to be vested. The share awards granted or agreed to be granted under the Second Share Award Scheme as at December 31, 2022 would vest on specific dates, or in equal tranches from the date of grant over two to four years, on condition that the employees remain in service without any performance requirements.

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

3. Second Share Award Scheme (Continued)

Maximum number of Shares to be awarded (Continued)

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

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2022	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at December 31, 2022	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Directors											
Mr. Dong Jiang	20-Sep-18	1,225,000	–	(1,225,000)	–	–	–	31-Mar-22	–	2.38	0.93
	13-Jul-21	5,000,000	–	(5,000,000)	–	–	–	31-Mar-22	–	2.25	0.93
	13-Jul-21	5,000,000	–	–	(5,000,000)	–	–	31-Mar-23	–	2.25	N/A
	13-Jul-21	5,000,000	–	–	(5,000,000)	–	–	31-Mar-24	–	2.25	N/A
	13-Jul-21	5,000,000	–	–	(5,000,000)	–	–	31-Mar-25	–	2.25	N/A
	20-Sep-22	–	5,000,000	–	–	–	5,000,000	31-Mar-23	–	0.92	N/A
	20-Sep-22	–	5,000,000	–	–	–	5,000,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	–	5,000,000	–	–	–	5,000,000	31-Mar-25	–	0.92	N/A
Mr. Tin Fan Yuen	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-22	–	1.24	N/A
	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-23	–	1.24	N/A
	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-24	–	1.24	N/A
	22-Dec-21	337,850	–	–	(337,850)	–	–	31-Aug-25	–	1.24	N/A
Mr. Chester Tun Hon Kwok	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-22	–	1.24	N/A
	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-23	–	1.24	N/A
	22-Dec-21	337,847	–	–	(337,847)	–	–	31-Aug-24	–	1.24	N/A
	22-Dec-21	337,850	–	–	(337,850)	–	–	31-Aug-25	–	1.24	N/A
Ms. Lily Li Dong	22-Dec-21	168,924	–	–	(168,924)	–	–	31-Aug-22	–	1.24	N/A
	22-Dec-21	168,924	–	–	(168,924)	–	–	31-Aug-23	–	1.24	N/A
	22-Dec-21	168,924	–	–	(168,924)	–	–	31-Aug-24	–	1.24	N/A
	22-Dec-21	168,924	–	–	(168,924)	–	–	31-Aug-25	–	1.24	N/A
Sub-total		24,603,478	15,000,000	(6,225,000)	(18,378,478)	–	15,000,000				0.93

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

3. Second Share Award Scheme (Continued)

Maximum number of Shares to be awarded (Continued)

Name or category of share awardee	Date of grant	Number of Awards: Outstanding as at January 1, 2022	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at December 31, 2022	Vesting date	Purchase price of share awards (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Other grantees – Employees											
In aggregate	20-Sep-18	500,000	–	(500,000)	–	–	–	31-Mar-22	–	2.38	0.93
	20-Dec-18	300,000	–	(300,000)	–	–	–	31-Mar-22	–	1.86	0.93
	13-Jul-21	4,500,000	–	(4,500,000)	–	–	–	31-Mar-22	–	2.25	0.93
	13-Jul-21	4,500,000	–	–	(4,500,000)	–	–	31-Mar-23	–	2.25	N/A
	13-Jul-21	4,500,000	–	–	(4,500,000)	–	–	31-Mar-24	–	2.25	N/A
	13-Jul-21	4,500,000	–	–	(4,500,000)	–	–	31-Mar-25	–	2.25	N/A
	14-Sep-21	445,000	–	(445,000)	–	–	–	31-Aug-22	–	1.69	1.00
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-23	–	1.69	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-24	–	1.69	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-25	–	1.69	N/A
	22-Dec-21	1,000,000	–	(1,000,000)	–	–	–	31-Aug-22	–	1.24	1.00
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-23	–	1.24	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-25	–	1.24	N/A
	20-Sep-22	–	4,500,000	–	–	–	4,500,000	31-Mar-23	–	0.92	N/A
	20-Sep-22	–	4,500,000	–	–	–	4,500,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	–	4,500,000	–	–	–	4,500,000	31-Mar-25	–	0.92	N/A
Sub-total		24,580,000	13,500,000	(6,745,000)	(13,500,000)	–	17,835,000				0.94
Total		**49,183,478**	**28,500,000**	**(12,970,000)**	**(31,878,478)**	**-**	**32,835,000**				0.94

PRE-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEMES (CONTINUED)

3. Second Share Award Scheme (Continued)

Maximum number of Shares to be awarded (Continued)

Limit for each participant

Under the Second Share Award Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant but unvested under the First Share Award Scheme.

Termination

The Second Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing on the earlier of the passing of a Shareholders' resolution approving the adoption of the Second Share Award Scheme or the Listing Date except in respect of any non-vested Second Award Shares granted hereunder prior to the expiration of the Second Share Award Scheme, for the purpose of giving effect to the vesting of such Second Award Shares or otherwise as may be required in accordance with the provisions of the Second Share Award Scheme; and

(b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Second Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Second Award Shares already granted to a selected participant.

28,500,000 Shares under the Second Share Award Scheme were modified during the Reporting Period. There was no incremental fair value incurred and no impact on the related accounting treatments. Details of the fair value of the awarded Shares granted under the Second Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 24(b) to the consolidated financial statements.

Further details of the Second Share Award Scheme are set out in the Prospectus and Note 24(b) to the consolidated financial statements.

4. Additional Information of the Share Schemes

In respect of the First Share Award Scheme, which is the current share scheme of the Company involving the issue of new Shares, the number of share awards available for grant under the scheme mandate of the Company was 62,422,286 Shares as at January 1, 2022 and 71,358,798 Shares as at December 31, 2022.

The number of Shares that may be issued in respect of awards granted under the First Share Award Scheme during the year ended December 31, 2022 divided by the weighted average number of the Shares in issue for the year ended December 31, 2022 is 1.33%.

During the Reporting Period, the Company did not make any grants of options or awards to its directors and/or senior managers as set out in Rule 17.03F and Rules 17.06B(7) and (8) of the Listing Rules.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Pre-IPO Share Option Scheme and Share Award Schemes", no equity-linked agreement was entered into by the Group, or existed during the Reporting Period.

DIRECTORS

The Directors who held office during the year ended December 31, 2022 and up to the date of this report are:

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

Pursuant to Article 16.18 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company and will be eligible for re-election at that meeting. Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Tin Fan Yuen, Mr. Chester Tun Ho Kwok and Ms. Lily Li Dong shall retire by rotation and, all being eligible, offer themselves for re-election at the Annual General Meeting.

BOARD OF DIRECTORS

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the Annual General Meeting has a service contract with any member of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" below, neither the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2022.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain by the execution of he/she duty in their offices or otherwise in relation thereto. A permitted indemnity provision as required by the Hong Kong Companies Ordinance is currently in force and was in force for the benefit of the Directors throughout the year ended December 31, 2022.

The Company has arranged appropriate insurance cover for the Directors in connection with the discharge of their responsibilities.

MANAGEMENT CONTRACTS

Save for service contracts of the Directors, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or existed during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or its holding company of any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As at December 31, 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

	Number of Shares			
Name of Director	**Personal interest**	**Number of underlying Shares interested[(3)]**	**Total interests**	**Approximate percentage of issued Shares[(4)]**
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%

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) The letter "L" denotes long position in such underlying Shares.

(4) The percentages are calculated on the basis of 6,523,873,012 Shares in issue as at December 31, 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

	Number of ordinary shares in Yiche Holding				
Name of Director	Beneficiary of a trust (other than a discretionary interest)	Personal interest	Number of underlying shares interested[2]	Total interests	Approximate percentage of issued shares[3]
Mr. Andy Xuan Zhang	–	–	1,680,000(L)[1]	1,680,000	2.18%

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 77,008,453 ordinary shares of Yiche Holding in issue as at December 31, 2022.

Save as disclosed above, as at December 31, 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 December 31, 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)	32.09%
	Beneficial owner	21,106,272(S)	0.32%
Tencent(1)	Interest of controlled corporation	3,515,361,159 (L)	53.88%
	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	636,318,820(L)	9.75%
JD.com Investment Limited(2)	Interest of controlled corporation	1,042,993,921(L)	15.99%
JD.com(2)	Interest of controlled corporation	1,042,993,921(L)	15.99%
Max Smart Limited(2)	Interest of controlled corporation	1,042,993,921(L)	15.99%
UBS Trustees (B.V.I.) Limited(2)	Trustee	1,042,993,921(L)	15.99%
Liu Qiangdong Richard(3)	Beneficiary of a trust	1,042,993,921(L)	15.99%
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 December 31, 2022.

(2) JD.com Global Investment Limited which holds 406,675,101 Shares and JD Financial Investment Limited which holds 636,318,820 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 70.4% by Max Smart Limited. 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 (B.V.I.) Limited as the trustee.

(3) Liu Qiangdong Richard holds 1,042,993,921 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 Splendid Sun LLC. Splendid Sun LLC is wholly-owned by Avantua Group Limited (formerly known as Avantua Investments Limited). Avantua Group Limited is wholly-owned by Ace Trend Investment Limited. Ace Trend Investment 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 letters "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 6,523,873,012 Shares in issue as at December 31, 2022.

Certain numbers and percentage figures included in the table above have been subject to rounding adjustments. Any discrepancies in the table between totals and sums of amounts listed therein are due to rounding.

Save as disclosed above, as at December 31, 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-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Cayman Companies Law which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save and except for the interests of our Controlling Shareholders in our Company, during the year ended December 31, 2022, 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.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" and Note 32 to the consolidated financial statements in relation to the related party transactions of the Group during the Reporting Period, no contract of significance, or contract of significance for the provision of services, between the Company or any of its subsidiaries or the Consolidated Affiliated Entity and the Controlling Shareholders or any of their subsidiaries has been entered into during the Reporting Period or subsisted as at the end of the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices. Details about the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" contained in this annual report.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group engaged in certain transactions with the following persons (and/or their respective associates as defined under Rules 14A.07, 14A.12 and 14A.13 as appropriate) that constituted connected transactions under the Listing Rules.

- Bitauto is considered a "connected person" under the Listing Rules by virtue of it being an associate of the Controlling Shareholder. Bitauto had been the Controlling Shareholder until March 5, 2021. Any transactions between the Company and Bitauto and/or its associates are considered as connected transactions pursuant to Rule 14A.25.

- Tencent is considered a "connected person" under the Listing Rules by virtue of it being the Controlling Shareholder. Any transactions between the Company and Tencent and/or its associates are considered as connected transactions pursuant to Rule 14A.25.

- JD.com is considered a "connected person" under the Listing Rules by virtue of it being a Substantial Shareholder. Any transactions between the Company and JD.com and/or its associates are considered as connected transactions pursuant to Rule 14A.25.

CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group during the Reporting Period, which are subject to the reporting, annual review and announcements but are exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Used auto services agreements with Beijing Jingzhengu Information Technology Co., Ltd. (北京精真估信息技術有限公司) ("Jingzhengu")

On July 31, 2017, Shanghai Yixin, Beijing Yixin, Beijing KKC and Jingzhengu (an associate of Bitauto) entered into a used auto valuation and inspection services strategic cooperation agreement ("**Used Auto Services Strategic Cooperation Agreement**") whereby Jingzhengu provides (i) onsite and online used car valuation and used car inspection services for the used cars financed or facilitated by us for a fixed fee per car, and (ii) a free portal on our website taoche.com that our consumers can use to compute or solicit a quotation for the value of a vehicle. The term of the Used Auto Services Strategic Cooperation Agreement commenced on the date of the agreement and expired on December 31, 2019. On December 12, 2019, the Company (through Beijing Yixin) renewed the Used Auto Services Strategic Cooperation Agreement by entering into the 2020-2022 Used Auto Services Strategic Cooperation Agreement ("**2020-2022 Used Auto Services Strategic Cooperation Agreement**") for three years with the expiration date on December 31, 2022. On December 19, 2022, the Company (through Shanghai Yixin) renewed the above 2020-2022 agreement by entering into the renewed Used Auto Services Strategic Cooperation Agreement ("**Renewed Used Auto Services Strategic Cooperation Agreement**") with Jingzhengu (a subsidiary of Tencent). The term of the Renewed Used Auto Services Strategic Cooperation Agreement is for three years and commenced on January 1, 2023. Aside from the new annual caps described below, the terms of the Renewed Used Auto Services Strategic Cooperation Agreement (including the pricing policy) are substantially the same as those of the 2020-2022 Used Auto Services Strategic Cooperation Agreement.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

1. Used auto services agreements with Beijing Jingzhengu Information Technology Co., Ltd. (北京精真估信息技術有限公司) ("Jingzhengu") (Continued)

Jingzhengu provides services to the Group in relation to our used auto business, including onsite and online valuation and inspection. We require inspection services in order to meet our customers' demand for used automobile inspection services, as well as valuation services for the majority of used automobiles we finance as part of our risk management process and in order to accurately value our cars when they are leased to our customers.

The fees payable by us to Jingzhengu outlined above has been determined based on arm's length discussions and by reference to rates charged by other independent third party service providers for comparable services. The service fee and calculation method were agreed between the parties based on the specific type and usage of the services in each transaction.

The annual cap for and the aggregate fees paid by the Group pursuant to the 2020-2022 Used Auto Services Strategic Cooperation Agreement for the year ended December 31, 2022 is RMB50,000,000 and amounted to approximately RMB30,243,000, respectively.

The annual caps for the Renewed Used Auto Services Strategic Cooperation Agreement for each of the three years ending December 31, 2023, 2024 and 2025 are RMB40,000,000, RMB45,000,000 and RMB50,000,000 respectively.

Further details of the Renewed Used Auto Services Strategic Cooperation Agreement are set out in the announcement of the Company dated December 19, 2022.

2. Automobile leasing agreement with Beijing Bitcar Interactive

On August 30, 2017, Shanghai Yixin and Beijing Bitauto Interactive (an associate of Bitauto) entered into an automobile leasing framework agreement (the "**Automobile Leasing Framework Agreement**") whereby Beijing Bitauto Interactive (and/or its affiliates) leases automobiles from Shanghai Yixin in exchange for a fee. The term of the Automobile Leasing Framework Agreement is for three years and commenced on the date of the agreement. The Company, through Shanghai Yixin, renewed the above agreement by entering into the renewed Automobile Leasing Framework Agreement (the "**Renewed Automobile Leasing Framework Agreement**") with Beijing Bitcar Interactive (an associate of Bitauto) on December 12, 2019. The term of the Renewed Automobile Leasing Framework Agreement is for three years and commenced on January 1, 2020. Aside from the new annual cap described below, the terms of the Renewed Automobile Leasing Framework Agreement (including the pricing policy) are substantially the same as those of the Automobile Leasing Framework Agreement.

Under the Renewed Automobile Leasing Framework Agreement, Shanghai Yixin and Beijing Bitcar Interactive or its affiliated companies will negotiate individual leasing contracts on a case-by-case basis. The fees payable to us by Beijing Bitcar Interactive or its affiliated companies outlined above has been determined based on arm's length discussion and with reference to market rates for leasing automobiles of comparable specifications, for a similar number of automobiles and duration.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Automobile leasing agreement with Beijing Bitcar Interactive (Continued)

Beijing Bitcar Interactive or its affiliated companies lease automobiles from us and post consumer reviews and recommendations for different car models on websites run by Bitauto. In return, we receive a fee for the leased vehicles.

The annual cap for and the aggregate fees paid to the Group pursuant to the Renewed Automobile Leasing Framework Agreement for the year ended December 31, 2022 is RMB20,000,000 and amounted to approximately RMB681,000, respectively.

Further details of the Renewed Automobile Leasing Framework Agreement are set out in the announcement of the Company dated December 12, 2019.

3. Automobile financing cooperation framework agreement with WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司) ("WeBank")

On August 7, 2018, Xinche Investment and WeBank (an associate of Tencent) entered into an automobile financing cooperation framework agreement (the "**Automobile Financing Cooperation Framework Agreement**"), pursuant to which Xinche Investment and WeBank agreed to cooperate to deliver certain automobile financing services to their customers. WeBank will pay Xinche Investment service fees in consideration for the cooperation. The term of the Automobile Financing Cooperation Framework Agreement commenced from August 7, 2018 and was expired on December 31, 2019. On April 11, 2019, a supplemental agreement was entered into between Xinche Investment and WeBank to extend the expiration date of the Automobile Financing Cooperation Framework Agreement to December 31, 2020. The Company, through Xinche Investment, renewed the above agreement by entering into the renewed Automobile Financing Cooperation Framework Agreement (the "**Renewed Automobile Financing Cooperation Framework Agreement**") with WeBank on November 17, 2020. The Renewed Automobile Financing Cooperation Framework Agreement is for three years with the annual cap of RMB280,000,000 for each of the two years ended December 31, 2021 and 2022 and the year ending December 31, 2023.

Through the platforms operated or controlled by Xinche Investment, Xinche Investment will assist WeBank in customer sourcing, products and services promotion, applicants' information collection and assessment, automobiles evaluation, title and pledge registration, and post-loan auto asset management (the "**Loan Facilitation Services**"). WeBank will review and assess loan applicants' loan applications, extend loans to qualifying loan applicants, and conduct post-loan management. The parties will enter into subsequent cooperation agreements to further specify the rights and obligations of the parties.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

3. Automobile financing cooperation framework agreement with WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司) ("WeBank") (Continued)

The services fees payable by WeBank to the Group under the Renewed Automobile Financing Cooperation Framework Agreement constitute two components, namely the basic service fees and the supplemental service fees. The basic service fees for each auto loan transaction facilitated by the Group shall be calculated by multiplying the interest income WeBank generates from auto loan transactions facilitated by the Group and a predetermined rate, which is derived from the quotient of (a) the difference between the annualized interest rate that WeBank charges for the auto loan transactions facilitated by the Group (the "**Annualized Interest Rate**") and the annualized rate of return WeBank requires and (b) the Annualized Interest Rate. The annualized rate of return WeBank requires and the Annualized Interest Rate may be agreed from time to time between the parties with reference to prevailing market conditions and rates. The supplemental service fees are charged based on the scale of the auto loan transactions facilitated by the Group. It shall be calculated by multiplying the total amount of auto loans by a predetermined rate which shall be determined with reference to fair market rate and specified in the subsequent cooperation agreements. The aggregate fees paid to the Group pursuant to the Renewed Automobile Financing Cooperation Framework Agreement for the year ended December 31, 2022 amounted to approximately RMB19,946,000.

By entering into the Renewed Automobile Financing Cooperation Framework Agreement with WeBank, the Group can leverage on its expertise and capabilities of the Loan Facilitation Services to serve more auto finance customers, increase revenues, and grow business and operation scale and with a long-term cooperation relationship between the Group and WeBank, the Group expects that it will benefit from WeBank, which is familiar with the industry and business operation of the Group, so it will be at an advantage to provide the Group with more effective, suitable and flexible services compared to other industry players.

Further details of the Renewed Automobile Financing Cooperation Framework Agreement are set out in the announcement of the Company dated November 17, 2020.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

4. Data services and promotion service cooperation framework agreement with Beijing Bitcar Interactive

On September 30, 2017, Xinche Investment and Beijing Bitauto Interactive (an associate of Bitauto) entered into a data services and promotion service cooperation framework agreement (the "Cooperation Framework Agreement"). The term of the Cooperation Framework Agreement is for three years from the date of the agreement. Pursuant to the Cooperation Framework Agreement, we provide to Beijing Bitauto Interactive and/or its affiliates (i) an online calculator that enables consumers to calculate financing costs for each automobile on a real time basis, (ii) data analytics report based on our own database of consumers and transactions, (iii) brand promotion for display of Bitauto's logos and websites, (iv) traffic support and (v) advertising agent services. In exchange for these services, Beijing Bitauto Interactive pays service fees to Xinche Investment. For the data analytics services, we produce data analytics reports in exchange for a fixed fee based on the survey size. For the brand promotion services, we agree to promote Beijing Bitauto Interactive's brand and products on our online websites and mobile platforms. For traffic support services, we provide traffic leads from our platform. For advertising agent services, we provide advertising services to Beijing Bitauto Interactive and/or its affiliates who place advertisements on our websites on behalf of its customers. The fees were determined after arm's length negotiation between the parties. The online calculator tool service, due to the business considerations of Beijing Bitauto Interactive, had been discontinued since January, 2018.

The Company, through Xinche Investment, renewed the above agreement by entering into the renewed Cooperation Framework Agreement (the "**Renewed Cooperation Framework Agreement**") with Beijing Bitcar Interactive on December 12, 2019. The term of the Renewed Cooperation Framework Agreement is for three years and commenced on January 1, 2020. To better account for and reflect the comprehensive advertising services provided by the Group, the brand promotion services, traffic support services and advertising agent services under the Cooperation Framework Agreement have been combined and categorized now as advertising services under the Renewed Cooperation Framework Agreement. Aside from the new annual caps, termination of the online calculation tool service and the new grouping of the data and advertising services described above, the terms of the Renewed Cooperation Framework Agreement (including the pricing policy) are substantially the same as those of the Cooperation Framework Agreement.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

4. Data services and promotion service cooperation framework agreement with Beijing Bitcar Interactive (Continued)

The annual caps and the aggregate fee paid to the Group pursuant to the Renewed Cooperation Framework Agreement are as follows:

	Annual caps	Aggregate annual fee
	for the year ended December 31, 2022	
	(RMB)	*(RMB)*
Data services	14,000,000	–
Advertising services	80,000,000	–
Total	94,000,000	–

The service fees with regard to the data services are calculated on a fixed fee based on the scale of the data study and the service fees with regard to promotion services are calculated based on the cost per click, the cost per reach, the cost per download, the length of advertising and the cost per sale made from the advertising.

By entering into the Renewed Cooperation Framework Agreement, the Company can continue its long-term cooperation with Bitauto and better categorize and account for the services provided by the Group. Given the complementary nature of the services we provide to Bitauto's customers through our online portals and websites, we expect that we will continue to provide these services to Bitauto and its associates.

Further details of the Renewed Cooperation Framework Agreement are set out in the announcement of the Company dated December 12, 2019.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. Payment Services Framework Agreement with Tenpay Payment Technology Co., Ltd.* (財付通支付科技有限公司) ("Tenpay")

Reference is made to the Prospectus and the announcement of the Company dated September 12, 2019 in relation to the payment related services provided by certain associates of Tencent to members of the Group since July 2017 and the existing payment services framework agreement (the "**Existing Payment Services Framework Agreement**") entered into between Shanghai Yixin and Tenpay (a subsidiary of Tencent) on September 12, 2019. The Company expected to continue the payment related services provided by certain associates of Tencent after December 31, 2021 and renewed the Existing Payment Services Framework Agreement by entering into (through Shanghai Yixin) the payment services framework agreement (the "**Payment Services Framework Agreement**") on December 30, 2021 for a term of three years effective from January 1, 2022. Aside from the new annual caps, the terms of the Payment Services Framework Agreement (including the pricing policy) are substantially the same as those of the Existing Payment Services Framework Agreement.

Tenpay provides certain payment related services to the Group including but not limited to payment channel services for customers of the Group, such as Weixin Pay (微信支付). In exchange, the Group pays a handling fee to Tenpay. The handling fee payable by the Group was determined after arm's length negotiation between the parties and with reference to the market rates for payment services of a similar nature with regard to the number of customers and amounts paid. The handling fee is calculated as a percentage of the amount paid by customers using the specific payment services. The aforementioned percentage shall be determined based on the official price lists or business policies issued by Tenpay from time to time that are applicable to all of its other independent third party customers. The handling fee will be settled by making real-time deduction from the payments made by customers of the Group.

The annual cap for and the aggregate fees paid by the Group pursuant to the Existing Payment Services Framework Agreement for the year ended December 31, 2022 is RMB18,000,000 and amounted to approximately RMB2,177,000, respectively.

The annual caps for the Payment Services Framework Agreement for each of the two years ending December 31, 2023 and 2024 are RMB20,000,000 and RMB25,000,000 respectively.

Weixin Pay (微信支付) is gaining popularity among Chinese internet users in recent years and has become a leading mobile payment platform in China. In view of the increasing usage of Weixin Pay (微信支付) by our customers, there is a strong business need to continue the long-term cooperation with and benefit from the specific payment services provided by Tencent, set the annual caps which better reflect the current expectation and trend for the increased popularity of such payment channel services, and for better governing of the conduct of the continuing connected transaction.

Further details of the Payment Services Framework Agreement are set out in the announcement of the Company dated December 30, 2021.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

6. Advertising Framework Agreement with Beijing Bitauto Interactive

On December 12, 2019, Beijing Yixin entered into the advertising framework agreement (the "**Advertising Framework Agreement**") with Beijing Bitauto Interactive (an associate of Bitauto), pursuant to which Beijing Bitauto Interactive or its affiliated companies shall provide certain services to the Group including but not limited to brand, product and website promotion on online and offline platforms which Beijing Bitauto Interactive or its affiliated companies operates, controls or cooperates with. In exchange, the Group shall pay Beijing Bitauto Interactive or its affiliated companies a fee. The term of the Advertising Framework Agreement is for three years and commenced on January 1, 2020. On December 16, 2022, the Company, through Xinjiang Wanhong, renewed the above agreement by entering into the renewed Advertising Framework Agreement ("**Renewed Advertising Framework Agreement**") with Beijing Bitauto Interactive (a subsidiary of Tencent). The term of the Renewed Advertising Framework Agreement is for three years and commenced on January 1, 2023. Aside from the new annual caps described below, the terms of the Renewed Advertising Framework Agreement (including the pricing policy) are substantially the same as those of the Advertising Framework Agreement.

The fee payable by the Group under the Advertising Framework Agreement was determined after arm's length negotiation between the parties and with reference to the market rates for advertising services of comparable specifications, for a similar number of days, time and format of advertisement. The terms were no less favourable to the Company than those which could be obtained from independent third party suppliers. With regard to advertising services, the service fees are calculated based on the cost per click, the cost per reach, the cost per download, the cost for the duration of advertising, the cost per sales made from the advertising, the complexity of the advertisement and the distribution means of the advertisement.

The annual cap for and the aggregate fee paid by the Group pursuant to the Advertising Framework Agreement for the year ended December 31, 2022 is RMB110,000,000 and amounted to approximately RMB80,000,000, respectively.

The annual caps for the Renewed Advertising Framework Agreement for each of the three years ending December 31, 2023, 2024 and 2025 are RMB100,000,000, RMB105,000,000 and RMB110,000,000 respectively.

By entering into the Renewed Advertising Framework Agreement, the Group can utilise the leading automobile promotion platform of Beijing Bitauto Interactive and its associates and increase its potential to reach new customers.

Further details of the Renewed Advertising Framework Agreement are set out in the announcement of the Company dated December 16, 2022.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

7. Platform Technology Services Framework Agreement with Yunhan

On March 30, 2020, Shanghai Yixin and Yunhan (then an associate of Mr. Liu Qiangdong who is the ultimate controlling shareholder of JD.com which in turn is one of the Substantial Shareholders and currently an associate of JD.com) entered into the platform technology services framework agreement (the "**Platform Technology Services Framework Agreement**"), pursuant to which Yunhan (or its affiliated companies) shall promote the Group's online automobile financing business through a service promotion section on the Jingdong Baitiao platforms it operates and the Group shall pay Yunhan (or its affiliated companies) service fees in consideration for the services provided. The term of the Platform Technology Services Framework Agreement commenced on the date of the agreement and would end on December 31, 2022. On December 12, 2022, the Company, through Shanghai Yixin, renewed the above agreement by entering into the renewed Platform Technology Services Framework Agreement ("**Renewed Platform Technology Services Framework Agreement**") with Yunhan. The term of the Renewed Platform Technology Services Framework Agreement is for three years and commenced on January 1, 2023. Aside from the new annual caps described below, the terms of the Renewed Platform Technology Services Framework Agreement (including the pricing policy) are substantially the same as those of the Platform Technology Services Framework Agreement.

The service fees shall be calculated based on a certain percentage (i.e. the service fee rate, which shall be within an agreed range with reference to the prevailing market rates or better) of the financing amounts of the successful transactions between the Group and the users generated from the Platform Technology Services Framework Agreement.

The annual cap for and the aggregate fee paid by the Group pursuant to the Platform Technology Services Framework Agreement for the year ended December 31, 2022 is RMB80,000,000 and amounted to approximately RMB41,927,000, respectively.

The annual caps for the Renewed Platform Technology Services Framework Agreement for each of the three years ending December 31, 2023, 2024 and 2025 are RMB80,000,000, RMB100,000,000 and RMB120,000,000 respectively.

By entering into the Renewed Platform Technology Services Framework Agreement with Yunhan, the Group can utilize the financial platforms of Yunhan (or its associates), which are among the leading consumer lending online platforms in China, and further expand its customer base for its automobile financing business with the aim to increase its revenues and operation scale.

Further details of the Renewed Platform Technology Services Framework Agreement are set out in the announcement of the Company dated December 12, 2022.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

8. Business Cooperation Framework Agreement with Dalian Rongxin

On December 14, 2021, Shanghai Yixin, entered into the business cooperation framework agreement (the "**Business Cooperation Framework Agreement**") with Dalian Rongxin (an associate of Tencent) pursuant to which Shanghai Yixin shall provide certain business support services to Dalian Rongxin and its affiliates and Dalian Rongxin shall provide certain commercial consulting services relating to financing guarantees businesses to Shanghai Yixin in exchange for a service fee. The term of the Business Cooperation Framework Agreement commenced on the date of the agreement and shall end on December 31, 2023.

The fee payable by the Group to Dalian Rongxin was determined after arm's length negotiation between the parties and with reference to the market rates for business support services of comparable specifications, and shall be calculated as 105% of all aggregate costs of provision of such services. The terms were no less favourable to the Company than those which could be obtained from independent third party suppliers.

The fee payable by Dalian Rongxin to the Group was determined after arm's length negotiation between the parties and with reference to the market rates for consulting services of comparable specifications, and shall be calculated as 105% of all aggregate costs of provision of such services. The terms were no less favourable to the Company than those which could be obtained from independent third party customers.

The annual caps and the aggregate fee paid to the Group for the business support services provided to Dalian Rongxin pursuant to the Business Cooperation Framework Agreement are as follows:

	Annual caps for the year ended December 31, 2022 *(RMB)*	Aggregated annual fee for the year ended December 31, 2022 *(RMB)*	Annual caps for the years ending December 31, 2023 *(RMB)*
Human resources support	3,000,000	3,000,000	3,000,000
Financial and legal support services	6,000,000	5,300,000	6,000,000
Corporate management consultation services	4,000,000	4,000,000	4,000,000
Business consultation services	5,000,000	3,600,000	5,000,000
Post-financing management services	12,000,000	10,600,000	12,000,000
Total	**30,000,000**	**26,500,000**	**30,000,000**

By entering into the Business Cooperation Framework Agreement with Dalian Rongxin, the Group can further strengthen the business cooperation with Dalian Rongxin while expanding its potential to reach new customers. Given that Dalian Rongxin is a licensed financing guarantee company that focus on internet financing and the Group has mature post-loan human resources, management and software system, the Group can export its resources to help Dalian Rongxin to manage its asset preservation and enhance its ability to provide guarantee, and thus, the Group can generate income from the provision of such services.

Further details of the Business Cooperation Framework Agreement are set out in the announcement of the Company dated December 14, 2021.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

9. Promotional Services Framework Agreement with Tencent Computer

On August 22, 2022, Tianjin Hengtong entered into a supplemental agreement ("**Supplemental Agreement**") with Tencent Computer (an associate of Tencent), which is a supplemental agreement to the previous cooperation agreement ("**Previous Cooperation Agreement**") previously entered into by the same parties. Pursuant to the Previous Cooperation Agreement, Tencent Computer shall provide certain promotional services to the Group in return for a service fee and the term of which shall expire on December 31, 2022 (subject to renewal). As there is a strong business need to establish a long term business relationship with Tencent, the parties now entered into the Supplemental Agreement which provides a framework for the continued provision of the promotional services, sets the annual caps, and extends the original term under the Previous Cooperation Agreement to December 31, 2024.

The service fees payable by the Group under the subsequent agreement to be entered into under the promotional services framework agreement ("**Promotional Services Framework Agreement**", the Previous Cooperation Agreement as amended and supplemented by the Supplemental Agreement) were determined after arm's length negotiation between the parties and with reference to, including but not limited to, (i) the market rates for promotional services of a similar nature, (ii) the number of customers who successfully applied for the financial products of the Group through the certain online websites and platforms of Tencent Computer ("**Tencent Platforms**"), (iii) the total financing amount of such financial products successfully applied for through the Tencent Platforms, and (iv) the scope of services and terms and conditions under each subsequent cooperation agreement. The service fees shall be calculated as a percentage of the financing amount of the financial products successfully applied for by customers through the Tencent Platforms. The aforementioned percentage shall be determined based on the official price lists or business policies issued by Tencent Computer from time to time that are applicable to all of its other independent third party customers.

The annual cap for and the aggregate fee paid by the Group pursuant to the Promotional Services Framework Agreement for the period from May 11, 2022 to December 31, 2022 is RMB20,000,000 and amounted to approximately RMB5,360,000, respectively.

The annual caps for the Promotional Services Framework Agreement for each of the two years ending December 31, 2023 and 2024 are RMB30,000,000 and RMB40,000,000 respectively.

By entering into the Promotional Services Framework Agreement, the Company can leverage Tencent's large user base and attract more consumers to the products and services of the Group in order to enlarge the customer base of the Group and enhance business growth.

Further details of the Promotional Services Framework Agreement are set out in the announcement of the Company dated August 22, 2022.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Confirmation from the independent non-executive Directors

Our independent non-executive Directors have reviewed the continuing connected transactions mentioned under sections (1) to (9) above (the "**Continuing Connected Transactions**"), and confirmed that the Continuing Connected Transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to relevant agreements governing them, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation from the Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the Auditor to conduct certain procedures in respect of the continuing connected transactions of the Group for the year ended December 31, 2022, in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA.

Pursuant to the waiver dated November 2, 2017 granted by the Stock Exchange from strict compliance with the requirements of setting an annual cap under Rule 14A.53 of the Listing Rules for the transactions with Beijing Yixin under the contractual arrangements, the Auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into by the Group for the year ended December 31, 2022:

(a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

(b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(d) with respect to the aggregate amount of the continuing connected transactions other than those transactions with Beijing Yixin under the contractual arrangements, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company; and

(e) with respect of the disclosed continuing connected transactions with Beijing Yixin under the contractual arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Beijing Yixin to the holders of the equity interests of Beijing Yixin which are not otherwise subsequently assigned or transferred to the Group.

A summary of all significant transactions with related parties (the "**Related Party Transactions**") entered into by the Group during the Reporting Period is contained in Note 32 to the consolidated financial statements. During the Reporting Period, only (i), (ii), (iii), (iv), (v), and (vi) of the Related Party Transactions in Note 32(c) therein constituted connected transactions or continuing connected transactions of the Company which should be disclosed pursuant to the Listing Rules. The Company has complied with the requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements

Reference is made to the waiver granted by the Stock Exchange to the Company from the strict compliance with the applicable disclosure, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules after the completion of the Listing.

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entity was treated as the Company's wholly-owned subsidiary, and its directors, chief executives or Substantial shareholders (as defined in the Listing Rules) and their respective associates are treated as the Company's "connected person".

Reasons for the New Contractual Arrangements

Our Company operates an online automobile transaction platform in China and is primarily engaged in providing automobile transaction platform and self-operated automobile financing services, through its online channels, transaction service teams, and auto dealer cooperative network across China. The operation of mobile apps and the provision of online information services (the "**Relevant Businesses**") are subject to foreign investment restrictions under PRC law.

Our Consolidated Affiliated Entity was established under the laws of the PRC. We do not directly own any equity interest in Beijing Yixin, which is currently held by by Tianjin Jushen Information Technology Co., Ltd. (天津聚莘信息技術有限公司) ("**Tianjin Jushen**"), Shenzhen Tencent Industry Investment Fund Co., Ltd., (深圳市騰訊產業投資基金有限公司) ("**Shenzhen Tencent**") and Beijing Jiasheng Investment Management Co., Ltd. (北京甲盛投資管理有限公司) ("**Beijing JD**") as to 55.7%, 26.6% and 17.7%, respectively (the "**Nominal Shareholders**"). Shenzhen Tencent, Beijing JD and Tianjin Jushen are all domestic PRC companies. Tianjin Jushen is wholly-owned by Mr. Bi Jianjun (畢建軍), who is a PRC citizen and the senior vice president of the asset management department of the Group.

Beijing Yixin was established on January 9, 2015. The main business of Beijing Yixin is the provision of Internet information services through mobile-based apps including Yixin Finance (易鑫金融), and websites, including daikuan.com. Beijing Yixin currently holds a value-added telecommunications business operating license.

Since the Relevant Businesses are classified as foreign investment restricted under applicable PRC laws, regulations or rules and there is no clear guidance or interpretation on applicable qualification requirements, we cannot hold any direct interest in Beijing Yixin, which currently holds and is expected to hold certain licenses and permits required for the operation of the Relevant Businesses.

In order to comply with PRC laws and regulations and maintain effective control over all of our operations, we entered into the Contractual Arrangements on August 10, 2017. Under the Contractual Arrangements, Beijing KKC had acquired effective control over the financial and operational policies of Beijing Yixin and had become entitled to all the economic benefits derived from its operations. On October 4, 2018, we entered into the New Contractual Arrangements (which have terms and conditions substantially the same as the Contractual Arrangements) mainly for the change of one of the nominal shareholders of Beijing Yixin from Mr. Bo Han to Tianjin Jushen. The Contractual Arrangements were terminated concurrently. We believe that the New Contractual Arrangements are narrowly tailored as they are used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions in the PRC.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

Reasons for the New Contractual Arrangements (Continued)

Our Directors believe that the New Contractual Arrangements are fair and reasonable because: (i) the New Contractual Arrangements were freely negotiated and entered into between the parties thereto, (ii) by entering into the Exclusive Business Cooperation Agreement (as defined in the section headed "Continuing Connected Transactions" in this annual report) with Tianjin Kars (which is a PRC subsidiary of the Company), Beijing Yixin will enjoy better economic and technical support from us, as well as a better market reputation, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

Risks relating to the New Contractual Arrangements

We believe the following risks are associated with the New Contractual Arrangements. Further details of these risks are set out on pages 57 to 64 of the Prospectus and the announcement of the Company dated October 4, 2018.

- If the PRC government finds that the agreements that establish the structure for operating certain of our businesses in China do not comply with applicable PRC governmental restrictions on foreign investment in these businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

- We rely on contractual arrangements with our variable interest entity and its shareholders for certain of our business operations in China, which may not be as effective in providing operational control or enabling us to derive economic benefits as through ownership of controlling equity interest.

- We conduct our online business operation in the PRC through our Consolidated Affiliated Entity by way of the contractual arrangements, but certain of the terms of the contractual arrangements may not be enforceable under PRC laws and our ability to enforce the equity interest pledge agreement between us and the variable interest entity's shareholders may be subject to limitations based on PRC laws and regulations.

- The shareholders of our Consolidated Affiliated Entity may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

- Contractual arrangements with our Consolidated Affiliated Entity and our principal shareholders may be subject to scrutiny by the PRC tax authorities and may result in a finding that we and our Consolidated Affiliated Entity owe additional taxes or are ineligible for tax exemption, or both, which could substantially increase our taxes owed and thereby reduce our net income.

- Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Foreign Investment Law of the PRC and the Implementing Regulations of the Foreign Investment Law of the PRC and how it may impact the viability of our current corporate structure, corporate governance and business operations.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

New Contractual Arrangements in place

The New Contractual Arrangements which were in place during the Reporting Period and a brief description of the major terms of the structured contracts under the New Contractual Arrangements are as follows:

1. Exclusive business cooperation agreements

   Beijing Yixin entered into a new exclusive business cooperation agreement with Tianjin Kars on October 4, 2018 (the "**Exclusive Business Cooperation Agreement**"), pursuant to which Beijing Yixin agreed to engage Tianjin Kars as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, equipment, leasing, marketing consultancy, customer order management and customer services, system integration and maintenance, in exchange for service fees. Under these arrangements, the service fees shall consist of an amount to be determined by Tianjin Kars and Beijing Yixin in writing through negotiation after consideration of certain factors.

   As of December 31, 2022, the accumulated losses of Beijing Yixin amounted to RMB1,077 million (2021: RMB1,083 million). Tianjin Kars enjoys all the economic benefits derived from the businesses of Beijing Yixin and bears Beijing Yixin's business risks. If Beijing Yixin runs into financial deficit or suffers severe operation difficulties, Tianjin Kars will provide financial support to Beijing Yixin.

2. Exclusive option agreements

   Beijing Yixin and each of the Nominal Shareholders entered into a new exclusive option agreement with Tianjin Kars on October 4, 2018 (the "**Exclusive Option Agreements**"), pursuant to which each Nominal Shareholder granted Tianjin Kars an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "**designee**") to purchase the equity interests in Beijing Yixin (the "**Optioned Interests**") then held by such Nominal Shareholder once or at multiple times at any time in part or in whole at Tianjin Kars's sole and absolute discretion, to the extent permitted under the applicable PRC laws. Where Tianjin Kars chooses to purchase the Optioned Interest, each of the Nominal Shareholders shall cause Beijing Yixin to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving the Nominal Shareholder's transfer of the Optioned Interests to Tianjin Kars and/or its designee.

3. Equity interest pledge agreements

   Tianjin Kars, each of the Nominal Shareholders and Beijing Yixin entered into a new equity pledge agreements on October 4, 2018 (the "**Equity Interest Pledge Agreements**"), pursuant to which each of the Nominal Shareholders agreed to pledge all their respective equity interests in Beijing Yixin that they own, including any interest or dividend paid for the shares, to Tianjin Kars as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts of Beijing Yixin and each of the Nominal Shareholders under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreements and the Powers of Attorney (as defined below).

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

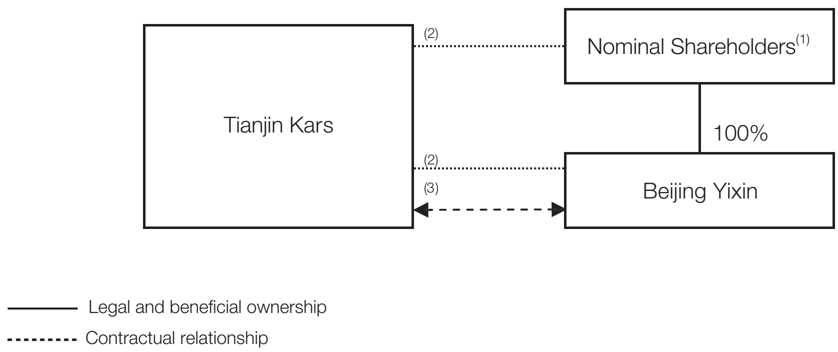
10. New Contractual Arrangements (Continued)

New Contractual Arrangements in place (Continued)

4. Powers of attorney

Beijing Yixin, each of the Nominal Shareholders and Tianjin Kars entered into a new power of attorney on October 4, 2018 (the "**Powers of Attorney**"), pursuant to which each of the Nominal Shareholders irrevocably appointed Tianjin Kars (as well as its successors, including a liquidator, if any, replacing Tianjin Kars) or its designee(s) (including its directors) as their exclusive agent and attorney to act on their behalf on all matters concerning Beijing Yixin and to exercise all of its rights as a registered shareholder of Beijing Yixin.

The following simplified diagram illustrates the flow of economic benefits from Beijing Yixin to our Group stipulated under the New Contractual Arrangements:



Notes:

(1) The Nominal Shareholders of Beijing Yixin are Tianjin Jushen, Shenzhen Tencent and Beijing JD holding 55.7%, 26.6% and 17.7% of the equity interests in Beijing Yixin, respectively.

(2) The Nominal Shareholders executed the powers of attorney in favor of Tianjin Kars to exercise all shareholders' rights in Beijing Yixin. Please refer to the announcement of the Company dated October 4, 2018 for further details.

The Nominal Shareholders executed exclusive options in favor of Tianjin Kars to acquire all or part of the equity interest in and/or assets of Beijing Yixin. Please refer to the announcement of the Company dated October 4, 2018 for further details.

The Nominal Shareholders granted first priority security interest in favor of Tianjin Kars over the entire equity interest in Beijing Yixin. Please refer to the announcement of the Company dated October 4, 2018 for further details.

(3) Beijing Yixin will pay services fees to Tianjin Kars in exchange for business support and technical and consulting services. Please refer to the announcement of the Company dated October 4, 2018 for further details.

There are neither other new contractual arrangements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entity during the financial year ended December 31, 2022, nor material change in the New Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2022.

For the year ended December 31, 2022, none of the New Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the New Contractual Arrangements has been removed.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

New Contractual Arrangements in place (Continued)

We have been advised by our PRC Legal Advisor that the New Contractual Arrangements do not violate the relevant PRC regulations.

The revenue of Beijing Yixin for the years ended December 31, 2022 and 2021 were RMB7 million and RMB34 million, respectively.

For the year ended December 31, 2022, the revenue of Beijing Yixin amounted to approximately 0.14% (2021: 0.98%) of the revenue for the year of the Group.

Mitigation actions taken by the Company

Our management works closely with Tianjin Jushen, Shenzhen Tencent and Beijing JD and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the New Contractual Arrangements during the Reporting Period. We also continue to expand our experience in the value-added telecommunications business overseas, as further discussed under the section headed "Continuing Connected Transactions" of this annual report.

The extent to which the New Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the New Contractual Arrangements are subject to the restrictions as set out on pages 193 to 197 of the Prospectus and the announcement of the Company dated October 4, 2018.

Listing Rules Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the New Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange and annual review

The Stock Exchange has granted the Company a waiver (the "**IPO Waiver**") pursuant to Rule 14A.105 of the Listing Rules from (i) strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the transactions under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to the following conditions:

(a) no change to the Contractual Arrangements without independent non-executive Directors' approval;

(b) no change to the Contractual Arrangements without independent Shareholders' approval;

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

Waiver from the Stock Exchange and annual review (Continued)

(c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entity;

(d) the Contractual Arrangements may be renewed and/or reproduced upon expiry or when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Contractual Arrangements; and

(e) our Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

Since the New Contractual Arrangements are reproduced from the Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are exempt from (i) the announcement, circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

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 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 interest 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

Efforts and actions undertaken to comply with the Certain Qualification Requirements

Despite the lack of clear guidance or interpretation on the Certain Qualification Requirements and the abolition of such requirements under the FITE Regulation (2022 Version), we continue to build 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 Relevant Businesses overseas;

3. Yixin HK has set up an office and employed staffs in Hong Kong for the expansion of our operations overseas;

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 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

An overview of the relevant PRC laws and regulations

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 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.

Subsequently, on December 24, 2021, the China Securities Regulatory Commission (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 annual 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

An overview of the relevant PRC laws and regulations (Continued)

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 that 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 31 January 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 a material adverse effect on our business, operation or financial conditions.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

Confirmation from the independent non-executive Directors

Our independent non-executive Directors have reviewed the New Contractual Arrangements and confirmed that:

(i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the New Contractual Arrangements;

(ii) no dividends or other distributions have been made by our Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;

(iii) no new contracts were entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entity during the Reporting Period; and

(iv) the New Contractual Arrangements are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the Auditor to conduct certain procedures in respect of the transactions carried out pursuant to the New Contractual Arrangements of the Group for the year ended December 31, 2022, in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The Auditor has confirmed in a letter to the Board that, with respect to the transactions carried out pursuant to the New Contractual Arrangements during the Reporting Period:

(a) nothing has come to their attention that causes them to believe that the New Contractual Arrangements have not been approved by the Board;

(b) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the New Contractual Arrangements governing such transactions; and

(c) with respect to the contractual arrangements entered into by the Group, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Beijing Yixin to its registered equity holders which are not otherwise subsequently assigned or transferred to the Group.

The actual amount of the transactions pursuant to the New Contractual Arrangements during the Reporting Period, which are eliminated in the consolidated financial statements, is RMB96,813,021.

MAJOR CUSTOMERS AND SUPPLIERS

Customers

For our transaction platform businesses, our customers primarily include consumers and auto finance partners for loan facilitation services, consumers for guarantee service and after-market services, and automakers, auto dealers, auto finance partners, and insurance companies for advertising and other services.

For our financing and leasing business, our customers primarily include consumers.

For the year ended December 31, 2022, the amounts of revenue from the Group's five largest customers accounted for 35% (2021: 32%) of the Group's total revenue and the amount of revenue from our single largest customer accounted for 11% (2021: 16%) of the Group's total revenue.

During the year ended December 31, 2022, our largest customer from which we derived 11% of our revenues was Shanghai Pudong Development Bank.

During the Reporting Period, none of our Directors, or any of their close associates or any Shareholders (who or which to the best knowledge of the Directors, owned more than 5% of the Company's issued Shares) had any interest in any of the Group's five largest customers.

Suppliers

Our suppliers primarily include auto dealers, which supply us or our customers with automobiles and facilitate our financed transactions with our customers, as well as banks and other financial institutions, which primarily fund our self-operated financing business. To a lesser extent, our suppliers also include online traffic suppliers, data suppliers, hardware vendors, used car valuation service providers, and auto asset management professionals.

We are dedicated to working closely with our top suppliers to strengthen our relationships with them. Purchases from our five largest suppliers excluding banks, financial institutions and holders of asset-backed securities and notes for the year ended December 31, 2022 accounted for approximately 29% (2021: 32%) of our total purchase amount. Our largest supplier for the year ended December 31, 2022 accounted for approximately 23% (2021: 25%) of our total purchase amount.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders (who or which to the best knowledge of the Directors, owned more than 5% of the Company's issued Shares) had any interest in any of the Group's five largest suppliers.

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the Annual General Meeting.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

From January 1, 2023 and up to the date of this annual report, there was no important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the "ESG Report" contained in this annual report.

PUBLIC FLOAT

The Company has obtained a waiver from the Stock Exchange and the Stock Exchange has accepted, under Rule 8.08 (1)(d) of the Listing Rules, a lower public float percentage of 22.99% of our issued share capital.

As at the date of this annual report and based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the despatch of this annual report, the Company has maintained the minimum public float as permitted by the Stock Exchange.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, May 5, 2023 to Wednesday, May 10, 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 4, 2023.

For determining the entitlement to the proposed final and special dividends, the Register of Members of the Company will be closed from Wednesday, May 17, 2023 to Monday, May 22, 2023, both dates inclusive, during which period no transfer of shares will be registered. The record date on which the shareholders of the Company are qualified to receive the proposed final and special dividends is Monday, May 22, 2023. In order to be qualified for the proposed final and special dividends, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, May 16, 2023.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

By the Order of the Board
Andy Xuan Zhang
Chairman

February 27, 2023

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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 Shareholders.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies.

The Company adopted the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, save and except for code provision C.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Details of the deviation are set out in the section headed "Chairman and Chief Executive Officer" in this Corporate Governance Report.

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 throughout the year ended December 31, 2022.

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. No incident of non-compliance of the Company's Securities Dealing Code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them. The Board recognizes the importance and benefits of conducting regular evaluation of its performance. An internal Board evaluation was conducted annually in the form of questionnaire with the aim of soliciting valuable feedback, improving the effectiveness and enhancing accountability of the Board. The scope of the evaluation focused on the composition and diversity, as well as effectiveness of the performance of the Board. The evaluation questionnaire consisted of both quantitative elements based on the ratings, as well as qualitative recommendations on any areas of improvement. The evaluation results had been presented to the Board for follow-up actions of improvement.

The evaluation results indicated that the members of the Board broadly agreed that the Board had operated satisfactorily. They were also satisfied, in general, with the composition and effectiveness of the Board.

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly. The Group has adopted anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations.

The Group is committed to seeking progress while maintaining stability and strives to improve operational efficiency and strengthen the risk control measures. Effective risk control will remain as the core competitiveness and investment highlight of the Group, while the Group will strive to extend its business to upstream and downstream of the industrial chain and further explore business opportunities. A healthy corporate culture is important to good corporate governance, which is crucial for achieving sustainable long-term success of the Group.

BOARD COMPOSITION

As at the date of this annual report, the Board comprises eight members as follows:

Executive Directors:	Mr. Andy Xuan Zhang *(Chairman, Chief Executive Officer, Chairman of the Nomination Committee and Member of the Remuneration Committee)* Mr. Dong Jiang *(Joint President)*
Non-executive Directors:	Mr. Qing Hua Xie Mr. Qin Miao Ms. Amanda Chi Yan Chau
Independent Non-executive Directors:	Mr. Tin Fan Yuen *(Chairman of the Remuneration Committee and Member of the Audit Committee)* Mr. Chester Tun Ho Kwok *(Chairman of the Audit Committee and Member of the Nomination Committee)* Ms. Lily Li Dong *(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this annual report. None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

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.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

The Company has put in place mechanism to ensure independent views and input are available to the Board. This is achieved by giving directors access to external independent professional advice from legal advisers and auditor, as well as the full attendance of all independent non-executive Directors at all the meetings of the Board and its relevant committees held during the Reporting Period.

The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

Terms of Directors and Re-election of Directors

Code provision B.2.2 of the CG Code states that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, subject to renewal after the expiry of the then current term. Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of three years, subject to renewal after the expiry of the then current term.

Under the Company's Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed to fill a casual vacancy or as an addition to the Board shall not be taken into account in determining which Directors are to retire by rotation. The retiring Directors shall be eligible for re-election thereat.

The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Responsibilities and Accountabilities of the Directors

The Board is responsible for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. All Directors have been updated on the latest developments regarding the statutory and regulatory requirements and also the business and market changes to facilitate the performance of their responsibilities and obligations under the Listing Rules and relevant statutory requirements, and enhance their awareness of good corporate governance practices.

All directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for the Directors would be arranged and reading materials on changes and developments to the Group's business and to the legislative and regulatory environments relating to the market and the operations of the Group would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses. All the Directors named in the section headed "Board Composition" in this Corporate Governance Report confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors' continuous professional development during the Reporting Period by participating in appropriate continuous professional development activities, and reading materials relating to regulatory updates and handouts or reviewing the papers and circulars sent by the Company.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the websites of the Company (www.yixincars.com) and the Stock Exchange (www.hkexnews.hk) and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section "Board of Directors" in this Corporate Governance Report.

Audit Committee

The main duties of the Audit Committee include:

- assisting the Board in reviewing the financial information and reporting process of the Company;
- monitoring and reviewing risk management and internal control systems of the Company through the internal audit department;

– reviewing the effectiveness of the internal audit function of the Company;

– reviewing the scope of audit and appointment of external auditor of the Company; and

– supervising internal investigation and reviewing the anti-corruption policy and system and the whistleblowing policy and systems and other arrangements for employees of the Company to raise concerns about possible improprieties in any matters related to the Company.

During the Reporting Period, the Audit Committee met thrice with all members of the committee attended. The Audit Committee's work performed during the Reporting Period included: reviewing the Company's annual financial results and annual report for the year ended December 31, 2021 and the interim results and interim report for the six months ended June 30, 2022, the significant issues on financial reporting, operational and compliance matters, risk management and internal control systems and internal audit function, terms of engagement and remuneration of external auditor, continuing connected transactions of the Group, arrangements for employees to raise concerns about possible improprieties and internal audit reports.

Remuneration Committee

The primary functions of the Remuneration Committee include:

– reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

– reviewing and make recommendations to the Board on the remuneration of the non-executive Directors;

– establishing transparent procedures for developing the Company's policy and structure for the remuneration of all Directors and senior management (the "**Remuneration Policy**"); and

– reviewing and making recommendations to the Board on the Remuneration Policy as follows:

Remuneration Policy

  – No individual or any of his or her associates should participate in deciding his or her own remuneration.

  – The remuneration of the Directors and senior management is determined with reference to their expertise and experience in the industry, level of responsibility, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Executive Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

The model of the Remuneration Committee described in code provision E.1.2 (c)(ii) of the CG Code has been adopted by the Company.

During the Reporting Period, the Remuneration Committee met twice with all members of the committee attended. The work performed by the Remuneration Committee during the Reporting Period included: considering the appointment terms for the new Directors, assessing the performance of Directors and reviewing the remuneration policy and package of the executive Directors and senior management of the Group, and reviewing the remuneration of the non-executive Directors.

The remuneration of the executive Directors and senior management are set out in Notes 8 and 33 to the consolidated financial statements in this annual report.

No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

Nomination Committee

The principal duties of the Nomination Committee include:

– reviewing the structure, size and composition of the Board;

– developing and formulating relevant procedures for the nomination and appointment of Directors;

– making recommendations to the Board on the appointment and succession planning of Directors; and

– assessing the independence of independent non-executive Directors.

The two Board policies, namely the diversity policy (the "**Diversity Policy**"), which is available on the Company's website (www.yixincars.com), and the nomination policy (the "**Nomination Policy**") were adopted by the Board in January 2018 and December 2018 (and updated in September 2022), respectively. These two policies set out the approach and measurable objectives to achieving diversity of the Board and the approach and procedures that the Board adopts in respect of the nomination and selection of Directors.

The nomination process has been, and will continue to be, conducted in accordance with the Diversity Policy and the Nomination Policy. The Board will from time to time review these policies and monitor their implementation to ensure continuous effectiveness and compliance with the relevant regulatory requirements and good corporate governance practices.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Diversity Policy, which is reproduced as follows:

Diversity Policy

– *Vision*

The Company recognizes and embraces the benefits of having a diverse Board to enhance its performance. The Company sees increasing diversity, including gender diversity, at the Board level as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

– *Policy Statement*

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industrial experience.

– *Measurable Objectives*

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity. The Nomination Committee will make recommendations in relation to the aforesaid to the Board for adoption and consideration. In particular, the Nomination Committee will identify, and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, their skills will prepare them for board positions.

– *Monitoring and Reporting*

The Nomination Committee will monitor the implementation of the Diversity Policy. The Nomination Committee will report annually a summary of the Diversity Policy, the measurable objectives and relevant programs that the Board has adopted for the implementation of the Diversity Policy, the progress made towards achieving these objectives, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity in the corporate governance report contained in the Company's annual report.

– *Review of the Diversity Policy*

The Nomination Committee will review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. Where a retiring Director, being eligible, offers himself or herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to the Shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Articles of Association and the Listing Rules.

The Company currently has two female Directors, and the Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. As at December 31, 2022, as set out in the section headed "5. Practicing People-Oriented Principle" in the ESG Report as contained in this annual report, among the 4,106 employees (including senior management) of the Group, the percentages of male employees and female employees are 63.93% and 36.07%, respectively. The Board considers that the Group's workforce (including senior management) are diverse in terms of gender.

The Nomination Committee reviewed the structure, size, and diversity of the Board, to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

The Company is committed to creating a fair, unbiased, equal and diversified recruitment and working environment. Information about the diversity, including the gender diversity, in the workforce during the Reporting Period are set out in the section headed "5. Practicing People-Oriented Principle" in the "ESG Report" contained in this annual report.

Nomination Policy

The Nomination Policy sets out the procedure for the selection, appointment and reappointment of Directors containing the selection criteria and the Board succession planning considerations, is reproduced as follows.

Nomination Policy

1. *Objective*

1.1 The nomination committee (the "**Nomination Committee**") of Yixin Group Limited 易鑫集団有限公司 (the "**Company**") shall identify, consider and nominate suitable individuals to the board (the "**Board**") of directors (the "**Directors**") to consider and to make recommendations to the shareholders of the Company (the "**Shareholders**") for election of Directors at a general meeting either to fill a casual vacancy or as an addition to the Board.

1.2 The Nomination Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning (the "**Succession Planning**") for Directors, in particular, the chairman of the Board and the chief executive officer of the Company.

1.3 The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of Directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.

1.4 The Nomination Committee shall ensure that the Board has a balance of skills, experience and diversity of perspectives relevant to the Company's business.

1.5 The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

2. *Selection Criteria*

2.1 The factors listed below would be used as reference by the Nomination Committee in assessing the suitability and the potential contribution to the Board of a proposed candidate:

- Reputation for integrity;
- Professional qualifications and skills;
- Accomplishment and experience in the automobile retail transaction and financing markets;
- Commitment in respect of available time and relevant contribution;
- Independence of proposed independent non-executive Directors; and
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person to the Board, as it considers appropriate.

3. Nomination Procedures

3.1 The Company Secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from the Board, if any, for consideration by the Nomination Committee prior to its meeting.

3.2 The Nomination Committee shall nominate candidates for the consideration and recommendation of the Board. The Nomination Committee may propose candidates who are not nominated by the Board. The Board shall have the final decision on all matters in relation to its nomination of any candidates to stand for election at a general meeting.

3.3 The candidate nominated by the Board to stand for election at a general meeting (the "**Board Candidate**", together with the Shareholder Candidate defined in paragraph 3.6 below, the "**Candidate**") will submit the necessary personal information, together with his/her written consent to be elected as a Director and to the publication of his/her personal information for the purpose of or in relation to his/her standing for election as a Director. The Nomination Committee may request the Board Candidate to provide additional information and documents, if considered necessary.

3.4 A circular will be sent to the Shareholders (the "**Shareholder Circular**") as to provide information of the Board Candidate, and to invite nominations from the Shareholders. The Shareholder Circular will include (i) the period for lodgment (the "**Lodgment Period**") of nominations by the Shareholders; (ii) the personal information of the Board Candidate as required by the applicable laws, rules and regulations, inter alia, name, brief biographies (including qualifications and relevant experience), independence, proposed remuneration.

3.5 Until the issue of the Shareholder Circular, the Board Candidate shall not assume that he/she has been nominated by the Board to stand for election at the general meeting.

3.6 A Shareholder can serve a notice (the "**Notice**") to the Company Secretary within the Lodgment Period to propose a resolution to elect another person (the "**Shareholder Candidate**") other than the Board Candidate as a Director. The Notice (i) must include the personal information of the Shareholder Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Shareholder Candidate indicating his/her consent to be elected and to the publication of his/her personal information for the purpose of or in relation to his/her standing for election as a Director. The particulars of the Shareholder Candidate will be sent to the Shareholders for information by a supplementary circular.

3.7 The Candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

3.8 The resolution for election of Directors for the Shareholder Candidate shall take the same form as for the Board Candidate.

4. Succession Planning

4.1 The objectives of the Succession Planning are to ensure an effective and orderly succession of Directors and to maintain the balance of diversity, collective knowledge and skills of the Board necessary for the effective governance of the Company.

4.2 The following considerations will be used by the Nomination Committee in making recommendations for the Succession Planning:

- Required knowledge, skills and experience at a full Board composite level to effectively fulfill the Board's legal role and responsibilities;

- An appropriate balance of diversity across the Board, as set out in Section 2.1 and Section 4 of the Nomination Policy;

- Personal qualities of each candidate with reference but not limited to the factors listed in Section 2.1 of the Nomination Policy;

- Continuity through a smooth succession of Directors; and

- Compliance with the relevant legal and regulatory requirements.

4.3 The above considerations are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee will review the Succession Planning together with the Board periodically, and recommend revisions, if any, to the Board for consideration and approval.

5. Confidentiality

Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or an employee of the Company disclose any information to or entertain any enquiries from the public with regard to any nomination or candidature before the Shareholder Circular, as the case may be, is issued. Following the issue of the Shareholder Circular, the Nomination Committee or the Company Secretary or other employee of the Company approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and the Candidate should not be disclosed.

6. Monitoring and Reporting

The Nomination Committee will monitor the implementation of the Nomination Policy and report annually a summary of the Nomination Policy including the nomination procedures, criteria for selection, the board diversity policy and the progress made towards achieving the objectives set in the Nomination Policy in the company's corporate governance report contained in the Company's annual report.

7. Review of the Nomination Policy

In order to ensure the Nomination Policy remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practice, the Nomination Committee will review the Nomination Policy as appropriate and recommend revisions, if any, to the Board for consideration and approval.

During the Reporting Period, the Nomination Committee met twice with all members of the committee attended to review the structure, size and composition of the Board, the resignation and possible appointment of Directors, the independence of the independent non-executive Directors, the Diversity Policy, and the Nomination Policy as well as to consider and make recommendations to the Board on the qualifications of the Directors standing for re-election at the annual general meeting of the Company held in 2022.

Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Company's Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD MEETINGS

The attendance records of the Directors at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and the general meetings held during the Reporting Period are as follows:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors:					
Mr. Andy Xuan Zhang	7/7	N/A	2/2	2/2	1/1
Mr. Dong Jiang	6/7	N/A	N/A	N/A	1/1
Non-executive Directors:					
Mr. Qing Hua Xie[1]	3/5	N/A	N/A	N/A	0/1
Mr. Matthew Yun Ming Cheng[2]	0/2	N/A	N/A	N/A	N/A
Mr. Jun Yang[3]	4/5	N/A	N/A	N/A	0/1
Mr. Qin Miao	6/7	N/A	N/A	N/A	1/1
Ms. Amanda Chi Yan Chau	7/7	N/A	N/A	N/A	1/1
Independent Non-executive Directors:					
Mr. Tin Fan Yuen	7/7	3/3	2/2	N/A	1/1
Mr. Chester Tun Ho Kwok	7/7	3/3	N/A	2/2	1/1
Ms. Lily Li Dong	7/7	3/3	2/2	2/2	1/1

1 appointed as a non-executive director on April 6, 2022.
2 resigned as a non-executive director on April 6, 2022.
3 resigned as a non-executive director on August 3, 2022.

In addition, a meeting between the Chairman and the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors was held.

DIVIDEND POLICY

The dividend policy adopted by the Company (the "**Dividend Policy**"), which outlines the factors that should be taken into account in determining any dividend for distribution to the Shareholders, is reproduced as follows.

Dividend Policy

Subject to the Cayman Islands Companies Law and the articles of association (as amended from time to time) of Yixin Group Limited (the "**Company**"), the board (the "**Board**") of directors (the "**Directors**") of the Company has absolute discretion on whether to distribute dividends. In addition, the shareholders of the Company (the "**Shareholders**") may by ordinary resolution declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. In either case, a dividend may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution including share premium, and in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Even if the Board decides to pay dividends, the form, frequency and amount of dividends will depend upon the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board considers relevant.

Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from our subsidiaries and our consolidated affiliated entities. Regulations in China may restrict the ability of our Chinese subsidiaries and consolidated affiliated entities to pay dividends to the Company.

If the Company pays any dividends on the Shares, unless and to the extent that the rights attached to the Shares, or the terms of issue thereof otherwise provide, (i) all dividends will be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on Shares in advance of calls may for this purpose be treated as paid up on the Shares; and (ii) all dividends will be apportioned and paid pro rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any of the Shareholders all sums of money (if any) presently payable by such Shareholders to the Company on account of calls, installments or otherwise.

This dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Group has established (i) policy and measures that promote and support anti-corruption laws and regulations; and (ii) whistleblowing policy and measures for employees, suppliers and business partners to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group. For further details of the Group's anti-corruption and whistleblowing policy and/or measures, please refer to the section headed "4. Strengthening Compliance Management" of the "ESG Report" contained in this annual report.

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, assess and take 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. 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.

Disclosure of Inside Information

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

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Continuing Connected Transactions

The Company has put in place appropriate policies and procedures to monitor and ensure its continuing connected transactions are entered into and conducted in accordance with the terms of the relevant agreements and the requirements of the Listing Rules.

Reference is made to the Prospectus in relation to the following internal control procedures adopted by the Group for the continuing connected transactions of the Company:

(a) No member of the Group shall conduct any connected transactions, (i) which are either not on arm's length terms or (ii) which are on arm's length terms but are in excess of 5% of the Group's net assets or if aggregated with all other connected transactions in the same fiscal year will exceed 20% of annual budgeted revenue of the Group for the fiscal year, without the affirmative consent or approval by the majority of the Directors. For further details, see the section headed "History and Corporate Structure – Pre-IPO Investments" of the Prospectus.

(b) The Company has established internal control mechanisms to identify connected transactions. If the Group enters into connected transactions with the Controlling Shareholders or any of their associates, the Company will comply with the applicable Listing Rules. For further details, see the section headed "Relationship with Our Controlling Shareholders – Corporate Governance Measures" of the Prospectus.

The Group has adopted clear pricing policies and guidelines for its continuing connected transactions and procedures for determining the price and terms of the transactions in accordance with such pricing policies and guidelines. For purchases of products or services, the operations department of the Group would obtain quotations for comparable products or services from not less than two independent third parties as well as from the connected person in question; it would then carry out an analysis of the options available taking into account a range of factors, such as the pricing, payment terms, expertise, capabilities and reputation of the suppliers and the Group's past business experience with the suppliers (if any); the results of such analysis would be reported to the senior management of the Group; the senior management would then form a view as to which option is most favourable to the Group and would then report its findings to the Board for approval. For sales of products or services, the Group either applies pricing more favourable to the Group to a connected person as compared to the pricing offered to other customers or charges the market price. To assess the market price, the operations department of the Group would obtain pricing for comparable products or services from not less than two independent third parties. In any case, the pricing and terms of a continuing connected transaction must be no less favourable to the Group than those available to or from independent third parties, fair and reasonable and in the interest of the Shareholders and the Company as a whole. No agreement for any continuing connected transaction would be entered into unless with prior approval of the senior management of the Group and the Board. The Company confirms that it has followed its pricing policies and guidelines when determining the price and terms of its continuing connected transactions conducted during the Reporting Period.

The legal and compliance department and the financial management department of the Group will also review the terms of any proposed new continuing connected transaction or any existing continuing connected transaction proposed to be renewed to ensure compliance with the Listing Rules. None of such agreements would be entered into unless with prior approval of the legal and compliance department, the financial management department and senior management of the Group and the Board.

The legal and compliance department and the financial management department of the Group will summarize the transaction amounts incurred under the Group's continuing connected transactions regularly on a monthly basis and report to the senior management of the Group. The senior management and the relevant departments of the Group will be informed of the status of the continuing connected transactions in a timely manner such that the transaction amounts can be conducted within the relevant annual caps (if applicable). In addition, the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions. The Company will also engage its external auditors to conduct annual review of the continuing connected transactions in accordance with the requirements under the Listing Rules.

The Group will regularly examine the pricing of its continuing connected transactions to ensure that such transactions are conducted in accordance with the pricing terms thereof, including reviewing the historical transaction records of the Group for similar services and arrangements with other independent third party for similar services.

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 authorizations 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 management, ensures that 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 receive 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 annual 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.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" of this annual report.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Company has adopted various measures to safeguard good corporate governance standards and to avoid potential conflict of interests between the Group and the Controlling Shareholders. For details of the measures adopted, please refer to the section headed "CORPORATE GOVERNANCE MEASURES" of the Prospectus.

The independent non-executive Directors have conducted an annual review and nothing has come to their attention that there is any conflict of interests between the Group and our Controlling Shareholders.

The Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests that may arise between the Group and the Controlling Shareholders, and to protect the interests of minority Shareholders.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Auditor, in respect of audit services and non-audit services for the Reporting Period is set out below:

Service Category

	Fees Paid/Payable	
	2022	2021
	RMB'000	*RMB'000*
Audit Services	**6,850**	6,961
Non-audit Services	**627**	363
Total	**7,477**	7,324

The statement of the Auditor about their reporting responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" of this annual report. During the Reporting Period, the remuneration paid/payable to the Auditor was disclosed in Note 7 to the consolidated financial statements. The audit and audit-related services conducted by the Auditor mainly comprised statutory audits and reviews for the Group and certain of its subsidiaries, and the reporting on continuing connected transactions. The non-audit services conducted by the Auditor mainly included professional services, including ESG consulting service and service related to risk management review.

COMPANY SECRETARY

The selection, appointment and dismissal of the Company Secretary is subject to approval by the Board in accordance with the Articles of Association and CG Code. The Company Secretary, Mr. Man Wah Cheng, is an employee of the Company, reports to the Chairman and Chief Executive Officer and is responsible for facilitating the Board's processes and communications among Board members, with the Shareholders and with the management of the Company. All Directors have access to the advice and services of the Company Secretary and independent professional advice may be sought by the Directors if required to ensure that the Board procedures, and all applicable law, rules and regulations, are followed.

According to Rule 3.29 of the Listing Rules, Mr. Cheng took no less than 15 hours of the relevant professional training during the year ended December 31, 2022.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a Shareholders' Communication Policy is in place to ensure that Shareholders' views and concerns are appropriately addressed.

The Shareholders' Communication Policy was introduced in 2018, which is available on the Company's website (http://www.yixincars.com/en/page_governance_en.html) and sets out the Company's commitment to maintaining an effective ongoing dialogue with Shareholders.

In summary, the Shareholders' Communication Policy aims to ensure that, among others, the Shareholders are provided with ready, equal, regular and timely access to material information about the Company in order to maintain an on-going dialogue with the Shareholders and to enable the Shareholders to exercise their rights in an informed manner.

The Company communicates information to the Shareholders through different channels, including, among others, its periodical financial announcements and reports, annual general meetings and other general meetings (if any), all the disclosures submitted to the Stock Exchange and its corporate communications and other publications on the Company's website.

The mechanisms utilised by the Company for communication of information with the Shareholders include (i) communication through the Shareholders' enquiries; (ii) corporate communications with the Shareholders in the language and means chosen by the Shareholders; (iii) posting of relevant information on the Company's website; (iv) communication at the Shareholders' meetings; and (v) investment market communications, such as investor/analysts briefings and one-on-one meetings, roadshows, media interviews, marketing activities for investors and specialist industry forums. Shareholders may also at any time make a request for the Company's publicly available information through the Company's email address and enquiry hotlines.

To ensure that general meetings of the Company provides a useful forum for Shareholders to exchange views with the Board, the Shareholders' Communication Policy provides that, among other things, the Company shall provide the Shareholders with relevant information on the resolution(s) proposed at the meeting in a timely manner in accordance with the Listing Rules. In addition, the chairman of the Board or his delegates, other Board members, the chairmen of the Board committees, appropriate management executives and external auditors will attend general meetings to answer the Shareholders' questions. The Company will also monitor and review the process of its general meetings on a regular basis, and, if necessary, make changes to ensure that the Shareholders' needs are best served.

The ESG Committee is responsible for regularly reviewing the implementation and effectiveness of the Shareholders' Communication Policy. Following the annual review on the Shareholders' and investors' engagement and communication activities of the Group, the ESG Committee was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy, which enables the Company to carry out effective two-way communication with its investors and shareholders by way of regular meetings and timely updates of the Company's financial results and developments. All communications between the Company and the Shareholders will need to abide by the applicable laws and regulations.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

Right to Call an Extraordinary General Meeting by Shareholders

Pursuant to Article 12.3 of the Articles of Association, general meetings shall be convened on the written requisition of any two or more members, or by any one member which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Cayman Companies Law for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. For proposing a person for election as a Director, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders and the investment community may send their enquiries or requests for publicly available information of the Company as mentioned above to the following:

Address: Yixin Building
1 North, Zhongguancun Hongqiao Innovation Center
365 Linhong Road, Changning District
Shanghai, China

For the attention of the Head of Investor Relations

Email: ir@yixincars.com

Any shareholding matters, such as transfer of Shares, change of name or address, and loss of Share certificates should be address in writing to the Hong Kong Share Registrar:

Computershare Hong Kong Investor Services Limited

Address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for change of name or address and loss of Share certificates)
Address:	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for transfer of Shares)
Telephone:	(852) 2862 8628
Facsimile:	(852) 2865 0990/2529 6087

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above addresses and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board and other Board members, in particular, the chairmen of Board committees (or their delegates as appropriate), appropriate management executives and external auditor will use all reasonable endeavours to attend annual general meetings and to answer enquiries of Shareholders.

The Memorandum and Articles of Association is available on the websites of the Company (www.yixincars.com) and the Stock Exchange (www.hkexnews.hk). During the Reporting Period, the Company did not make any changes to its Memorandum and Articles of Association.

ESG REPORT

1. ABOUT THIS REPORT

This is the Environmental, Social and Governance (hereinafter referred to as the "ESG") report for the year ended December 31, 2022 prepared and released by Yixin Group Limited (hereinafter referred to as "Yixin Group", the "Company", "we", "us" or "our"), with a view to reflecting the overall ESG performance of the Company in an objective and fair manner. Readers are advised to read this report together with the section "Corporate Governance Report" in the annual report.

Scope of reporting

Unless otherwise stated, the scope of this report covers the operating units of Yixin Group and its subsidiaries in mainland China, and the reporting period is from January 1, 2022 to December 31, 2022.

Basis of preparation

This report was prepared in compliance with the "Environmental, Social and Governance Reporting Guide" (referred to as the "ESG Reporting Guide") contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Reporting principles

Principle of "materiality": Key stakeholders and their ESG issues of concern have been identified in the preparation of this report and targeted disclosures have been made in this report based on the relative importance of their issues of concern.

Principle of "quantitativeness": This report presents the key performance indicators related to environmental and social aspects using quantitative information. The measurement, methodologies, assumptions and/or calculation tools and sources of conversion factors used for the key performance indicators in this report have been illustrated where appropriate.

Principle of "consistency": This report uses consistent data statistics methods comparable to that in the Company's Environmental, Social and Governance Report 2021.

2. ESG GOVERNANCE

(1) Board statement

The board of directors of the Company (the "Board") attaches great importance to ESG governance and strives to achieve the harmonious development among corporate, society and nature. Being the highest level of authority responsible for the ESG matters and decision-making, the Board supervises and participates in the entire process of the ESG issues and assumes full responsibility for the Company's ESG strategy development and reporting.

Supervision over the ESG affairs: the Board incorporates the ESG affairs into the Company's governance structure. The ESG Committee is responsible for reviewing and overseeing the Group's ESG policies and practices as well as providing recommendations to the Board on the ESG management. On March 18, 2022, the Company's ESG Committee reviewed the 2021 annual ESG report and corporate governance report. On February 20, 2023, the Company's ESG Committee reviewed the 2022 annual ESG report and corporate governance report, and evaluated the effectiveness and adequacy of the terms of reference of the ESG Committee and conducted annual review on the shareholders' communication policy.

ESG management guideline and policy: The Board integrates ESG concepts into the management system and daily operations, and prioritizes and manages ESG related matters and internal and external risks based on macro policy analysis, internal strategic planning and communication with stakeholders. By specifying the key aspects and management guidelines and policies of ESG governance, the Board continuously improves and promotes the execution and optimization of ESG related work.

Review on the ESG targets: The Board continuously enhances the supervision over the Company's ESG governance and increases its engagement efforts. The Company has set business-related annual environmental targets, and the Board has reviewed and discussed the establishment of the targets and reviewed the progress of the fulfillment of targets on a regular basis.

This report has been reviewed and approved by the Board on February 27, 2023.

Board of Yixin Group Limited

February 27, 2023

(2) ESG governance structure

The Company has continuously strengthened the construction of the ESG management system, and has established an ESG management mechanism featuring "supervision by the Board, implementation by the management and inter-departmental linkage". In July 2018, we established the ESG Committee comprising three members and chaired by Mr. Andy Xuan Zhang, an Executive Director and the Chief Executive Officer of the Company and the Chairman of the Board. The primary responsibilities of the ESG Committee include reviewing and monitoring the ESG policies and practices of the Group to ensure compliance with relevant laws and regulatory requirements, monitoring and responding to new ESG related issues, and providing ESG recommendations to the Board in a timely manner, so as to improve the ESG performance of the Company.

The relevant department heads of the Company have formed the ESG Working Group, which is primarily responsible for the implementation of ESG related works of the Company. We have further specified and clarified the respective ESG management responsibilities for each department during this year. By virtue of compliance with the requirements of the ESG Reporting Guide and in combination with our business development strategies, we have continued to enhance our level of ESG management and improve our ESG management organizational structure.

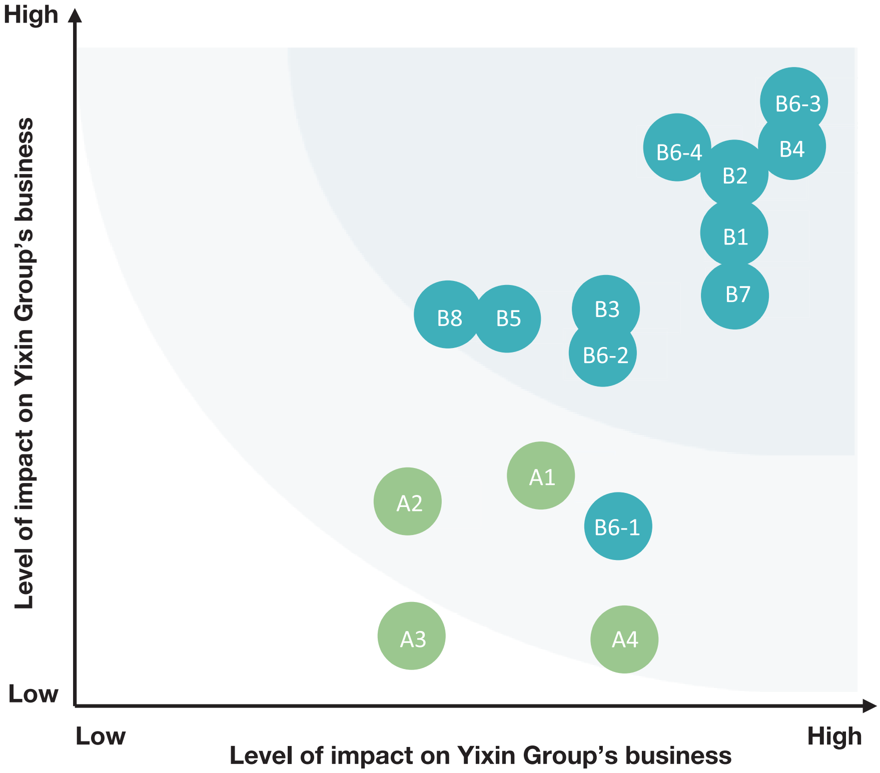
(3) Communication with stakeholders

While continuously creating economic value for the society and shareholders, we acknowledge the importance of feedback on our ESG performance from stakeholders (including shareholders and investors, government and regulatory authorities, employees, suppliers and other business partners, customers, news media, the public and the community). Therefore, based on the results of communication with key stakeholders and our own business characteristics, the key ESG issues concerned by stakeholders and the main communication channels are listed as follows:

Key stakeholders	ESG issues of concern	Main communication channels
Government and regulatory authorities	Compliance operations Corporate governance Emissions Climate change	Information disclosure Regulatory meetings Incident reports Policy consultations
Shareholders and investors	Climate change Intellectual property Anti-corruption	Investor seminars Corporate announcements and circulars Investor relations columns
Employees	Employment of staff Employee health and safety Employee development and training Labor standards	Internal meetings for employees Social media Employee activities Questionnaires
Suppliers and other business partners	Supply chain management Anti-corruption	Emails and phone calls On-site inspections Strategic cooperation
News media	Community investment Customer service	Results announcements Exchanges via results conference Communication via press releases
Customers	Customer service Information security	Customer complaint hotline Customer service center Questionnaires
Public and community	Community investment	Charitable activities Community interactions

(4) Materiality assessment

In 2022, in order to further understand the views and suggestions of various stakeholders on the environment, society, governance and other matters, we obtained the opinions and expectations of stakeholders on the Company's response to environmental, social and governance issues through various channels such as questionnaire surveys. Combining the above with the Company's own strategy and business priorities, we have conducted a substantive analysis on the 12 aspects of ESG issues listed in the ESG Reporting Guide, the results of which were as follows:



A1: Emissions
A2: Use of Resources
A3: Environment and Natural Resources
A4: Climate Change

B1: Employment
B2: Health and Safety
B3: Development and Training
B4: Labor Standards
B5: Supply Chain Management
B6-1: Product Liability: Intellectual Property
B6-2: Product Liability: Customer Service
B6-3: Product Liability: Information Security
B6-4: Product Liability: Compliance Operation
B7: Anti-Corruption
B8: Community Investment

The Company has identified topics of high importance, namely, "B6-3 Product Liability – Information Security", "B4 Labor Standards", "B6-4 Product Liability – Compliance Operation", "B2 Health and Safety", "B1 Employment", "B7 Anti-Corruption", "B3 Development and Training", "B8 Community Investment", "B5 Supply Chain Management" and "B6-2 Product Liability – Customer Service"; topics of medium importance include "A1 Emissions", "A2 Use of Resources", "B6-1 Product Liability – Brand and Intellectual Property" and "A4 Climate Change"; related topics include "A3 Environment and Natural Resources". We will elaborate on the above topics in each section of this report.

3. FULFILLING PRODUCT LIABILITY

As an industry-leading automobile finance trading platform, Yixin Group has always adhered to the principle of providing more convenient, safer and efficient solutions, thereby creating and optimizing our products and services. In the whole process of product planning, research and development, advertisement, sales and after-sales, we strictly abide by laws and regulations such as the "Law on the Protection of Consumer Rights and Interests of the PRC" and the "E-Commerce Law of the PRC", and proactively fulfil the requirements set out in industry regulatory documents such as the "Administrative Measures for Automobile Finance Companies" and the "Administrative Measures on Automobile Financing" in the process of cooperation with financial institutions. We continuously enhance our service experience and are committed to becoming the preferred platform of customers, protecting the rights and interests of consumers and promoting positive attitude in society. We also listen to customer feedback, continuously improve our service system and firmly pursue our in-house innovation, thus contributing to the development of the industry.

(1) Enhancing service experience

The Company regards efficient, convenient and high-quality customer service experience as the key to its long-term development. In 2022, we optimized the quality inspection process of our products and services, including more detailed classification of standardized terms; adding courtesy words and expressions to intensify the connotation of humanized services; introducing multi-dimensional intelligent detection standards by utilizing the AI technology-based "voice tone recognition" and "fast speech recognition" to discover customer concerns and core problems, with a view to improving the efficiency of quality inspection; and designing procedures such as conducting repeated visits and random checks on operation sites to continuously improve the standard of business specification and enhance service quality. The nature of the Group's business does not involve products sold or shipped that are subject to recalls for safety and health reasons. In addition, we have also carried out customer reward activities to maintain and promote customer relations and optimize customer experience.

Case study: Year-end customer rewards, closing the distance between customers and Yixin

From September 16, 2022, to reward the support and trust of our customers, we have carried out the activity of "Gifting WeChat pocket money upon signing up for debit card service" to interact enthusiastically with WeChat users. Through this activity, we maintain and continuously enhance our relationship with customers, helping us to further intensify our service capabilities.

▲The activity of "Gifting WeChat pocket money upon signing up for debit card service"

(2) Protecting the rights and interests of customers

The Company is committed to protecting the legitimate rights and interests of its customers, and carries out publicity activities for such commitment through various online and offline channels. On the online front, in response to new forms and new circumstances of internet fraud, we continue to strengthen anti-fraud monitoring, publicize and enhance customers' awareness of anti-fraud through our official WeChat account, official website, SMS push and other channels, with a view to reducing the risk of fraud. On the offline front, we not only enter into an anti-fraud reminder letter with each customer and carry out one-on-one targeted reminders, but also cooperate with the public security organs to establish a long-term anti-fraud joint operation, so as to contribute to the protection of the rights and interests of customers through joint publicity, whistle-blowing and assisting in investigations.

Case Study: Collaborating with public security and internet police to fight against fraud

We have established long-term communication and cooperation with the Economic Crime Investigation and Cyber Security Department of the Changning District Public Security Bureau. The cyber security vigilantes will visit the Company to impart anti-fraud knowledge to the Company's employees, improve the fraud identification skills of the employees and enhance their anti-fraud capabilities; conduct anti-fraud training for all customer service personnel to improve their skills of identifying fraud so that they can respond to cases of fraud in time. The Company has also established a special anti-fraud assistance department to receive information about possible fraud on customers and assist customers to report to the police in a timely manner, with a view to reducing customers' losses due to fraud.

At the same time, we regularly arrange dedicated personnel to investigate fraudulent links that appear on network platforms, actively communicate with the related platforms and the police to report fraudulent information, and submit a list of internet phone calls suspected of fraud to the public security organ. After the investigation and identification by the public security organ, the case will be handled hermetically through the telecommunications terminal, thereby blocking the way for continual fraud by the criminals.

诈骗分子“收网”在即，易鑫客服成功“截胡”

“你们有个叫刘磊的工作人员，让我给他打一万块钱，说能给我提前结清，是真的么？”这天，刚到岗的客服王盈盈就接到一通急吼吼的来电，客户谢先生操着不太流利的普通话说准备给“易鑫”打钱了。

一听涉及私下交易，王盈盈立马警惕起来。她请谢先生先不用着急付钱，马上通过内部系统核实 “刘磊”的身份，结果查无此人，又核对了这个“刘磊”提供的账户也并非易鑫对公打款帐号。此时，王盈盈基本确定谢先生被犯罪分子盯上了，提醒他千万不要打款，对方应该是个骗子。

▲Yixin customer service successfully prevented customers from sending money to fraudsters

(3) Listening to customer feedback

The Company attaches great importance to customers' opinions and suggestions, actively listens to customer feedback and pays attention to the regulation and training of customer service personnel. While consistently implementing the "Customer Service Management System", we have established internal and external customer complaint channels, listened to customer feedback from various internal and external channels and established a comprehensive customer complaint mechanism. The internal channels mainly rely on the three-tier customer complaint handling process. The complaint cases are first classified into three categories depending on the complexity and then directed to the customer service hotline, customer complaints specialists and the customer complaint emergency team according to the level of complexity. Regarding external channels, in addition to the original "Black Cat" complaint platform, we added the "Network 315" external customer complaint platform in 2022 to expand the channels for customers to voice out their opinions. In case of repeated calls from customers, the related data is analyzed and processed by big data method and reported to the emergency team, so that the risk of external customer complaint can be managed in advance.

As of the end of December 2022, 825 cases were received through the external customer complaint platforms "Black Cat" and "Network 315", with a response rate of 100%; and 133 cases were escalated to the emergency team via the Company's internal channels. To continue improving the quality of our services, we conduct telephone interviews in response to customer messages on platforms such as Yixin Auto Owner Services and WeChat Official Account to actively answer their inquiries and resolve their issues. In 2022, a total of 226,184 customers were involved in our satisfaction assessment and a satisfaction rate of 99.64% was recorded.

(4) Facilitating industry development

The Company is committed to cooperating with peers to create a healthy and benign partner ecosystem and to facilitate the industry's development in a compliant and orderly manner. We actively participate in the formulation of laws and regulations and the establishment of industry standards, provide advices and suggestions to relevant departments based on actual business needs, and provide timely feedback for consultation drafts, including the "Administrative Measures for the Protection of Consumer Rights and Interests of Banking and Insurance Institutions (Consultation Draft)", the "Administrative Measures for Financial Products Network Marketing (Consultation Draft), the "Regulations on Local Financial Supervision and Administration (Consultation Draft)" and the "Consultation Draft for the Regulations on the Administration of Road Power-Driven Vehicle Production Access Permits".

Case study: Actively participate in industry forums to discuss the future development of new energy vehicles

In December 2022, Mr. Guo Chun, Vice President of Yixin Group, participated in the "2022 China Automobile Industry Summit Online Forum" to discuss issues such as the development of new energy vehicles and the growth momentum of the domestic automobile finance market with industry peers, experts and the media. They provided opinions and suggestions for building a new ecology of automobile financing services and promoting the high-quality development of the industry.

▲Mr. Guo Chun, Vice President of Yixin, participated in the online roundtable discussion

▲The "2022 China Automobile Industry Summit Online Forum" official poster

By virtue of our efforts to create long-term value for customers and actively promote the development of the industry, we are highly recognized by the industry and society. In 2022, the Company won the following awards and honorary titles:

- In January 2022, the Company won the "Most Valuable Consumer and Service Company" at the Sixth Golden Hong Kong Stock Award organized by www.zhitongcaijing.com (智通財經) and www.10jqka.com.cn (同花順財經)
- In February 2022, the Company won the "2021 China Automobile Finance Brand Influence Award" at the Fifteenth Golden Cicada Award organized by China Times
- In October 2022, the Company won the "2022 Best Small and Mid Cap Listed Company in Hong Kong and US" organized by Sina Finance
- In November 2022, the Company won the "NBD 2022 Best Automobile Finance Trading Platform" at the Fourteenth NBD Awards organized by National Business Daily
- In December 2022, the Company won the "2022 Automobile Finance Trading Platform" at the China Automobile "Golden Engine" Award organized by 21st Century Business Herald and China Auto Finance
- In December 2022, the Company won the "Annual Large Cap Stock Growth Value Award" organized by Gelonghui
- In December 2022, the Company won the "Leading Brand in the Automobile Finance Industry" at the 2022 'Best Brand 100' Award organized by www.jiemian.com under the Shanghai Media Group
- In December 2022, the Company won the "2022 Top 10 Digital Service Providers of China's Automobile Industry" at the "2022 Top List of Innovative Companies in Global Technological Travel Industry" Award organized by EqualOcean International

4. STRENGTHENING COMPLIANCE MANAGEMENT

The Company always considers compliance operations as its top priority, and accordingly has established a risk management and control system with information security, anti-corruption, intellectual property protection and supply chain safety as the pillars. We abide by applicable laws and regulations, constantly improve the internal system and safety management structure, continue to improve the technical level and management capabilities of safety operations, and strengthen the construction of compliance systems and enhance publicity training, with a view to pursuing long-term sustainable development.

(1) Optimizing risk management and control

The Company is committed to conducting its business in a compliant, fair and honest manner. Our multi-level risk management and control system is composed of the Company's audit committee, internal audit department and business functional departments, striving to achieve comprehensive and efficient supervision on compliance operations. Within this system, the Company's risk identification process involves risk assessment work which is performed by the internal control department from time to time to actively identify related risks. As such, the Company cooperates with various business functional departments and the internal audit department to accomplish the work of consultation and supervision on risk management and control.

In 2022, in order to further standardize the Company's financial leasing business and better prevent and resolve the risks involved in the financial leasing business, we have formulated the "Management Measures for Reporting Important Events of Financial Leasing" according to the actual situation of the Company on the basis of the "Interim Measures for the Supervision and Management of Financial Leasing Companies" and the rules relating to significant issues and major risks reporting under the implementation rules for the supervision and management of financial leasing companies in related jurisdictions formulated by provincial people's governments. By virtue of the above, we have established the important event management model under the central leadership of the general management department and the cooperation between various functional units, with a view to optimizing risk management and control measures to promote more compliant and higher-quality development of the Company's business.

The Company compiles and updates the list of risks based on its daily business activities, external regulatory situation and risk identification and assessment. We identified the main risks associated with the Company in the areas of strategic risk, operational risk, compliance risk and financial risk, and formulated corresponding risk management strategies to effectively ensure the stable compliance operations of the Company.

We are also committed to adhering to the business ethics of fairness and trust when cooperating with business partners, and have formulated the "Rules on Management of Partners", which has stipulated strict requirements on product promotion, charging items, delivery of goods from clients and complaint handling in the process of cooperative operation and set out the corresponding prohibitions and penalties for violations.

We incorporate compliance management and control training into the scope of regular training, so that employees can bear in mind the risk management-related aspects in daily operations. We have planned and conducted various compliance training and promotion activities in a multi-dimensional perspective, including the "Internal Control and Compliance Promotion Month" event in August each year, compliance training and publicity activities for new employees, industry compliance publicity for all employees and compliance publicity events designed for each department. Training is provided for all employees of the Company and training contents cover the compliance requirements of employees' daily behavior in the workplace and the Company's overall business operations. In addition to specific training activities, we encourage employees to take the initiative to learn about legal compliance through various interesting modes such as animation display in the elevator and Yixin University.

Case study: Deepen and cultivate the awareness of legal compliance and carry out specific training on internal control management

In order to continuously strengthen legal quality and compliance awareness of employees, we organize specific trainings in a timely manner to promote and implement the latest national and industry regulations and policies. In August 2022 when the "Internal Control and Compliance Promotion Month" event was held, we hired experts from the legal sector and from administrative and law enforcement agencies and internal experts to hold five special training seminars on "Corporate Criminal Compliance and Anti-Fraud", "Supervision on Financial Leasing and related Laws and Regulations under the New Situation", "Briefing on Fighting Against Fraudulent Business", "Compliance Training on Industry Laws" and "Internal Control, Compliance and Internal Control Auditing". During the year, a total of 1,018 employees participated in the "Internal Control and Compliance Promotion Month" event. In addition, in November 2022, we carried out specific training for the financial cooperation department, capital department and intelligent risk control center to better prevent risks involved in the financial leasing business.

▲The "Internal Control and Compliance Promotion Month" event

▲Compliance promotion seminar for the financial cooperation department,
capital department and intelligent risk control center

(2) Safeguarding information security

We always believe that protecting privacy and data security is the basic prerequisite for winning the trust of users, customers and other stakeholders. The Company strictly abides by laws, regulations and industry norms such as the "Cyber Security Law of the PRC", the "Data Security Law of the PRC", the "Personal Information Protection Law of the PRC" and the "Information Security Technology – Personal Information Security Specification", and has formulated the "Development Security Management System", the "Data Security Management Measures", the "Application Security Implementation Security Specifications" and other rules and regulations, as well as revised the Company's internal "Administrative Measures for Personal Information on Application System" based on the recently promulgated "Personal Information Protection Law of the PRC", so as to build a comprehensive and systematic internal management system on information security for all-round protection on data security of the Company and users.

From the multi-dimensional perspective such as "security management policy strategy", "security management organization", "personnel security management", "information system construction security management", "information system operations and maintenance security management" and "information system data security management", the Company continuously standardizes and improves the Company's information security standards and strives to provide users with high-quality, safe and reliable products and services. By virtue of the "Administrative Measures for Personal Information on Application System" revised during the year, we have further improved the measures for user information security and privacy protection, added new desensitization requirements for sensitive data transmission and legal approval procedures and enhanced the review level. For cases where sensitive personal information needs to be displayed/exported in plain text, the exported sensitive personal information must be desensitized. Whenever the information is displayed/exported, it needs to go through the legal approval process and the amount of personal sensitive information should be clearly displayed, and it may be escalated up to the president of the Company for approval. Based on the requirements of the Personal Information Protection Law, we will conduct legal assessment to review whether the relevant operations exceed the scope of authorization or the relevant reasonable scope granted when collecting personal information, so as to make timely risk warnings. Meanwhile, when the user accesses services such as bill enquiry through the 400 customer service hotlines, we require the customer service staff to verify the user's full name and ID number information; for certain important businesses, such as materials releasing, it is necessary to verify the reserved mobile phone number based on the registered mailing address before the business can be processed.

In order to fully implement the internal management system of information security, we have elaborately designed a number of supporting interconnection technologies to create a trusted execution environment for reliable acquisition, transmission and storage of information. In order to further reduce the security risks of the application system, the Company has developed a white-box security review system and a code management system for affiliated companies, through which it automatically scans open source framework vulnerabilities for submitted codes on a daily basis, and has identified risk frameworks and third-party risk components in respect of the use of its business systems, so as to detect security flaws and carry out restoration in advance. At the same time, the Company hires third-party security professional vendors to conduct penetration tests on various business systems every year to discover and repair security vulnerabilities in advance.

Border protection

The Company has self-developed a port detection system that continuously inspects shared ports on the intranet and open ports on the internet. It can detect and deal with high-risk port openings in a timely manner, reducing the risk of attacks on open ports on the network border.

Account protection

The Company has self-developed a system for its server to detect weak passwords, continues to carry out weak password detection and inspection for services such as ldap, ssh, and rdp, and related defects are directed to relevant personnel for rectification in a timely manner, thus reducing the risk of accounts being hacked by violent means.

Hacking detection

The Company has launched a hacking detection system for its server host, which is used to monitor host vulnerabilities, host hacking events and baseline compliance, thus enhancing the hacking detection capability for the server host.

Safe operation

The Company has created a security compass, which collects and displays various security scanning results and events, thus forming a unified management platform and enhancing security management and operation capabilities.

Vulnerability Management

The Company has self-developed and deployed a new security work order system. All security issues are tracked through the security work order for vulnerability notification and repair status. After manual evaluation and analysis, the processing priority is adjusted according to the risk level, thus improving the efficiency of vulnerability processing.

The Company attaches great importance to cultivating employees' awareness of user privacy and information security. We require all new employees to participate in security awareness training and assessment, and also provide regular data security training for all employees to strengthen their data security awareness and effectively prevent information security incidents.

(3) Adhering to business integrity

The Company adheres to the philosophy of integrity management and establishes an honest and healthy corporate culture. We strive to create an honest and upright working environment, strictly require employees to adhere to a high level of business ethics, and are committed to maintaining relationships with business partners which are fair and honest.

Anti-corruption

The Company strictly abides by the "Anti-Unfair Competition Law of the PRC", the "Criminal Law of the PRC" and other laws and regulations on anti-corruption, anti-bribery, and anti-fraud, and has issued the "Administrative Measures on Professional Ethics Construction of Yixin Group" and implemented related supporting measures, thus further improving the internal monitoring mechanism and laying a solid foundation for the healthy and sustainable development of the Company.

The Company has set up a professional safety supervision team, which consists of professionals with extensive experience in the field of anti-corruption and fraud investigation. They strictly supervise daily operations such as the signing of labor contracts, employee induction orientation, employee management and external partner management, implement anti-corruption measures, and are responsible for cultivating employees' awareness of business integrity and actively promote the development of business compliance training. In order to eliminate hidden risks in a timely manner, we regularly check and sort out risk points of malpractices and fraud, continuously optimize business processes and repair business loopholes. From a practical point of view, the Company also utilize the financial leasing business management system to analyze unusual orders and business data, so as to timely discover, investigate and deal with potential violations of disciplines and regulations, and take disciplinary actions against the involved employees and partners in accordance with internal rules and laws and regulations.

We adopt a zero-tolerance attitude towards all corrupt and fraudulent behavior, and encourage all employees, suppliers and business partners to report any suspicion of fraud in any existing or potential behavior. We have set out various reporting channels such as email, telephone and WeChat in the "Administrative Measures on Professional Ethics Construction of Yixin Group" and formulated protection measures for whistleblowers. During the year, the Company also took various measures to strengthen the collaboration between auditing and supervision functions. Once suspected fraudulent behavior is discovered or relevant reports are received, the Company will never tolerate such behavior and will organize a special working group as soon as practicable to investigate the related incidents by means of data analysis, inspections, unannounced visits and interviews. Cases of fraud and malpractice that have been confirmed through investigations will be handled in accordance with national laws and regulations and the regulations of the Company. If an employee is involved in a duty-related crime, the case will be handed over to the judiciary for investigation according to the applicable laws, while an investigation report and inspection result will be completed internally. Employees who have committed serious fraud will be dismissed, and senior employees assuming direct and indirect management responsibilities will be punished internally. In 2022, there were no concluded legal cases regarding corruption involving the Company or any of its employees.

We actively carry out anti-corruption cooperation with external industry peers to create an upright and honest business environment. During the year, the Company joined the Trust and Integrity Enterprise Alliance and the China Enterprise Anti-Fraud Alliance, and organized and participated in numerous exchange and learning activities with the anti-fraud departments of industry peers to learn and take reference from useful experience and measures.

The Company also requires all Board members and employees to complete the education and training on the code of business conduct and integrity every year. We have produced online learning resources such as special online training, on-demand courses on the "Yixin University" platform, posts on WeChat Official Account, etc., as well as carrying out offline training activities such as special lectures on professional ethics development, laws and regulations and typical warning examples, with a view to strengthening the development of professional ethics and cultivating employees' awareness of the importance of honesty and integrity in business operations. In 2022, the coverage rate of the education for employees on the development and publicity of professional ethics and business integrity has reached 100%.

Case study: Improving professional ethics and building an upright workplace

In order to strengthen the development of professional ethics, we provided special lectures and training for the newly issued "Administrative Measures on Professional Ethics Construction of Yixin Group" in 2022 to help employees understand and fulfill the requirements of the administrative measures as soon as possible. As the department in charge, the safety supervision department designed and carried out the training activities, attracting a total of 2,747 employees to participate.

▲Lecture on "Professional Ethics Construction"

Case study: Carrying out anti-corruption training and maintaining integrity and honesty

We continue to carry out employee compliance training and incorporate anti-corruption related contents in employee induction orientation, striving to get employees prepared to practice business integrity. In August 2022, we held a lecture on the theme of “Corporate Criminal Compliance and Anti-fraud”, which promoted compliance knowledge and deepened compliance awareness for 239 employees.

▲Training for new employees

▲The lecture on “Corporate Criminal Compliance and Anti-fraud”

Anti-money laundering

We strictly abide by relevant laws and regulations and requirements of regulatory authorities such as the "Anti-Unfair Competition Law of the PRC", "Anti-money Laundering Law of the PRC" and "Guidelines on Promoting the Healthy Development of Internet Finance", and strive to improve internal and external monitoring mechanisms. We continuously optimize customer identification procedures and reduce anti-money laundering risks in related businesses by formulating relevant implementation measures such as customer identification, customer identity data and transaction record preservation.

(4) Protecting intellectual property

Intellectual property protection is the cornerstone of business innovation, and we regard intellectual property as one of the core competitiveness of corporation. We comply with laws and regulations such as the "Advertising Law of the PRC", the "Interim Measures for the Administration of Internet Advertising", the "Trademark Law of the PRC", the "Copyright Law of the PRC" and the "Patent Law of the PRC", and has established our in-house intellectual property protection system according to applicable laws to improve the application procedure and the deployment of intellectual property rights, as well as formulating the "Advertising Compliance Management System of Yixin Group" to strictly review the authenticity and legality of the contents of the Company's announcements and protect the rights and interests of users from being prejudiced.

At the same time, we actively carry out the promotion on intellectual property protection for employees, thereby cultivating the concept of respecting innovation and responsible operation among the employees, raising awareness of intellectual property protection, and encouraging and promoting intellectual property applications. In 2022, the Company applied for 34 new trademarks, of which 18 trademark rights were granted, and successfully renewed 2 trademark rights. Besides, the Company applied for 8 new software copyrights, of which 3 copyrights were granted, and submitted 6 new patent applications.

(5) Strengthening supply chain management

We believe that a sustainable supply chain is a crucial condition to ensure long-term business growth. In order to enhance the ability of supply chain management, we have formulated internal rules and regulations such as the "Administrative Measures for Suppliers" and "Administrative Measures for Procurement" on the basis of strictly abiding by the "Anti-Unfair Competition Law of the PRC" and other laws and regulations, striving to realize the informatization, refinement and centralization of supplier network management, as well as integrating the concept of sunshine procurement into supply chain operation management.

Supplier management

Suppliers are important partners for the healthy and sustainable development of the Company. We have continuously strengthened the identification and management of environmental and social risks in all elements of the supply chain. In our supplier management policy, we have clarified the requirements and practices for legal compliance of suppliers and the screening, selection and assessment of suppliers, and formulated and implemented a standardized control procedure throughout the entire procurement process. During the year, by updating the "Administrative Measures for Procurement", we have improved the administrative measures related to the process of online bidding, online bid evaluation and determination of bidding price, so as to ensure the stability of procurement during the pandemic.

During the selection stage, we strictly screen suppliers with relevant qualifications and good reputation in the industry, and require that the suppliers have not been involved in any major lawsuits and disputes or subject to any administrative penalties for integrity issues. According to the products and services provided by suppliers, we divide them into two categories: IT suppliers and non-IT suppliers. Considering our business characteristics, IT suppliers are our most important business partners, so we require that the suppliers possess the qualification certification authorized by the brand manufacturers that they distribute or represent and that they have been established for more than 3 years. For non-IT suppliers, we select suppliers that have a sufficient number of professional and technical personnel and sound pre-sales and after-sales quality assurance system and that they have been established for at least one year.

We regularly carry out evaluation on suppliers, with the evaluation process being completed efficiently under the collective decision, and coordinate supervision by the technical, procurement and legal departments. In case of unusual delivery by suppliers, the procurement department will communicate, confirm and report the case according to the feedback from the business department, and we will suspend the engagement of such supplier in the following year. In case of breach of contract by suppliers, we will strictly enforce the terms of the contract against the breaching parties according to the contract and, if necessary, will take legal actions to protect our rights in accordance with applicable laws. If suppliers fail to deliver products and services on time, deliver defective products and services, violate the regulations specified in the "Sunshine Procurement Code for Suppliers of Yixin Group" and cause significant impact or loss on the Company's business and internal service quality, we will replace or eliminate such suppliers promptly.

During the year, we further improved the efficiency of cooperation with suppliers and comprehensively carried out systematic centralized procurement management. We rationally classify procurement, clarify the scope of direct procurement and arrange direct procurement systemically, so as to improve the level of centralized procurement and save costs for the Company. We have also developed efficient approval options for urgent direct procurement in the system, with a view to ensuring the flexibility of direct procurement and improving work efficiency while enhancing the degree of centralized procurement.

The distribution and number of the suppliers of the Company by region are as follows:

The distribution of suppliers by region	**Number of suppliers**
Eastern China	370
Southern China	54
Central China	29
Northern China	201
Northwestern China	13
Southwestern China	36
Northeastern China	31
Total	734

Green procurement

The Company attaches great importance to reducing environmental pollution in the procurement process. We always adhere to the concept of green environmental protection and prioritize the purchasing and usage of recyclable office equipment. In 2022, the Company newly established a call center in Hefei. In the workplace of the call center, in addition to utilizing the recycled office furniture in the original headquarters building in Shanghai, we have also purchased environmentally friendly and suitable second-hand furniture. The new construction and relocation of the headquarters building in Shanghai and other regional offices also adopt the principle of recycling, thus realizing the conservation and reuse of resource.

▲Purchasing recyclable office equipment for new office building

Sunshine procurement

The Company attaches great importance to the principle of sunshine procurement, and is committed to preventing moral hazards among procurement employees and business partners. During the year, we further improved the "Administrative Measures for Sunshine Procurement Conduct of Yixin", which optimized the sunshine procurement plan and implementation methods. We require all suppliers participating in the bidding to sign the "Sunshine Purchasing Code for Suppliers of Yixin Group". During the year, each new supplier abided by the above code when entering into a new contract. At the same time, we also set out a description of procurement prohibitions and reporting channels for violations of laws and regulations for the suppliers in the sunshine procurement agreement, while the supervising department is responsible for the monitoring of the entire procurement process.

Transparency, compliance and refinement are the basis for the implementation of our sunshine procurement policy. The Company uses the "E-Procurement System" to intelligently present all procurement process information, thus realizing the visualization of procurement data. Business managers can conveniently make enquiries about procurement data reports via the system, and obtain accurate information such as the procurement amount by each department, procurement quantity, supplier sourcing and amounts saved, thus improving the efficiency of procurement supervision and control.

5. PRACTICING PEOPLE-ORIENTED PRINCIPLE

The Company's vitality hinges on the growth and development of its employees. We pursue to become an outstanding team in the field of automobile financial transactions on the internet. We acknowledge the value of talents and strive to create an equal, respectful, inclusive and diverse workplace for our employees, as well as effectively protecting their rights and interests, thereby striving to become an outstanding enterprise which attracts high caliber talents.

(1) Employment and benefits

The Company always respects and protects the rights and interests of employees, and continues to practice the principle of equality and justice. We strictly follow laws and regulations such as the "Labor Contract Law of the PRC", the "Labor Law of the PRC" and the "Law of the PRC on the Protection of Minors", and formulated and improved our internal rules and regulations such as the "Regulations on Recruitment Management" and the "Regulations on Induction Management", so as to standardize the management of human resources and protect the rights and interests of employees lawfully. We strive to treat employees of different genders, ages, ethnicities, races and religious beliefs fairly and impartially, and promise to provide equal opportunities at all aspects, including recruitment, promotion, salary and benefits. We also uphold the principle of diversity and inclusion and will not tolerate any discrimination and harassment in the workplace.

We actively recruit outstanding talents who are in line with the Company's values and concepts and meet the Company's development needs, and seek for talents through channels such as online recruitment, staff referrals and internal applications. In accordance with national and local laws and regulations such as the "Law of the PRC on the Protection of Minors" and the "Provisions on the Prohibition of Using Child Labor", we resolutely eliminate child labor and forced labor, and have formulated a strict recruitment review mechanism. Pursuant to the mechanism, we use an information system which can automatically identify age information on the identity card to screen out job applicants who do not meet the age requirement under the national regulations. Once such non-compliant employment is detected, we will immediately take termination measures and conduct investigations to identify loopholes. In 2022, there were no incidents of child labor or forced labor in the Company.

We encourage each employee to maintain work-life balance, and ensure that employees can have reasonable working hours and leisure vacations. We strictly abide by the "Labor Law of the PRC", and stipulate the basic working hours and vacation rights of employees in the employment contract according to the law. We strictly control the overtime hours of employees to support employees to have greater autonomy in life. We have implemented a flexible working system and let employees to apply for working from home under the exceptional circumstances during the pandemic, so as to facilitate employees to work remotely and flexibly.

As we attach great importance to our relationship with employees, we adopt the employment period and termination conditions in the labor contracts strictly in compliance with relevant national laws and regulations, and deal with employees' resignation related matters in accordance with the above framework to protect the rights and interests of resigned employees.

Case study: Empowering the future and boosting growth

We look forward to the joining of outstanding talents recruited from schools, and continue to strengthen the connection and interaction with universities and fresh graduates. During the year, we have stepped up our recruitment efforts for fresh graduates and interns and held 8 job fairs specifically for fresh graduates.

▲Autumn online session in Changning District

▲Recruitment event in Yixin College

Key performance indicators related to employment of staff

Indicator	Number of employees (person)	2022 Percentage (%)
Total number of employees	4,106	
Number of employees by gender		
Male employees	2,625	63.93
Female employees	1,481	36.07
Number of employees by age		
30 years old and below	980	23.87
31-50 years old	3,105	75.62
Over 50 years old	21	0.51
Number of employees by region		
Number of employees in Eastern China	1,365	33.24
Number of employees in Southern China	385	9.38
Number of employees in Northern China	612	14.91
Number of employees in Central China	561	13.66
Number of employees in Northeastern China	413	10.06
Number of employees in Southwestern China	485	11.82
Number of employees in Northwestern China	285	6.93
Number of employees by employment category		
Number of full-time contract employees	4,106	100
Number of interns	0	0

Key performance indicators related to employee turnover [1]

Indicator	2022
Total employee turnover rate	11.36%
Employee turnover rate by gender	
Male employees	11.64%
Female employees	10.83%
Employee turnover rate by age	
30 years old and below	10.35%
31-50 years old	11.88%
Over 50 years old	4.76%
Employee turnover rate by region	
Employee turnover rate in Eastern China	11.37%
Employee turnover rate in Southern China	12.53%
Employee turnover rate in Northern China	7.83%
Employee turnover rate in Central China	13.03%
Employee turnover rate in Northeastern China	14.67%
Employee turnover rate in Southwestern China	12.09%
Employee turnover rate in Northwestern China	7.99%

1 Employee turnover figures cover employees who voluntarily and passively resigned. The method of computation for turnover rate is: total number of turnovers x 2/(total number of employees at the beginning of 2022 + total number of employees at the end of 2022).

(2) Employee benefits and care

The Company cherishes the value of employees and provides them with a salary incentive and welfare system which is fair internally and competitive in the market. We strictly abide by relevant laws and regulations such as the "Labor Law of the PRC" and the "Labor Contract Law of the PRC", and have formulated internal systems such as the "Administrative Measures for Employee Subsidies". On top of paying various social insurances for all employees and fully safeguarding the vacation rights of each employee, we provide employees with additional benefits including meal allowance, transportation allowance, travel allowance and communication allowance.

We create a healthy and comfortable working environment for employees. The office buildings are equipped with basic facilities such as pantry and telephone booths, as well as massage rooms, shower rooms and employee activity rooms for providing employees with comfortable spaces to relieve stress. To show its humanized care, the Company also provides, among others, baby care rooms for new mothers. The Company also cooperates with surrounding caterers to offer employees with dining discounts, and set up breakfast cabinets on each floor of the office building jointly with service providers to provide employees with affordable and convenient catering options.

We hope to enrich the leisure life of our employees and promote their physical and mental health and vitality in various ways. The Company welcomes newcomers by organizing induction celebrations with employees. We also hold annual corporate celebrations, organize heartwarming birthday parties, hold Mid-Autumn Festival sales and Christmas celebrations and conduct other activities to enjoy with employees on traditional festivals, as well as conducting team building events such as sports competitions, allowing employees to release stress and enhance team cohesion.

(3) Employee training and development

The cultivation of the ability of employees is the key to promote the sustainable development and efficient operations of the Company. We have been actively creating favorable conditions for employees to better explore their potential and continue to learn and grow. We have formulated rules and regulations such as the "Administrative Measures for Daily Promotion" and the "Administrative Measures for Transfer" to systemize and standardize the transfer and promotion process of employees, thus helping employees to have a clearer path for their career development. At the same time, in order to better match the capabilities of employees and job requirements, we encourage the internal flow of talents and set up a job rotation mechanism, as well as empowering employees to cultivate multi-dimensional working capabilities so that they can make the best use of their talents.

We provide employees with diverse and up-to-date learning resources to facilitate their personal growth and professional development. Regarding the training for all employees, we adhere to the core concept of "application skills" and "employee experiences" with focus on different positions and key capabilities, thus building a comprehensive set of online and offline learning and training systems comprising different levels and different scenarios.

In 2022, we designed a variety of training activities based on employees' different career development stages and professional skills, with a view to actively enhancing the interest on training while ensuring professionalism. During the year, we began to implement the new employee training management system to guide employees to quickly understand the Company's overall profile, rules and regulations, job responsibilities and work objectives, so as to help newcomers quickly adapt to the working environment. We provide monthly training for new recruits, with contents covering corporate culture, introduction on product and business process, risk awareness, compliance training, rules and regulations on human resources, publicity on administrative activities, employee reimbursement system and professional ethics development. During the year, a total of 1,306 new employees participated in the training, with a coverage rate of over 90%. We also arrange employees to receive functional empowerment training according to our business needs, so as to continuously improve the business ability and management quality of the management level. In 2022, more than 80% of the management members participated in the three functional manager trainings, with training contents covering sharpening management style, application of talent inventory results, data analysis, project management, new-generation employee management, knowledge on financial industry and improvement on interview ability, and the trainings have also enhanced the exchanges between different departments.

In order to facilitate employees to learn more flexibly and independently, the Company has established an online learning platform "Yixin University", which is open to all employees and provides thousands of learning courses to meet the diverse needs of employees for continuous growth. During the year, we organized the interesting "Go all the way" knowledge contest, which covered specific knowledge of the Company's constitution and system, financial reimbursement, risk management, business and products, attracting more than 2,000 participants in the activity.

▲The web page of Yixin University's "Go all the way" knowledge contest

Key performance indicators related to employee trainings

Indicator	**2022 Training rate (%)**
Percentage of employees trained by gender	
Male employees	98
Female employees	97
Percentage of employees trained by ranking	
Senior management	57
Middle-level management	72
Entry level employees	98

Indicator	**2022 Training hours (hours/person)**
Average training hours of employees	31.7
Training hours of employees by gender	
Male employees	32.5
Female employees	29.8
Training hours of employees by ranking	
Senior management	1.1
Middle-level management	1.8
Entry level employees	31.8

(4) Health and safety of employees

The Company regards the health and safety of employees as the fundamental premise of our operations. We always abide by the "Labor Law of the PRC", the "Regulations on Work-related Injury Insurance" and other applicable laws, regulations and standard specifications, and have established the lawful internal policy of "Management Measures on Yixin Building" and its implementation rules, in order to continuously maintain a safe and comfortable working environment for employees.

We care about the health and well-being of our employees, and provide employees with induction check-up and annual check-up services. During the year, the Company cooperated with certain third-party professional institutions to carry out a number of trainings on safety awareness, and jointly organized AED emergency rescue training with the American Heart Association (AHA) to enhance employees' ability of hazard avoidance and emergency rescue. Besides, the Company has also cooperated with the fire department to carry out fire safety training for employees to enhance their awareness of fire prevention and hazard avoidance, conducted anti-fraud and anti-terrorism publicity lectures jointly with Shanghai Changning District Police Station, and assisted the district police station to organize employees to install the national anti-fraud APP.

Meanwhile, the Company pays much attention to the mental health of employees. During the year, we launched the employee care project and employee assistance program. Employees can obtain free psychological counseling and consulting services provided by professional licensed psychological counselors by calling the psychological counseling hotline, which helps employees release stress and establish a positive attitude.

Consultation by Chinese medicine practitioners in the workplace to promote the health and vitality of employees

In order to protect the health of employees and relieve their work pressure, we conducted a 2-week consultation by Chinese medicine practitioners from September 19 to September 30, 2022. The number of participants reached 200 and the event was well received by employees.

▲Poster of "Consultation by Chinese medicine practitioners in the workplace" event

In 2022, pandemic prevention and safety measures became a normal practice on safety for the Company, as such the Company has strengthened its efforts on the disinfection and cleaning of the office environment in daily operations and regularly issued announcements and other publicity materials on pandemic prevention. During the period of remote working, we regularly hold online activities to enhance remote interaction among employees and effectively ease their emotions. After resuming office working, we used the visitor appointment system in Yixin Building to strictly control the entry of outsiders; installed infrared temperature detectors at the entrance of the building to monitor the body temperature of people entering and leaving the building in real time; used digital sentinels to check and record the health code of employees entering and leaving Yixin Building daily; strictly applied crowd control to prevent over-crowding in elevators; and implemented a flexible working system to effectively reduce the scale of social gathering. The Company took the initiative to send masks and other preventive materials to workplaces in need across the country in a timely manner to effectively prevent and control further outbreak of the pandemic and ensure the safety of employees in the workplace.

Key performance indicators related to work-related injuries and fatalities

Primary indicators	Secondary indicators	Unit	2022
Number and rate of work-related fatalities in the past three years (including the reporting year)	Number of work-related fatalities in 2020	Person	0
	Number of work-related fatalities in 2021	Person	0
	Number of work-related fatalities in 2022	Person	0
Lost days due to work-related injury	Number of work-related injuries in 2022	Case	0
	Lost days due to work-related injuries in 2022	Day	0

6. PROMOTING GREEN OPERATIONS

The Company strictly abides by the “Environmental Protection Law of the PRC”, the “Energy Conservation Law of the PRC” and other laws and regulations, consistently implements the regulations of national and local environmental regulatory authorities and relevant guidelines in the industry, and has formulated internal management systems such as the “Office Power Usage Management System” and the “Administrative Measures for Yixin Building”, pursuant to which, we have incorporated the concept of low-carbon environmental protection and sustainable development into our daily operation and management, as well as identified and responded to possible climate change risks and have actively carried out energy saving and emission reduction work, so as to continuously improve our green operation performance.

(1) Responding to climate change

The Company pays close attention to the trend of global climate change, proactively identifies the risks and opportunities that climate change brings to business and operations, and actively responds to the concerns of stakeholders such as the government, customers, investors and the market. We refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), and continue to improve risk management based on the identification results. Besides, we also formulated relevant response measures in respect of low-carbon operations, environmental changes and natural disasters and support the development of clean sources.

Climate Change Management System – Four core elements of TCFD's recommendations

Governance	An ESG Committee is set up under the Board and chaired by the Chairman, responsible for reviewing and supervising the ESG policies (including responding to climate change) of the Group and formulating response strategies; An ESG Working Group is set up under the ESG Committee, responsible for implementing the ESG related work of the Group.
Strategy	We recognize that climate change presents transformational risks, physical risks and opportunities for our business. We will further identify and analyze the specific risks and opportunities brought about by climate change based on climate change scenarios, and assess the impact on the Company.
Risk management	We identify the risks and opportunities related to climate change, as well as counter-measures with reference to domestic and international climate change information and the TCFD's risk analysis framework.
Indicator and goal	In 2022, we continued to formulate energy saving and emission reduction targets for Yixin Building, which are disclosed in the section headed "Environmental Targets" below. Please also refer to the section headed "Environmental Performance" below for the data of greenhouse gas emissions.

Climate change risk management

We have identified climate change-related risks as the key focus of our risk management system and re-identified and evaluated them annually. By conducting policy research and peer benchmarking, making references to expert opinions, domestic and foreign climate change information and the TCFD's risk analysis framework, we have identified climate change risks and opportunities that are closely related to the Company's operations and development, and assessed their financial impact on the Company, which enable us to formulate and implement various relevant counter-measures.

Climate change risks, potential financial impacts and counter-measures

Types	Description of risks	Potential financial impact	Counter-measures
Transformation risk	Policy and regulatory risks: The government has rolled out policies and regulations to regulate climate change, such as greenhouse gas emission charges, and enhanced emission reporting obligations.	• Increase in operating and compliance costs • Increase in costs as a result of possible fines and judgments	• Pay attention to the latest developments in domestic and foreign policies and regulations, and deploy internal resources to respond to changes promptly • Actively maintain contact with local governments • Actively identify, prevent and control its own legal risks, and carry out legal risk management
	Market risk: With the transformation of social public consumption for low-carbon requirements, if the company fails to provide corresponding products/ services in a timely manner, the demand from customers will decrease.	• Loss of customers, thus reducing operating income	• Promote business transformation and timely launch products that meet market needs, and build a multi-channel, multi-dimensional and diversified marketing system

Types	Description of risks	Potential financial impact	Counter-measures
	Technical risk: In the context of the national "dual-carbon" goal, the task of energy saving and energy consumption reduction during the low-carbon transformation process is arduous, and the overall energy efficiency level needs to be improved, which will increase the cost of corporation transformation.	• Increase in the cost of corporation transformation	• Strengthen energy saving and emission reduction management in our operations, and continue to promote green and low-carbon transformation and the upgrading of business and technology • Promote the recycling of server resources, carry out multiple business mergers and reorganizations, reduce the redundancy of resources generated as a result of business monopoly, and enhance the green and low-carbon recycling of server resources
	Reputational risk: Stakeholders are increasingly concerned about the Company's performance in green and low-carbon development and addressing climate change. If the result is not up to their expectation, it may have a negative impact on the Company's reputation and image.	• Decrease in operating income • Increase in staff recruitment and retention costs	• Make responses to climate change as a key issue and communicate with stakeholders through ESG reports and other channels • Pay attention to market atmosphere and public opinions

Types	Description of risks	Potential financial impact	Counter-measures
Physical risk	Acute risk: Extreme weather events caused by climate change, such as typhoons, earthquakes and tsunamis, which affect offline operations, employee safety and asset safety, etc.	• Impairment to fixed assets and decrease in operating income	• In response to extreme weather such as high temperature and typhoon, announcements are sent to all employees to remind them to pay attention to travel safety • Take measures such as flexible attendance and work from home arrangements based on the actual impact of extreme weather conditions such as typhoons on staff commuting
	Chronic risk: • Extreme changes in precipitation and climate patterns • Global warming • Rise in sea level, etc.	• Increase in energy consumption brought about by fighting against global climate change, such as the use of power for air-conditioning, causing an increase in operating costs	• Future alterations or renovations to the office building shall take into account extreme climate change • Establish an off-site remote disaster backup mechanism. As such, off-site recovery and reconstruction can be performed in case of damage to the computer room caused by extreme weather

Climate change opportunities, potential financial impacts and counter-measures

Types	Description of opportunities	Potential financial impact	Counter-measures
Resource efficiency	Strengthen the Company's energy management, improve the efficiency of resource utilization and reduce the consumption of resources, including power, fuel oil and water resources, etc.	• Decrease in operating costs	• Continuously monitor the use of various resources and take timely improvement measures to reduce greenhouse gas emissions • Use a full heat exchange fresh air system in the office building to recycle part of the heat energy and reduce energy consumption • Formulate energy saving management measures such as the "Administrative Measures for Buildings", and achieve energy saving and emission reduction targets every year
Markets/Products and services	The state and the government have introduced preferential subsidy policies for new energy vehicles, infrastructure construction measures, etc., which are conducive to the development of the new energy vehicle industry, and the demand for finance leasing of new energy vehicles will also increase.	• Increase in operating income	• Promote business innovation and timely launch products that meet market needs to enhance its own competitive advantages • Formulate risk control and credit policies for new energy vehicle financing lease applications

(2) Practicing green office

As an automobile financing transaction service provider on the internet, the Company's daily business is associated with internet, therefore water, electricity and office paper are the main resources consumed in the Company's daily operations. Adhering to the concept of green environmental protection, we have formulated environmental goals that are in line with the actual development of the Company and actively promoted the implementation of various energy-saving and consumption-reducing measures in workplaces across the country, so as to reduce the impact of the Company's operations on the environment and natural resources.

The Company protects water resources through behavioral awareness and infrastructure improvement. We have posted water conservation signs in office areas, such as wash sinks and washrooms, to strengthen employees' awareness on water conservation and remind them to save water. During the year, Yixin Building, where our Shanghai headquarters is situated, replaced bottled water with a direct drinking water system, effectively reducing the waste of water resources. The Company encountered no issues in obtaining water sources that are fit for purpose in 2022.

The Company reduces electricity consumption by formulating a daily supervision system and changing to energy-saving electrical appliances. We have replaced the permanent lights with LED sensor lights, adopted variable frequency air conditioners to adjust the temperature reasonably, and further upgraded the air conditioner control system, thus optimizing the usage and the control efficiency of air conditioners and achieving the goal of reducing overall energy consumption. At the same time, we also encourage employees to voluntarily turn off relevant electrical equipment when they are off-duty, and arrange inspectors dedicated to turn off unused electrical equipment in time to further save electricity.

The Company attaches great importance to saving paper and reducing unnecessary waste. During the year, the Company changed the method of application for office consumables from the original offline registration to online system registration, and formulated the office supplies application rules, pursuant to which each employee can apply and receive no more than two packs of A4 paper for each quarter, thus having a more explicit and effective control on the use of consumables. In order to reduce the use of paper, we advocate practicing paperless office via the OA system, and bind employees' badges information with printers to cultivate employees' paper-saving habit in printing by means of real-name printing. At the same time, we practice the concept of recycling. After the Company's Shanghai headquarters moved to Yixin Building in 2019, we used office furniture from the original workplace and preferred second-hand recyclable furniture when purchasing additional furniture. Besides, we have set up paper recycling boxes next to the printers in the office area to reduce the amount of paper discarded.

▲Poster of the process of online application for office supplies

The Company encourages employees to practice the concept of green travel and has adopted a number of measures to reduce carbon footprints. We encourage employees to use public transportation when reporting for work, and the Shanghai headquarters building utilizes public shuttle buses, effectively reducing the number of private vehicles used. The Company has also formulated the "Corporate Vehicle Usage Management System of Yixin Group" to strictly approve and standardize the manner and scope of the usage of public vehicles and gradually reduce the use of public vehicles in the operation process. Since 2022, we have replaced most of our corporate fuel vehicles with new energy electric vehicles, thereby effectively reducing carbon emissions.

(3) Environmental targets management

In order to step up our energy conservation and emission reduction efforts and continue to pursue higher standard in green and low-carbon operations, we have designated Yixin Building, Yixin Group's headquarters in Shanghai, as a pilot for green office operations. We formulated a series of environmental targets last year and have regularly reviewed the progress of achieving the targets during the year.

Indicator	Target for 2022	Status of achievement	Specific measures	Target for 2023
Per capita water consumption	Reduce 3% as compared with 2021	Not yet achieved	The Company posted "Saving Water" signs in toilets and other common areas that involve water consumption; however, the goal of reducing per capita water consumption has not yet been achieved, as employees were encouraged to wash their hands frequently in the workplace due to the pandemic.	Reduce 4% as compared with 2022
Per capita electricity consumption	Reduce 3% as compared with 2021	Achieved	The Company encourages employees to turn off computers and other electronic devices before leaving the offices.	Reduce 4% as compared with 2022
Per capita greenhouse gas emissions	Reduce 3% as compared with 2021	Achieved	–	Reduce 4% as compared with 2022
Waste sorting coverage	Reach 100%	Achieved	The Company has set up fixed locations for dry and wet waste classification in the workplace, and conducts strict daily screening.	Reach 100%
Per capita office paper consumption	Reduce 5.5% as compared with 2021	Achieved	The Company stipulates that all office paper consumed by employees must be registered and applied for use in the OA system, and an upper limit within a specified period is imposed on each employee.	Reduce 4% as compared with 2022

At the same time, based on the Company's daily operations and industry characteristics, we continue to lay down the following environmental targets:

Emission targets:

- By 2025, the proportion of Yixin Group's employees traveling by high-speed rail will increase to 70%
- Through increasing online meetings and other means, Yixin Group will reduce the number of domestic/global business trips by 10% in 2025 as compared with 2022
- Through intelligent equipment transformation, Yixin Group will reduce per capita greenhouse gas emissions caused by purchased electricity by 5% in 2025 as compared with 2022

Waste reduction targets:

- Starting from 2021, Yixin Group will fully implement waste sorting and recycling by strengthening internal publicity and management

- By 2025, Yixin Group will replace 100% of plastic garbage bags with biodegradable ones

Energy use efficiency target:

- Through intelligent equipment transformation, Yixin Group will reduce per capita electricity consumption by 5% in 2025 as compared with 2022

Water efficiency target:

- By strengthening internal publicity and management, Yixin Group will reduce per capita tap water consumption by 5% in 2025 as compared with 2022

Other environmental target:

- By 2025, 100% of Yixin Group's purchased office paper will be FSC-certified paper

(4) Environmental performance

In 2022, we compiled performance indicators for emissions such as greenhouse gas emissions and waste emissions, as well as performance indicators for the use of resources such as energy and water consumption.

Emissions [2]

Indicator	Unit	2022
Total nitrogen oxides emissions from motor vehicles	kg	2.56
Total SOx emissions from motor vehicles	kg	0.27
Greenhouse gas emissions (Scope 1 and Scope 2)	ton	1165.17
GHG emissions per capita	ton/person	0.28
Direct GHG emissions (Scope 1)	ton	41.52
Bus fuel consumption	ton	41.52
Indirect GHG emissions (Scope 2)	ton	1123.65
Purchased electricity	ton	1123.65
Hazardous waste	ton	0.00
Hazardous waste per capita	ton/person	0.00
Non-hazardous waste	ton	326.40
Non-hazardous waste per capita	ton/person	0.08

[2] Notes：

① Due to its business nature, the gas emissions of the Company are mainly greenhouse gases derived from the use of electricity and fuels converted from fossil fuels.

② The inventory of greenhouse gases includes carbon dioxide, methane and nitrous oxide which are mainly generated from purchased electricity and fuels. GHG emissions data is presented in carbon dioxide equivalent and is based on the Baseline Emission Factors for Regional Power Grids in China – Emission Reduction Projects in 2019《(2019減排項目中國區域電網基準線排放因子》) issued by the Ministry of Ecological Environment of the People's Republic of China and the 2019 Refinement to the IPCC 2006 Guidelines for National Greenhouse Gas Inventories《(IPCC 2006 年國家溫室氣體清單指南2019修訂版》) issued by the Intergovernmental Panel on Climate Change (IPCC).

③ The types of hazardous wastes involved in the operations of the Company include discarded ink cartridges and wastes of lead-acid batteries from printing equipment. As the Company leased the printing services from a printing service provider who recycles ink cartridges, there was no waste of ink cartridges in 2022. Since the warranty of lead-acid batteries remained valid, there was no waste of lead-acid battery in 2022.

④ The types of non-hazardous wastes involved in the operations of the Company include domestic wastes of office buildings. The domestic wastes of office buildings are disposed of by a property management company of the office buildings and cannot be measured separately. The estimate is based on the Handbook on the Discharge Coefficient of Urban Domestic Pollution Sources under the First National Survey on Pollution Sources《(第一次全國污染源普查城鎮生活源產排污系數手冊》) issued by the State Council. No electronic equipment waste was generated in 2022.

⑤ The Company's operations do not involve the use of packaging materials.

Energy consumption[3]

Indicator	Unit	2022
Total energy consumption	MW·h	2002.61
Energy consumption per square meter of gross floor area	MW·h/m^2	0.09
Direct energy consumption	MW·h	162.23
Petrol	MW·h	162.23
Indirect energy consumption	MW·h	1840.38
Purchased electricity	MW·h	1840.38
Water consumption	ton	7514
Per capita water consumption	ton/person	7.56

[3] Notes：

① Consolidated energy consumption is calculated on the basis of the consumption of power and petroleum and the conversion factor set out in the General Principles of Consolidated Energy Consumption Calculation (GB/T 2589-2020)《(綜合能耗計算通則》(GB/T 2589-2020)) as well as the national standard.

② The data for purchased electricity covers offices in Shanghai, Beijing, Shenzhen, Dalian, Changsha, Chengdu, Urumqi, Shijiazhuang, Changchun, Nanjing, Hohhot, Xi'an, Ningbo, Tianjin, Shenyang, Taiyuan, Wuxi, Xining, Qingdao, Zhengzhou, Suzhou, Jinan, Yinchuan, Chongqing, Kunming, Harbin, Yuncheng, Chengdu, Ganzhou, Fuyang, Mianyang, Lanzhou, Guiyang, Zhumadian, Hefei, Wuhan, Nanchang, Fuzhou, Xiamen, Nanning, Guangzhou, Haikou, Baoding, Luoyang, Shaoyang, Yichang, Zunyi, Dali and Dongguan. The offices in other areas have not been included in the statistics due to their insignificant scale, and will be included based on actual circumstances in the future. Electricity expenses of the data centers of the Group is included in the custody fees, so power consumption of data centers cannot be measured separately. Further discussion with regard to the measurement will be made with the custody firm in the future and the data will be included in the statistics once separate measurement is available.

③ The statistical scope of the Company's office water consumption includes the office water consumption in Beijing and Shanghai, and the water consumption of other office locations is included in the property fee, and the water consumption cannot be measured separately.

7. PROTECTING A BEAUTIFUL HOME

The Company always attaches great importance to the corporation's influence on the society and regards social benefits as the driving force of corporate development, hence taking social responsibility with solid actions. In 2022, we kept abreast of the times, listened to the voices of the community, actively promoted and performed various public welfare activities in emergency rescue, inclusive customer services and rural revitalization, thereby rewarding society with love, sincerity and enthusiasm.

Emergency rescue

At the critical moment of the outbreak of the pandemic in 2022, we launched the "caring process of customer service" to actively help customers affected by the pandemic, so as to reduce credit risk and maintain service quality. At the same time, we have organized employees to act as anti-pandemic volunteers on many occasions to devote themselves to serving the community.

Case study: Yixin financial consultants insisted on volunteer services despite hot weather

In August 2022, Southwest China faced the double pressure of rare hot weather and the outbreak of the pandemic. In spite of the scorching heat and toil, we participated in anti-pandemic services for the community for more than a month, contributing to building a healthy and safe community.

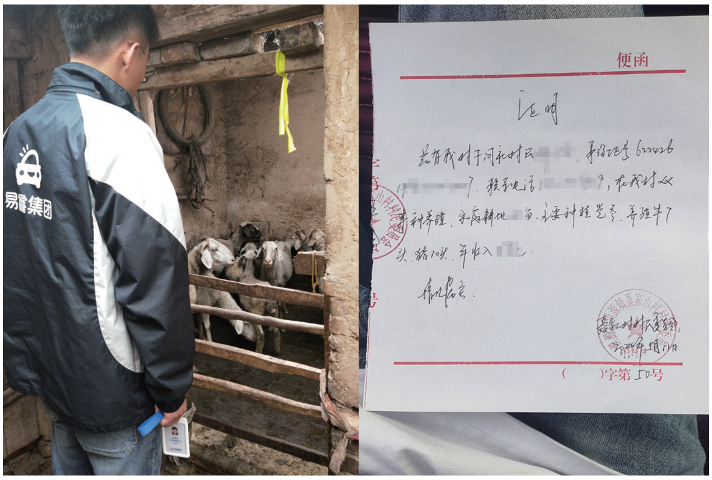
▲Employees of Yixin Group participated in volunteer activities in local community

Inclusive customer service

In order to meet the needs of users in remote areas, we go deep into mountainous and pastoral areas to provide customized solutions for customers. As such, we can offer diverse services and take flexible measures to effectively solve users' practical difficulties, thus providing users with inclusive, high-quality and efficient automobile financing services.

Case study: Yixin provides door-to-door services for remote farmers

After learning that it was inconvenient for residents in Dingxi, Gansu to buy vehicles, our service team took the initiative to cooperate with local vehicle dealers to provide door-to-door service for farmers. At the same time, we contacted the village committee to help solve the problems of customer credit investigation and qualification certification, and finally successfully resolved the problem encountered by farmers in buying vehicles.



▲The local Yixin financial consultant went to the homes of villagers to provide services

Case study: Yixin assists the transportation development of purple pottery

The purple pottery workshop in Yunnan is located in the mountains, so there is a strong demand for small trucks. After learning about the situation, our local team organized personnel to customize service products for the merchants of purple pottery, and adopted the mode of door-to-door vehicles delivery and services to facilitate the vehicle purchasing process. As a result, the transportation conditions of local merchants have been improved, contributing to the development of the local purple pottery industry.

▲Purple pottery stoves in Jianshui, Yunnan

Rural revitalization

The Company responds to the call of "financial technology should empower the real economy" in the "14th Five-Year Plan" and considers rural revitalization as the Group's long-term project to actively promote rural revitalization.

Case study: "Changxing Island Tangerine" public welfare activity

In October 2022, representatives of our party members went to Changxing Island to visit local fruit farmers, purchased nearly 3,000 catties of Changxing Island tangerines and established the Yixin Public Welfare Orange Orchard covering an area of 5 mu to help orange farmers broaden their sales channels, contributing to promote the local rural construction.

▲"Changxing Island Tangerine" charity event

Public welfare activity

Caring much about community residents and concerning about socially disadvantaged groups, our volunteers actively organize charity and donation activities, thus contributing to a harmonious and beautiful society while letting more people understand the values of Yixin Group.

Case study: "Yibei Coffee" public welfare activity

We have established friendly relations with Shanghai Qingcongquan Children's Intelligent Training Center and "Sunshine Home" in Shanghai Changning District to organize activities to help disabled people, thus combining employee benefits with social welfare to effectively facilitate public welfare undertakings.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of Yixin Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 146 to 248, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses
- Fair value measurement of financial assets classified as level 3

Key Audit Matter	How our audit addressed the Key Audit Matter

Measurement of expected credit losses
 	
Refer to note 4.1(a), note 18, note 20 and note 26 to the consolidated financial statements.
 	
As at 31 December 2022, the Group's expected credit losses ("ECL") allowance of finance receivables and loans recognized as a result of payment under risk assurance amounted to approximately RMB614,410,000 and RMB52,289,000 respectively, and the ECL allowance of risk assurance liabilities amounted to approximately RMB997,240,000.
 	
The balances of provisions for ECL of finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities represent management's best estimate at the balance sheet date of expected credit losses under International Financial Reporting Standard 9: Financial Instruments expected credit losses model ("IFRS 9").
	Our procedures in relation to the measurement of expected credit losses included:
	
	Understanding and evaluating management's assessment process and controls
	
	• We obtained an understanding of the management's internal controls and assessment process relating to management's ECL model, significant assumptions and major data inputs and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty;
	
	• We tested IT controls over the information systems which are used to maintain the completeness and accuracy of related contractual information with each customer.
	
	Substantive testing of the measurement of expected credit losses
	
	• We involved our internal modelling specialist and reviewed the modelling methodologies used for measuring the ECL measurement, and assessed the reasonableness of model selection, key parameters estimation, significant judgments and assumptions in relation to the model.
	
	  • Modelling specialist examined the coding for model measurement, and tested whether or not the measurement model reflected the modelling methodologies documented by management;
	
	  • We verified the financial information and non-financial information of the finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities, relevant external evidence and other factors, to assess the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired receivables;

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group assesses whether the ECL of finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For measuring expected credit losses, the Group adopted a complex model, employed numerous parameters and data inputs, and applied significant management judgments and assumptions with a high degree of estimation uncertainty. The measurement model for ECL involves significant management judgments and assumptions, primarily for the following: • Choosing appropriate models and assumptions and determination of relevant key measurement parameters; • Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred; • Economic variables for forward-looking measurements, and the application of economic scenarios and weightings; • Estimated future cash flows for defaulted and credit-impaired finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities. The inherent risk in relation to the measurement of ECL is considered significant due to the complexity of the model and subjectivity of significant assumptions and major data inputs. In addition, the finance receivables, loans recognized as a result of payment under risk assurance, risk assurance liabilities and related provisions accrued involve significant amounts. In view of these reasons, we identified this as a key audit matter.	• We examined on a sample basis the major data inputs to the information systems to assess their accuracy and completeness. We verified the transmission of major data inputs between the information systems and the model, by utilizing IT audit techniques, to verify their accuracy and completeness; • For forward-looking measurements, we reviewed management's model analysis of their selection of economic variables, economic scenarios and weightings, assessed the reasonableness of the prediction of economic variables, the application of economic scenarios and the setting of weightings and reviewed sensitivity testing of forecasting; • We examined on a sample basis the assumptions used by management to determine expected cash flows for defaulted and credit-impaired finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities based on financial information of latest collateral valuations and other available information in supporting the computation of provisions. • We assessed the adequacy of the disclosures related to ECL in the context of the applicable financial reporting framework. Based on our procedures performed, in the context of the inherent uncertainties associated with measurement of expected credit losses for finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities, we considered the model, data inputs, key parameters, significant judgment and assumptions adopted by management and the measurement results were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of financial assets classified as level 3 Refer to note 3.3, note 4.1 (c) and note 16 to the consolidated financial statements. The Group has invested in certain financial assets at fair value through profit or loss with fair value of RMB3,198,001,000 as at 31 December 2022. These investments were all measured at fair value using level 3 inputs which were not based on active market prices, nor based on observable market data.	*Our procedures in relation to the determination of fair value of financial assets classified as level 3 included:* **Understanding and evaluating management's assessment process and controls** • We understood and evaluated the internal controls relating to management's model used, development of significant assumptions and major data inputs and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty. **Substantive testing of fair value measurement of financial assets classified as level 3** • We obtained management's calculation sheets of fair value estimation of financial assets classified as level 3 and tested the accuracy of the calculation sheets; • We evaluated the independent external appraisal firm's competence, capability and objectivity; • We involved our internal valuation specialist and assessed the appropriateness of the methodologies, including the model used, and key assumptions adopted by management, including but not limited to terminal growth rate, bond yield, marketability, discount rates and volatility; • We compared the input data of revenue growth rates and terminal growth rates in the calculation sheet with management's forecast of future profits, strategic plans and business data;

Key Audit Matter	How our audit addressed the Key Audit Matter
Management assessed and measured the fair value of financial assets classified as level 3 using particular valuation techniques, with assistance from an external appraisal firm. The valuation process was highly judgmental due to its reliance on management's assumptions such as discount rate, volatility and probability weighting, marketability, liquidation and redemption scenarios, etc. The determination of the model adopted and key inputs required management's significant judgment or estimation. The prescribed value of the financial assets classified as level 3 is significant to the financial statements. In view of these reasons we identified this as a key audit matter.	• We compared the volatility and discounted rate with comparable companies in the open market to assess the reasonableness of the input data used; • We challenged management regarding its approach for determining the probability weighting, liquidation and redemption scenarios (where applicable), including assessing and analysing the weightings based on our understanding of the investees' business and market condition. Based on the procedures performed, we considered the models used and the judgments and estimates made by management for the determination of fair value of the financial assets classified as level 3 and the valuation results were supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun, George.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 February 2023

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenues	5		
Transaction Platform Business		**3,984,259**	2,302,279
Self-operated Financing Business		**1,217,249**	1,192,065
		5,201,508	3,494,344
Cost of revenues	7	**(2,313,137)**	(1,716,003)
Gross profit		**2,888,371**	1,778,341
Selling and marketing expenses	7	**(1,218,335)**	(1,358,417)
Administrative expenses	7	**(430,061)**	(397,736)
Research and development expenses	7	**(192,045)**	(146,429)
Credit impairment losses	7	**(790,296)**	(286,376)
Other income and other gains, net	6	**142,390**	512,799
Operating profit		**400,024**	102,182
Finance cost, net	9	**(9,769)**	(3,111)
Share of profits/(losses) of investments accounted for using the equity method	15	**15,236**	(15,446)
Profit before income tax		**405,491**	83,625
Income tax expense	10	**(34,677)**	(54,672)
Profit for the year		**370,814**	28,953
Profit attributable to:			
– Owners of the Company		**370,814**	28,953
– Non-controlling interests		**–**	–
		370,814	28,953
Profit per share attributable to owners of the Company for the year (expressed in RMB per share)	11		
– Basic		**0.058**	0.005
– Diluted		**0.056**	0.004

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit for the year	**370,814**	28,953
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**194,116**	(46,747)
Total comprehensive income/(loss) for the year	**564,930**	(17,794)
Attributable to:		
– Owners of the Company	**564,930**	(17,794)
– Non-controlling interests	**–**	–
	564,930	(17,794)

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment	12	**450,305**	454,114
Right-of-use assets	13	**18,463**	20,386
Intangible assets	14	**1,160,102**	1,374,318
Associates and joint ventures using equity accounting	15(a)	**660,155**	605,103
Associates measured at fair value through profit or loss	15(b)	**56,000**	56,000
Financial assets at fair value through profit or loss	16	**3,204,387**	2,995,871
Deferred income tax assets	29	**708,558**	749,321
Prepayments, deposits and other assets	20	**292,121**	192,460
Finance receivables	18	**7,359,576**	5,379,618
Trade receivables	19	**1,288,399**	742,531
Restricted cash	21	**114,110**	70,203
		15,312,176	12,639,925
Current assets			
Finance receivables	18	**6,382,437**	5,729,580
Trade receivables	19	**2,948,923**	1,890,033
Prepayments, deposits and other assets	20	**2,071,940**	1,827,522
Restricted cash	21	**2,015,734**	2,398,413
Cash and cash equivalents	21	**3,433,182**	3,051,720
		16,852,216	14,897,268
Total assets		**32,164,392**	27,537,193
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	**4,238**	4,204
Share premium	22	**35,080,671**	34,976,080
Other reserves	23	**1,195,082**	967,386
Accumulated losses		**(20,953,778)**	(21,305,459)
Total equity		**15,326,213**	14,642,211

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	28	**4,686,125**	3,467,173
Lease liabilities	13	**5,985**	7,616
Deferred income tax liabilities	29	**89,594**	96,838
Other non-current liabilities	30	**940,125**	960,351
		5,721,829	4,531,978
Current liabilities			
Trade payables	25	**841,351**	537,616
Risk assurance liabilities	26	**1,150,498**	651,958
Other payables and accruals	27	**1,143,024**	1,059,849
Current income tax liabilities		**145,697**	147,269
Borrowings	28	**7,826,147**	5,955,230
Lease liabilities	13	**9,633**	11,082
		11,116,350	8,363,004
Total liabilities		**16,838,179**	12,894,982
Total equity and liabilities		**32,164,392**	27,537,193

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

The consolidated financial statements on pages 146 to 248 were approved by the Board of Directors on 27 February 2023 and were signed on its behalf.

Andy Xuan Zhang
Director

Dong Jiang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 year		–	–	–	370,814	370,814
Currency translation differences	23	–	–	194,116	–	194,116
Total comprehensive income for the year		–	–	194,116	370,814	564,930
Transactions with owners in their capacity as owners						
Share-based compensation	8, 23, 24	–	–	134,534	–	134,534
Appropriation to statutory surplus reserve	23	–	–	19,133	(19,133)	–
Release of ordinary shares from Share Scheme Trusts	22, 23, 24	1	2,007	(2,002)	–	6
Shares issued upon exercise of employee share options	22, 23, 24	–	584	(583)	–	1
Vesting of restricted awarded shares	22, 23, 24	33	102,000	(102,033)	–	–
Purchase of restricted shares under share award scheme	23, 24	–	–	(15,469)	–	(15,469)
Total transactions with owners in their capacity as owners		34	104,591	33,580	(19,133)	119,072
Balance at 31 December 2022		4,238	35,080,671	1,195,082	(20,953,778)	15,326,213

	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 loss						
Profit for the year		–	–	–	28,953	28,953
Currency translation differences	23	–	–	(46,747)	–	(46,747)
Total comprehensive loss for the year		–	–	(46,747)	28,953	(17,794)
Transactions with owners in their capacity as owners						
Share-based compensation	8, 23, 24	–	–	131,020	–	131,020
Appropriation to statutory surplus reserve	23	–	–	10,000	(10,000)	–
Release of ordinary shares from Share Scheme Trusts	22, 23, 24	9	47,972	(47,861)	–	120
Shares issued upon exercise of employee share options	22, 23, 24	1	7,291	(7,274)	–	18
Vesting of restricted awarded shares	22, 23, 24	12	38,151	(38,163)	–	–
Purchase of restricted shares under share award scheme	23, 24	–	–	(5,015)	–	(5,015)
Total transactions with owners in their capacity as owners		22	93,414	42,707	(10,000)	126,143
Balance at 31 December 2021		4,204	34,976,080	967,386	(21,305,459)	14,642,211

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	31	**(2,035,414)**	1,457,831
Income tax (paid)/returned		**(2,730)**	1,944
Net cash (used in)/generated from operating activities		**(2,038,144)**	1,459,775
Cash flows from investing activities			
Interest received		**14,763**	46,884
Proceeds from disposal of property and equipment and intangible assets		**3,720**	3,726
Purchase of property and equipment and other non-current assets		**(33,576)**	(13,203)
Purchase of intangible assets		**(3,024)**	(1,871)
Loans to third parties		**(297,000)**	(170,000)
Collection of loans to third parties		**84,727**	43,900
Investments in financial assets at fair value through profit or loss	16	**(12,500)**	(85,000)
Proceeds from financial assets		**2,938**	5,087
Investment in associates and joint ventures		**–**	(311,000)
Prepayment for an investment	20	**(80,000)**	(17,500)
Placements of restricted cash		**(63,626)**	(456,690)
Maturity of restricted cash		**254,267**	1,019,056
Net cash (used in)/generated from investing activities		**(129,311)**	63,389
Cash flows from financing activities			
Proceeds from borrowings		**15,051,378**	11,463,235
Repayment of borrowings		**(11,963,897)**	(12,200,635)
Release of deposits for borrowings		**26,410**	164,943
Principal elements of lease payments		**(14,462)**	(12,401)
Proceeds from exercise of share options		**7**	1,501
Purchase of restricted shares under share award scheme		**(15,469)**	(5,015)
Interest paid		**(564,620)**	(580,698)
Net cash generated from/(used in) financing activities		**2,519,347**	(1,169,070)
Net increase in cash and cash equivalents		**351,892**	354,094
Cash and cash equivalents at beginning of year		**3,051,720**	2,711,558
Exchange gains/(losses) on cash and cash equivalents		**29,570**	(13,932)
Cash and cash equivalents at end of year		**3,433,182**	3,051,720

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

Pursuant to the Voting Proxy Agreement entered into between Bitauto Holdings Limited ("Bitauto" collectively with its subsidiaries, the "Bitauto Group") and Tencent Holdings Limited ("Tencent" collectively with its subsidiaries, the "Tencent Group") on 15 November 2019, Tencent granted to Bitauto a voting proxy representing approximately 10% of the then issued share capital of the Company, enabling Bitauto to exercise in excess of 50% of the voting rights in the Company. Upon the termination of the Voting Proxy Agreement with effect from 4 November 2020, Bitauto no longer had statutory control over the Company. On 5 March 2021, the distributions in specie by Bitauto of all of the shares issued by Yixin and held directly or indirectly by Bitauto to its parent and by such parent to its shareholders respectively (the "Distributions") have been completed. Following the completion of the Distributions, Bitauto no longer had any equity interests in the Company. As at the date of these consolidated financial statements, there is no ultimate parent of the Company. The Tencent Group is the largest shareholder of the Company (Note 32).

The Group's major subsidiaries are based in the PRC and the majority of their transactions are denominated in Renminbi ("RMB"). The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange controls promulgated by the PRC government. As at 31 December 2022, other than restrictions from exchange control regulations, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of the Group.

The consolidated financial statements are 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements are prepared on a going concern basis.

(a) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

Standards and amendments	Effective for annual periods beginning on or after
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to International Accounting Standards (IAS) 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)	1 January 2022

The above amendments to IFRS effective for the financial year beginning on 1 January 2022 do not have a material impact on the Group's consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 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
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
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (continued)

(a) Subsidiaries controlled through New Contractual Agreements

The wholly-owned subsidiary of the Company, Tianjin Kars Information Technology Co., Ltd. ("Tianjin Kars"), has entered into the New Contractual Agreements, including Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Equity Pledge Agreements, and Powers of Attorney, with Beijing Yixin Information Technology Co., Ltd. (北京易鑫信息科技有限公司, "Beijing Yixin") and its equity holders, which enable Tianjin Kars and the Group to:

- govern the financial and operating policies of Beijing Yixin;
- exercise equity holders' voting rights of Beijing Yixin;
- receive substantially all of the economic interest returns generated by Beijing Yixin in consideration for the business support, technical and consulting services provided by Tianjin Kars;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in Beijing Yixin from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Tianjin Kars may exercise such options at any time until it has acquired all equity interests of Beijing Yixin; and
- obtain a pledge over the entire equity interests of Beijing Yixin from its respective equity holders as collateral security for all of Beijing Yixin's payments due to Tianjin Kars and to secure performance of Beijing Yixin's obligation under the New Contractual Arrangements.

As a result of the New Contractual Arrangements, the Group has right to exercise power over Beijing Yixin, receive variable returns from its involvement with Beijing Yixin, has the ability to affect those returns through its power over Beijing Yixin and thus is considered to control Beijing Yixin. Consequently, the Company regards Beijing Yixin as its controlled structured entity and consolidates the financial position and results of operations of Beijing Yixin in the consolidated financial statements of the Group.

Nevertheless, the New Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Beijing Yixin. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Beijing Yixin. The directors of the Company, based on the advice of its legal counsel, consider that the New Contractual Arrangements among Tianjin Kars, Beijing Yixin and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (continued)

(b) Business combinations

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (continued)

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS.

2.2.2 Separate financial statements

Investments in subsidiaries (including structured entities) are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates and joint arrangements

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

A joint arrangement is an arrangement of which two or more parties have joint control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates and joint arrangements (Continued)

(a) Equity method of accounting

Investments in associates and joint ventures in the form of ordinary shares are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in these associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate or joint venture, any difference between the cost of the associate and joint ventures and the Group's share of the net fair value of the associate or the joint venture's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate or joint venture in the form of ordinary shares is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to consolidated income statement where appropriate.

The Group's share of the associates and joint ventures' post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognizes the amount adjacent to "Other income and other gains, net" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates and joint ventures are recognized in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates and joint arrangements (Continued)

(b) Fair value through profit or loss

The Group has invested as a limited partner in certain funds and exerted significant influence. The Group has applied the measurement exemption within IAS "Investment in Associates and Joint Ventures" for the funds and such investments are measured at fair value through profit or loss, and presented as "Associates measured at fair value through profit or loss" in the balance sheet.

Investments in associates in the form of ordinary shares with preferential rights or redeemable convertible preferred shares are accounted for as hybrid financial instruments and measured as financial assets at fair value through profit or loss (Note 2.9 and 16).

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Chief Executive Officer of the Group has been identified as the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States dollars ("USD"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "Finance cost, net". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other income and other gains, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which cases income and expenses are translated at the rate on the dates of the transactions; and

- all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.6 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line depreciation method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	40 years
– Office equipment	5 years
– Vehicles	5 years
– Leasehold improvement	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income and other gains, net" in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The Group's goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line amortization method to allocate the cost of trademarks and licenses over their estimated useful lives of 5 to 10 years.

(c) Domain names

Domain names are initially recognized and measured at costs incurred to acquire and bring to use the domain names. The costs are amortized on a straight-line basis over the domain names' estimated useful lives of 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(d) Computer software and technology

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives of 5 years.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. No software development costs have been capitalized by the Group for the year ended 31 December 2022 (2021: nil).

Research and development expenditures that do not meet these criteria are recognized as “Research and development expenses” in the consolidated income statement as incurred. Development costs previously recognised as an expense are not recognized as an asset in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(e) Business Cooperation Agreements

The Group underwent two Group reorganizations in 2015 and 2017, respectively (the "2015 Reorganization" and "2017 Reorganization", and collectively the "Reorganizations") to establish the Company as the ultimate holding company of the Group. Under the Reorganizations, the Group acquired the 2015 Traffic Support Services, 2017 Traffic Support Services, Non-compete Undertakings, and Automobile Model Database (collectively referred to as the "Business Cooperation Agreements"), which were recognized as intangible assets at fair value at the date of acquisition. The directly attributable transaction costs to acquire the assets were included in the costs of the intangible assets.

For the traffic support agreement acquired upon the completion of 2015 Reorganization, it was fully amortised by 31 December 2018 as the amortization was provided using the straight-line amortization method over 3 years according to the contract term. For the traffic support agreements acquired upon the completion of 2017 Reorganization, given that both parties have agreed upon the total number of transactions leads that should be referred to the Group, the Group expected to utilize the intangible asset based on the number of transaction leads referred and determined the amortization measured on an actual usage basis.

For the Non-compete Undertakings in relation to the used automobile-related business, amortization is calculate using the straight-line amortization method over 15 years.

The Automobile Model Database is amortized using the straight-line amortization method over 20 years, which is the contractual term of the access right to the database.

The amortization charges are included in the "Selling and marketing expenses" of the consolidated income statements.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other income and other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement. The Group's assets measured at amortised cost comprise of "Trade receivables", "Finance receivables", "Prepayments, deposits and other assets", "Restricted cash" and "Cash and cash equivalents" in the consolidated balance sheet.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Other income and other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other income and other gains, net" and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment or derivative financial instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other income and other gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "Other income and other gains, net" when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognised in "Other income and other gains, net" in the consolidated income statement as applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its finance receivables and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 19 for further details.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The risk assurance liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Provision for expected credit losses on risk assurance liability, as applicable, is recognised as credit impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to equity holders of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

The funding costs associated with the borrowings for the Group's self-operated financing business are recognized as cost of revenues. The interest expenses associated with the borrowings for the Group's general operations are recognized as finance expenses.

2.18 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting nor taxable profit or loss is affected and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the consolidated income statement as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

The Company does not operate any other defined contribution schemes, and as such, there is no forfeited contributions, nor does the Company employ any actuary for defined benefit plans.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognized when accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(c) *Bonus plans*

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2.20 Share-based payments

(a) *Equity-settled share-based payment transactions*

The Group operates the Pre-IPO Share Option and Share Award Schemes (defined in Note 24), under which it receives services from employees and non-employees as consideration for share options and restricted shares units (collectively referred to as "Share Awards") of the Company. The fair value of the services received in exchange for the grant of the Share Awards is recognized as an expense on the consolidated income statement.

In terms of the Share Awards awarded, total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of Share Awards that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value), and share premium.

(b) *Share-based payment transactions among group entities*

The grant by the Company of share options and restricted share units over its equity instruments to the employees and non-employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Revenue recognition

Revenue is measured at the transaction price which is the amount of consideration to which the Group is entitled to in exchange for transferring promised services or goods to the customer. The Group allocate the transaction price to each performance obligation based on the relative stand-alone selling prices. Revenue for each performance obligation is then recognised when the Group satisfies the performance obligation by transferring the promised goods or services to the customer.

(a) Transaction Platform Business

The Group mainly provides (i) loan facilitation services, (ii) guarantee services, (iii) after-market services, (iv) software-as-a-service (“SaaS”) services, and (v) other services. Revenue is measured at the transaction price which is the amount of consideration to which the Group is entitled to in exchange for transferring promised services or goods to the customer. The Group allocates the transaction price to each performance obligation based on the relative stand-alone selling price. Revenue for each performance obligation is then recognised when the Group satisfies the performance obligation by transferring the promised goods or services to the customer.

The Group recognizes revenue from loan facilitation services when assisting the customers to complete an automobile financing transaction. Revenue is recognised at point-in-time when performance obligation of the service has been satisfied, being when a transaction is fulfilled and completed. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to its customers, net of value-added tax. The transaction price is limited to the amount of consideration that is probable not to be reversed in future periods. The Group assesses whether the estimate of variable consideration is constrained. A receivable is also recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (Continued)

(a) Transaction Platform Business (continued)

The Group recognizes revenue from the provision of guarantees. The amount of the guarantee is recognised when guarantee contracts have been made whereby the related guarantee obligation has been accepted, the economic benefits associated with the guarantee contracts will probably flow in, and the amount of revenue associated with guarantee contracts can be measured reliably. The fair value of the guarantee is initially recognised as deferred income, which is included in "Risk assurance liabilities" on the Group's consolidated balance sheet, and is amortised to profit or loss over the term of the guarantee as guarantee service income.

The Group provides after-market services to car buyers which includes insurance facilitation services. After-market insurance facilitation services mainly involve facilitating vehicle replacement service binding to related liability insurance provided by insurance companies. After-market service revenue is recognized at the point of time the insurance facilitation services are performed.

The Group provides SaaS services to institutions in auto financing area which includes technology applications and technology-enabled business solutions. SaaS services help institutional clients expand business, improve efficiency, and reduce risks. Revenue is recognised at the point-in-time the technology applications and other software-as-a-service are performed.

Financing components

Other than loan facilitation services, the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust such transaction prices for the time value of money.

(b) Self-operated Financing Business

The Group provides automobile financing lease services to individual customers and automobile dealers on its self-operated online automobile financial platform through two models: direct financing lease and sales-and-leaseback. In a direct financing lease arrangement, revenue is recognized over the lease period on a systematic and rational basis so as to produce a constant periodic rate of return on the net investment in the financing leases. In a sales-and-leaseback arrangement, the transaction is in substance a collateral financing and revenue is recognized over the lease period using the effective interest rate method. The Group also provides automobile operating lease services to individual and corporate customers. Revenue from these services is recognized on a straight-line basis over the lease period.

2.23 Dividend income

Dividend income is recognized when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Government grants

Grants from government are recognized at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate. The Group does not have government grants relating to property and equipment, and other non-current assets.

2.25 Leases

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term and low-value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases are leases of underlying assets with a value, when new, in the order of magnitude of USD5,000 or less.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and other financial risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The transactions of the Company are denominated and settled in its functional currency, USD. The Group's subsidiaries operate in the PRC and are exposed to foreign exchange risk arising from USD. The Group's foreign exchange risk primarily arises when the recognized assets and liabilities of the Group's PRC subsidiaries are denominated in USD. Considering that the HKD is pegged with the USD and that the size of transactions denominated in SGD is immaterial, management is of the opinion that the currency exposure arising from HKD and SGD transactions is not significant to the Company.

For the Group's PRC subsidiaries whose functional currency is RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the years ended 31 December 2022 and 2021 would have been approximately RMB7,404,631 lower/higher and RMB234,882 higher/lower, respectively, as a result of net foreign exchange (losses)/gains on translation of net monetary assets denominated in USD.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from the Group's borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates, whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

If interest rates on the borrowings at variable rates had risen/fallen 100 basis points while all other variables had been held constant, the Group's profit for the years ended 31 December 2022 and 2021 would have been approximately RMB18,994,000 lower/higher and RMB9,777,000 lower/higher, respectively.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

(i) Risk management

Credit risk is managed on group basis. Credit risk mainly arises from cash and cash equivalents, restricted cash, trade receivables, other receivables, finance receivables, investment in debt instruments and risk assurance liabilities.

To manage this risk arising from cash and cash equivalents, and restricted cash, the Group only transacts with state-owned or large medium sized joint-stock commercial banks in the PRC and reputable international financial institution outside of the PRC. There has been no recent history of default in relation to these financial institutions.

The Group has policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

Finance receivables are typically secured with automobiles for financing leases and derived from revenues earned from customers in the PRC, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. The Group maintains reserves for expected credit losses and these losses have generally been within its expectations.

Loans recognized as a result of payment under risk assurance and risk assurance liabilities are typically secured with automobiles for loan facilitation services and derived from revenues earned from customers in the PRC, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on the borrowers and its ongoing monitoring process of balances of outstanding off balance-sheet items. The Group maintains reserves for expected credit losses and these losses have generally been within its expectations.

For other receivables other than loans recognized as a result of payment under risk assurance, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information.

The Group's investments in debt instruments and unlisted securities measured at FVPL are not subject to the ECL assessment.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement

Models

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 ("SICR") 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.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets).

	Change in credit quality since initial recognition	
Stage I	**Stage II**	**Stage III**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Significant increase in credit risk (SICR)

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. No qualitative criterion is considered by the Group since the Group monitors the risk of borrowers purely based on overdue period.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Definition of default and credit-impaired assets

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. No qualitative criterion is considered by the Group since the Group monitors the risk of borrowers purely based on overdue period.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purpose. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's expected loss calculations.

Measuring ECL-Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-months (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired assets" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculate on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 month and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Measuring ECL-Explanation of inputs, assumptions and estimation techniques (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The forecasts of these economic variables are provided periodically and the most relevant variables are picked and estimated by the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Maximum exposure to credit risk-Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposures to credit risk on these assets.

	Maximum exposure to credit risk of the Group As at 31 December 2022				
	Stage I 12 months expected credit loss RMB'000	Stage II Expected credit loss since purchased RMB'000	Stage III Expected credit loss since purchased RMB'000	Simplified Approach Expected credit loss since purchased RMB'000	Total RMB'000
Cash and cash equivalents	3,433,182	–	–	–	3,433,182
Restricted cash	2,129,844	–	–	–	2,129,844
Finance receivables	13,747,497	155,889	453,037	–	14,356,423
Trade receivables	–	–	–	4,276,820	4,276,820
Other receivables	–	1,639,364	620,112	–	2,259,476
Gross balance	19,310,523	1,795,253	1,073,149	4,276,820	26,455,745
Allowance for impairment losses	(303,249)	(197,867)	(340,239)	(39,498)	(880,853)
Net balance	19,007,274	1,597,386	732,910	4,237,322	25,574,892
Off balance-sheet items	44,389,808	852,755	–	–	45,242,563
Risk assurance liabilities	(1,024,713)	(125,785)	–	–	(1,150,498)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Maximum exposure to credit risk-Financial instruments subject to impairment (Continued)

	Maximum exposure to credit risk of the Group As at 31 December 2021				
	Stage I	Stage II	Stage III	Simplified Approach	Total
	12 months expected credit loss	Expected credit loss since purchased	Expected credit loss since purchased	Expected credit loss since purchased	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	3,051,720	–	–	–	3,051,720
Restricted cash	2,468,616	–	–	–	2,468,616
Finance receivables	11,037,428	75,751	397,450	–	11,510,629
Trade receivables	–	–	–	2,735,827	2,735,827
Other receivables	–	1,713,795	302,035	–	2,015,830
Gross balance	16,557,764	1,789,546	699,485	2,735,827	21,782,622
Allowance for impairment losses	(188,287)	(182,099)	(234,784)	(132,820)	(737,990)
Net balance	16,369,477	1,607,447	464,701	2,603,007	21,044,632
Off balance-sheet items	33,101,666	668,531	–	–	33,770,197
Risk assurance liabilities	(611,968)	(39,990)	–	–	(651,958)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

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.

Provision for expected credit losses as at 31 December 2022 and 2021 was determined as follows for finance receivables:

31 December 2022	**Stage I RMB'000**	**Stage II RMB'000**	**Stage III RMB'000**	**Total RMB'000**
Expected loss rate	**2.21%**	**41.88%**	**54.27%**	**4.28%**
Gross carrying amount (Note 18)	**13,747,497**	**155,889**	**453,037**	**14,356,423**
Provision for expected credit losses	**303,249**	**65,291**	**245,870**	**614,410**

31 December 2021	Stage I RMB'000	Stage II RMB'000	Stage III RMB'000	Total RMB'000
Expected loss rate	1.71%	39.23%	46.15%	3.49%
Gross carrying amount (Note 18)	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 31 December 2022 are Consumer Price Index ("CPI") and Producer Price Index ("PPI") (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. Back testing has been performed to prove these variables are the most relevant. The scenarios "base", "upside" and "downside" were used for all portfolios.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Finance receivables (continued)

Key economic variable	Scenario	2022	2021
CPI	Base	**2.34%**	N/A
	Upside	**2.91%**	N/A
	Downside	**1.77%**	N/A
PPI	Base	**0.38%**	N/A
	Upside	**2.49%**	N/A
	Downside	**(1.73%)**	N/A
Loan balance at financial institutions	Base	**N/A**	11.50%
	Upside	**N/A**	11.73%
	Downside	**N/A**	11.27%
M2	Base	**N/A**	8.70%
	Upside	**N/A**	8.03%
	Downside	**N/A**	9.37%

The Group determines the base, upside, and downside scenarios and their weightings according to the analysis of macroeconomics and calculates thereby the weighted average ECL allowance. The weightings assigned to each economic scenario as at 31 December 2022 and 2021 were as follows:

Key economic variable	Scenario	2022	2021
CPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
PPI	Base	**85%**	N/A
	Upside	**10%**	N/A
	Downside	**5%**	N/A
Loan balance at financial institutions	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%
M2	Base	**N/A**	85%
	Upside	**N/A**	10%
	Downside	**N/A**	5%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Finance receivables (continued)

A sensitivity analysis is performed on the key economic variables, namely CPI and PPI. Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

		CPI		
		-5%	**No Change**	**5%**
		RMB'000	**RMB'000**	**RMB'000**
	-5%	(28,638)	1,079	52,122
PPI	No Change	(29,727)	–	51,053
	5%	(30,811)	(1,075)	49,987

Finance receivables are written off when there is no reasonable expectation of recovery (Note 18). 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

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

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. 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 ECL are assessed individually. The Company consider the counterparties with good credit worthiness with reference to external credit rating and historical observed default rates over the expected life. The Company has identified the Consumer Price Index (CPI) and Producer Price Index (PPI) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. In the opinion of the Company, the estimated loss rates of these counterparties are not significant and the Group assessed that the ECL on these balances are insignificant.

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Off balance-sheet items and loans recognized as a result of payment under risk assurance

Under the arrangements with certain financial institutions for loan facilitation services, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. As of 31 December 2022, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB44,638 million (2021: RMB33,165 million). As at 31 December 2022, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,137.8 million (2021: RMB632.3 million).

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

The most significant assumptions used for the ECL estimate as at 31 December 2022 are CPI and PPI. (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. Back testing has been performed to prove these variables are the most relevant. The scenarios "base", "upside" and "downside" were used for all portfolios.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Off balance-sheet items and loans recognized as a result of payment under risk assurance (continued)

Key economic variable	Scenario	2022	2021
	Base	**2.34%**	N/A
CPI	Upside	**2.91%**	N/A
	Downside	**1.77%**	N/A
	Base	**0.38%**	N/A
PPI	Upside	**2.49%**	N/A
	Downside	**(1.73%)**	N/A
	Base	**N/A**	11.50%
Loan balance at financial institutions	Upside	**N/A**	11.73%
	Downside	**N/A**	11.27%
	Base	**N/A**	8.70%
M2	Upside	**N/A**	8.03%
	Downside	**N/A**	9.37%

The Group determines the base, upside, and downside scenarios and their weightings according to the analysis of macroeconomics and calculates thereby the weighted average ECL allowance. The weightings assigned to each economic scenario as at 31 December 2022 and 2021 were as follows:

Key economic variable	Scenario	2022	2021
	Base	**85%**	N/A
CPI	Upside	**10%**	N/A
	Downside	**5%**	N/A
	Base	**85%**	N/A
PPI	Upside	**10%**	N/A
	Downside	**5%**	N/A
	Base	**N/A**	85%
Loan balance at financial institutions	Upside	**N/A**	10%
	Downside	**N/A**	5%
	Base	**N/A**	85%
M2	Upside	**N/A**	10%
	Downside	**N/A**	5%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Off balance-sheet items and loans recognized as a result of payment under risk assurance (continued)

A sensitivity analysis is performed on the key economic variables, namely CPI and PPI. Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

		CPI		
		-5%	**No Change**	**5%**
		RMB'000	**RMB'000**	**RMB'000**
	-5%	10,028	2,552	(4,827)
PPI	No Change	7,457	–	(7,360)
	5%	4,892	(2,545)	(9,886)

Under the guarantee agreement with Chetaotao (Ningbo) E-commerce Co., Ltd. ("Chetaotao"), Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), an indirectly wholly-owned subsidiary of the Company, is required to pay the redemption price on behalf of Chetaotao upon certain events. As of 31 December 2022, the total outstanding redemption price under the guarantee agreement was RMB605 million (2021: RMB605 million). As at 31 December 2022, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB12.7 million (2021: RMB19.7 million).

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to consistently monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The following table shows the remaining contractual maturities (or the earliest date a financial liability may become payable in the absence of a fixed maturity date) at the balance sheet date of the Group's financial assets and financial liabilities based on contractual undiscounted cash flows:

	Note	Less than 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
At 31 December 2022				
Financial assets				
Finance receivables		7,327,389	7,909,226	15,236,615
Trade receivables	19	2,948,923	1,367,072	4,315,995
Deposits and other financial assets		1,945,001	87,530	2,032,531
Restricted cash	21	2,015,734	114,110	2,129,844
Cash and cash equivalents	21	3,433,182	–	3,433,182
		17,670,229	9,477,938	27,148,167
Financial liabilities				
Borrowings		7,978,531	4,727,431	12,705,962
Trade payables	25	841,351	–	841,351
Lease liabilities		10,344	6,948	17,292
Other financial liabilities		1,811,604	9,302	1,820,906
		10,641,830	4,743,681	15,385,511
Net		7,028,399	4,734,257	11,762,656

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (continued)

	Note	Less than 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
At 31 December 2021				
Financial assets				
Finance receivables		6,563,274	5,774,049	12,337,323
Trade receivables	19	1,890,033	742,531	2,632,564
Deposits and other financial assets		1,705,999	94,046	1,800,045
Restricted cash	21	2,398,413	70,203	2,468,616
Cash and cash equivalents	21	3,051,720	–	3,051,720
		15,609,439	6,680,829	22,290,268
Financial liabilities				
Borrowings		6,278,267	3,548,343	9,826,610
Trade payables	25	537,616	–	537,616
Lease liabilities		11,082	7,616	18,698
Other financial liabilities		1,200,069	28,244	1,228,313
		8,027,034	3,584,203	11,611,237
Net		7,582,405	3,096,626	10,679,031

The Group's financial assets at fair value through profit or loss are investments in private companies and debt instruments, which are managed on a fair value basis rather than by maturity dates.

(d) 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) established Hainan Shengxin Financing Guarantee Co., Ltd. ("Hainan Shengxin"), another wholly-owned subsidiary that is licensed to provide financial guarantees and is used to guarantee new facilitation arrangements, and (b) worked with certain lending institutions to transfer its existing guarantee obligations to financing guarantee companies, with proper license, of the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Other financial risk (continued)

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.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "Borrowings" as shown in the consolidated balance sheet and loans due to related parties) plus lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as "Equity" as shown in the consolidated balance sheets plus net debt.

Under the terms of some borrowing facilities, the Group is required to comply with certain financial covenants. The Group has complied with covenants throughout the reporting period.

The Group's debt to equity ratio and net position of the Group as at 31 December 2022 and 2021 was as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Borrowings (Note 28)	**12,512,272**	9,422,403
Lease liabilities (Note 13)	**15,618**	18,698
Less: cash and cash equivalents and restricted cash (Note 21)	**(5,563,026)**	(5,520,336)
Net debt	**6,964,864**	3,920,765
Total equity	**15,326,213**	14,642,211
Total capital	**22,291,077**	18,562,976
Gearing ratio	**31%**	21%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2022 and 2021, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Financial assets at fair value through profit or loss (Note 16)	–	6,386	3,198,001	3,204,387
Associates measured at fair value through profit or loss (Note 15)	–	–	56,000	56,000
Total financial assets	–	6,386	3,254,001	3,260,387

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Financial assets at fair value through profit or loss (Note 16)	–	–	2,995,871	2,995,871
Associates measured at fair value through profit or loss (Note 15)	–	–	56,000	56,000
Total financial assets	–	–	3,051,871	3,051,871

(a) Financial instruments in level 1

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

(c) Financial instruments in level 3

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

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss for the years ended 31 December 2022 and 2021.

	Financial assets at fair value through profit or loss	
	2022	2021
	RMB'000	RMB'000
At 1 January	**2,995,871**	2,568,860
Additions	**12,500**	85,000
Disposals	**–**	(5,087)
Change in fair value	**(9,927)**	397,523
Currency translation differences	**199,557**	(50,425)
At 31 December	**3,198,001**	2,995,871
Total unrealized gains and change in fair value for the year	**(9,927)**	397,436

There is no transfer from level 1 and level 2 instruments to level 3 for the year ended 31 December 2022 (2021: nil).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 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 valuation of 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 31 December 2022 RMB'000	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Relationship of unobservable inputs to fair value
Unlisted securities	**312,372**	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	2.3%-2.5%	The higher the expected terminal growth rate, the higher the fair value.
	551,652	Market approach	LOMD (Lack of Marketability Discount)	15.8%-20.6%	The higher the expected LOMD, the lower the fair value.
Debt instruments	**2,333,977**	Market approach	LOMD	20.6%	The higher the expected LOMD, the lower the fair value.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, profit for the years ended 31 December 2022 and 2021 would have been approximately RMB299,277,000 higher/lower and RMB278,438,000 higher/lower, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Provisions for expected credit losses of finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities*

The provisions for expected credit losses of finance receivables, loans recognized as a result of payment under risk assurance and risk assurance liabilities are based on assumptions about risk of default and expected loss rates. Management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(b).

(b) *Impairment provision for trade and other receivables (other than loans recognized as a result of payment under risk assurance)*

Management assesses the impairment of trade and other receivables according to the trade and other receivables' aging, prior experiences, forward-looking information and customers' credit conditions as well as applying management's judgments and estimates when determining the impairment to be recognized. Management reassesses the provision at each balance sheet date. Where the basis of judgments and estimates is different from the initial assessment, such differences will impact the provision for impairment and the carrying values of the trade and other receivables.

(c) *Fair value of financial assets*

The fair value of financial assets that are not traded in an active market (for example, investments in private companies) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(d) Estimated impairment of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis. Other non-financial assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The assets are allocated to each of CGUs, or groups of CGUs. As at 31 December 2022 and 2021, the recoverable amount of CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 14. These growth rates are consistent with management's financial forecast and budget. Details of key assumptions are disclosed in Note 14 and Note 15.

(e) Recognition of deferred income tax assets

Deferred income tax assets are mainly recognised for temporary differences such as provisions for expected credit losses, accrued expenses, unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated income statement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. 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 Transaction Platform Business segment is primarily comprised of loan facilitation commission fees and other direct service costs. Cost of revenues for Self-operated Financing Business segment is primarily comprised of funding costs and cost of automobiles sold. 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.

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

Other information, together with the segment information, provided to the CODM is measured in a manner consistent with that applied in these consolidated 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 to or evaluate the performance of the operating segments.

The segment results for the year ended 31 December 2022 are as follows:

	Year ended 31 December 2022		
	Transaction Platform Business RMB'000	**Self-operated Financing Business RMB'000**	**Total RMB'000**
Revenues	**3,984,259**	**1,217,249**	**5,201,508**
– Recognized at a point in time	**3,459,067**	**9,827**	**3,468,894**
– Recognized over time	**525,192**	**1,207,422**	**1,732,614**
Gross profit	**2,206,683**	**681,688**	**2,888,371**
Operating profit/(loss)	**634,812**	**(234,788)**	**400,024**

5 SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2021 are as follows:

	Year ended 31 December 2021		
	Transaction Platform Business RMB'000	Self-operated Financing Business RMB'000	Total RMB'000
Revenues	2,302,279	1,192,065	3,494,344
– Recognized at a point in time	2,079,806	14,418	2,094,224
– Recognized over time	222,473	1,177,647	1,400,120
Gross profit	1,132,539	645,802	1,778,341
Operating profit	50,404	51,778	102,182

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 31 December 2022 and 2021, substantially all of the non-current assets of the Group were located in the PRC.

The reconciliation of operating profit to profit before income tax for the years ended 31 December 2022 and 2021 is presented in the consolidated income statements of the Group.

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

	Year ended 31 December 2022			Year ended 31 December 2021		
	Recognized at a point in time RMB'000	**Recognized over time RMB'000**	**Total RMB'000**	Recognized at a point in time RMB'000	Recognized over time RMB'000	Total RMB'000
Transaction Platform Business						
– Loan facilitation services	**3,153,649**	**–**	**3,153,649**	1,951,709	–	1,951,709
– Guarantee services	**–**	**525,192**	**525,192**	–	222,473	222,473
– After-market services	**183,804**	**–**	**183,804**	123,253	–	123,253
– SaaS services	**121,614**	**–**	**121,614**	–	–	–
– Other services	**–**	**–**	**–**	4,844	–	4,844
	3,459,067	**525,192**	**3,984,259**	2,079,806	222,473	2,302,279
Self-operated Financing Business						
– Financing lease services	**–**	**1,188,496**	**1,188,496**	–	1,156,483	1,156,483
– Operating lease services and others	**9,827**	**18,926**	**28,753**	14,418	21,164	35,582
	9,827	**1,207,422**	**1,217,249**	14,418	1,177,647	1,192,065
Total	**3,468,894**	**1,732,614**	**5,201,508**	2,094,224	1,400,120	3,494,344

6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Other income from business cooperation arrangements with Yusheng Holdings Limited ("Yusheng") (Note 30(a))	**107,765**	205,598
Government grants	**24,893**	22,383
Fair value (losses)/gains on financial assets (Note 16)	**(3,541)**	397,523
Impairment loss on investment in joint venture (Note 15(a))	**–**	(96,415)
Foreign exchange losses, net	**(16,319)**	(5,705)
Bank fees and charges	**(7,522)**	(20,388)
Others, net	**37,114**	9,803
Total	**142,390**	512,799

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Loan facilitation commission fee	**1,711,063**	1,090,165
Employee benefit expenses (Note 8)	**1,014,251**	954,797
Provision for expected credit losses:		
– Finance receivables (Note 18)	**474,753**	120,733
– Risk assurance liabilities (Note 26)	**228,310**	10,016
– Other receivables (Note 20)	**76,041**	150,734
– Trade receivables (Note 19)	**11,192**	4,893
Funding costs	**492,397**	498,877
Depreciation and amortization charges	**262,559**	395,902
Expenses incurred for self-operated financing lease business	**211,197**	270,112
Office and administrative expenses	**105,415**	80,982
Provision for impairment of other non-current assets (Note 20)	**60,895**	63,469
Marketing and advertising expenditures	**85,205**	53,829
Auditors' remuneration		
– Audit services	**6,850**	6,961
– Non-audit services	**627**	363
Other expenses	**203,119**	203,128
Total	**4,943,874**	3,904,961

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December 2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses	**687,498**	641,601
Pension and benefits	**192,219**	182,176
Share-based compensation expenses (Note 24)	**134,534**	131,020
Total employee benefit expenses	**1,014,251**	954,797

(a) Senior management's emoluments

Senior management includes executive directors and other senior management personnel. The aggregate compensation paid/payable to senior management for employee services is as follows:

	Year ended 31 December 2022 RMB'000	2021 RMB'000
Wages and salaries	**6,935**	9,060
Bonuses	**2,088**	1,657
Pension and benefits	**590**	424
Share-based compensation expenses	**47,335**	57,049
	56,948	68,190

The emoluments fell within the following bands:

	Numbers of individuals Year ended 31 December 2022	2021
HKD3,000,001 to HKD3,500,000	**1**	–
HKD7,500,001 to HKD8,000,000	**1**	–
HKD13,000,001 to HKD13,500,000	**1**	–
HKD13,500,001 to HKD14,000,000	**–**	2
HKD16,000,001 to HKD16,500,000	**–**	1
HKD18,500,001 to HKD19,000,000	**–**	1
HKD19,500,001 to HKD20,000,000	**–**	1
HKD20,000,001 to HKD20,500,000	**1**	–
HKD22,000,001 to HKD22,500,000	**1**	–
	5	5

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include 1 director (2021: 2) whose emolument is reflected in the analysis shown in Note 33. The emoluments payable to the remaining 4 for each of the year ended 31 December 2022 (2021: 3) are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages and salaries	**3,933**	4,310
Bonuses	**2,186**	1,018
Pension and benefits	**370**	235
Share-based compensation expenses	**39,086**	33,437
	45,575	39,000

The emoluments fell within the following bands:

	Numbers of individuals Year ended 31 December	
	2022	2021
HKD7,500,001 to HKD8,000,000	**1**	–
HKD12,000,001 to HKD12,500,000	**1**	–
HKD13,000,001 to HKD13,500,000	**1**	–
HKD13,500,001 to HKD14,000,000	**–**	2
HKD19,500,001 to HKD20,000,000	**–**	1
HKD20,000,001 to HKD20,500,000	**1**	–
	4	3

For the years ended 31 December 2022 and 2021, there was no emolument paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9 FINANCE COST, NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income:		
– Interest income	**74,408**	54,069
Finance expenses:		
– Interest expenses	**(84,177)**	(57,180)
Net finance cost	**(9,769)**	(3,111)

10 INCOME TAX EXPENSE

Income tax expense of the Group for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax expense	**1,158**	8,412
Deferred income tax (Note 29)	**33,519**	46,260
Income tax expense	**34,677**	54,672

10 INCOME TAX EXPENSE (CONTINUED)

The reconciliation of Group's actual income tax expense to the Group's theoretical income tax amount that would arise using the tax rate of 25%, being the tax rate applicable to the major consolidated entities is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**405,491**	83,625
Tax calculated at PRC statutory income tax rate of 25%	**101,373**	20,906
Tax effects of:		
– Differential income tax rates applicable to certain entities comprising the Group (Note (a), (b))	**29,257**	36,654
– Tax effect of preferential tax treatments (Note (c))	**(208,247)**	(60,428)
– Expenses not deductible for tax purposes	**61,806**	18,772
– Tax losses and temporary differences for which no deferred income tax asset was recognized	**11,654**	43,776
– Utilization of previously unrecognized tax losses	**(10,452)**	(678)
– Additional deduction of research and development expense	**–**	(5,492)
– Reversal of previously recognised deferred tax assets	**29,887**	–
Others	**19,399**	1,162
Income tax expense	**34,677**	54,672

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

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and 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.

10 INCOME TAX EXPENSE (CONTINUED)

(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 years ended 31 December 2022 and 2021.

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the years ended 31 December 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. Effective for 3 years commencing from the year ended 31 December 2022, Shanghai Lanshu was accredited as a "High-tech enterprise", and is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws since 2022.

In accordance with relevant PRC laws and regulations, Xinjiang 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 years ended 31 December 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 EARNINGS PER SHARE

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Weighted average number of issued ordinary shares	**6,382,033,854**	6,336,248,063
Less: shares held for restricted share scheme	**(4,628,099)**	(1,476,845)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,377,405,755**	6,334,771,218
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**370,814**	28,953
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**370,814**	28,953
Numbers of restricted shares with potential dilutive effect (Note (b))	**276,433,928**	255,768,702
Weighted average number of issued ordinary shares for calculating diluted earnings per share (Note (b))	**6,653,839,683**	6,590,539,920
Earnings per share		
– Basic (RMB per share)	**0.058**	0.005
– Diluted (RMB per share)	**0.056**	0.004

Notes:

(a) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2022 and 2021, the Company's dilutive potential ordinary shares comprise shares options and restricted shares awarded under the Pre-IPO Share Option Scheme and the First and Second Share Award Scheme (Note 24).

(b) For the year ended 31 December 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 earnings per share.

12 PROPERTY AND EQUIPMENT

	Buildings RMB'000	Office equipment RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
As at 1 January 2022					
Cost	453,681	63,391	17,897	7,536	542,505
Accumulated depreciation	(28,332)	(48,163)	(7,298)	(4,598)	(88,391)
Net book amount	425,349	15,228	10,599	2,938	454,114
For the year ended 31 December 2022					
Opening net book amount	425,349	15,228	10,599	2,938	454,114
Additions	538	9,098	16,664	5,081	31,381
Disposals	–	(641)	(2,572)	(358)	(3,571)
Depreciation charge	(14,281)	(10,713)	(4,726)	(1,899)	(31,619)
Closing net book amount	411,606	12,972	19,965	5,762	450,305
As at 31 December 2022					
Cost	454,219	69,633	29,065	11,111	564,028
Accumulated depreciation	(42,613)	(56,661)	(9,100)	(5,349)	(113,723)
Net book amount	411,606	12,972	19,965	5,762	450,305

12 PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Office equipment RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
As at 1 January 2021					
Cost	453,347	59,691	37,078	12,437	562,553
Accumulated depreciation	(14,716)	(38,206)	(19,629)	(5,058)	(77,609)
Net book amount	438,631	21,485	17,449	7,379	484,944
For the year ended 31 December 2021					
Opening net book amount	438,631	21,485	17,449	7,379	484,944
Additions	334	5,809	9,931	256	16,330
Disposals	–	(172)	(11,243)	(2,808)	(14,223)
Depreciation charge	(13,616)	(11,894)	(5,538)	(1,889)	(32,937)
Closing net book amount	425,349	15,228	10,599	2,938	454,114
As at 31 December 2021					
Cost	453,681	63,391	17,897	7,536	542,505
Accumulated depreciation	(28,332)	(48,163)	(7,298)	(4,598)	(88,391)
Net book amount	425,349	15,228	10,599	2,938	454,114

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of revenues	**416**	2,673
Selling and marketing expenses	**11,901**	11,232
Administrative expenses	**17,452**	17,109
Research and development expenses	**1,850**	1,923
	31,619	32,937

13 LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Right-of-use assets		
Properties	**18,463**	20,386
Lease liabilities		
Current	**9,633**	11,082
Non-current	**5,985**	7,616
	15,618	18,698

Additions to the right-of-use assets during the year ended 31 December 2022 were RMB11,383,000 (2021: RMB8,899,000).

(b) Amounts recognised in the income statement

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Properties	**13,306**	13,132
Interest expenses (included in finance expenses)	**1,296**	1,081
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**11,090**	1,170

The total cash outflow for leases in 2022 was RMB26,965,000 (2021: RMB14,504,000).

14 INTANGIBLE ASSETS

	Goodwill (a) RMB'000	Trademarks and licenses RMB'000	Domain names RMB'000	Computer software and technology RMB'000	Business Cooperation Agreements RMB'000	Total RMB'000
As at 1 January 2022						
Cost	105,631	43,966	12,828	27,822	2,344,363	2,534,610
Accumulated amortization	–	(17,985)	(7,038)	(13,240)	(1,122,029)	(1,160,292)
Net book amount	105,631	25,981	5,790	14,582	1,222,334	1,374,318
For the year ended 31 December 2022						
Opening net book amount	105,631	25,981	5,790	14,582	1,222,334	1,374,318
Additions	–	1,933	–	1,487	–	3,420
Disposal	–	–	–	(2)	–	(2)
Amortization charge	–	(3,773)	(1,282)	(2,545)	(210,034)	(217,634)
Closing net book amount	105,631	24,141	4,508	13,522	1,012,300	1,160,102
As at 31 December 2022						
Cost	105,631	45,899	12,828	29,307	2,344,363	2,538,028
Accumulated amortization	–	(21,758)	(8,320)	(15,785)	(1,332,063)	(1,377,926)
Net book amount	105,631	24,141	4,508	13,522	1,012,300	1,160,102

14 INTANGIBLE ASSETS (CONTINUED)

	Goodwill (a) RMB'000	Trademarks and licenses RMB'000	Domain names RMB'000	Computer software and technology RMB'000	Business Cooperation Agreements RMB'000	Total RMB'000
As at 1 January 2021						
Cost	105,631	43,966	12,828	26,711	2,344,363	2,533,499
Accumulated amortization	–	(14,289)	(5,755)	(10,178)	(780,385)	(810,607)
Net book amount	105,631	29,677	7,073	16,533	1,563,978	1,722,892
For the year ended 31 December 2021						
Opening net book amount	105,631	29,677	7,073	16,533	1,563,978	1,722,892
Additions	–	–	–	1,701	–	1,701
Disposal	–	–	–	(442)	–	(442)
Amortization charge	–	(3,696)	(1,283)	(3,210)	(341,644)	(349,833)
Closing net book amount	105,631	25,981	5,790	14,582	1,222,334	1,374,318
As at 31 December 2021						
Cost	105,631	43,966	12,828	27,822	2,344,363	2,534,610
Accumulated amortization	–	(17,985)	(7,038)	(13,240)	(1,122,029)	(1,160,292)
Net book amount	105,631	25,981	5,790	14,582	1,222,334	1,374,318

Note:

(a) Impairment test for goodwill

The Group carries out its annual impairment test on goodwill by comparing the recoverable amounts to the carrying amounts. As at 31 December 2022, the goodwill is monitored by management at the operating segment level, as identified in Note 5. A segment level summary of the goodwill allocation is presented below.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Transaction Platform Business		
– KKC	**104,263**	104,263
– Others	**1,368**	1,368
	105,631	105,631

14 INTANGIBLE ASSETS (CONTINUED)

Note: (continued)

(a) Impairment test for goodwill (continued)

As at 31 December 2022, the goodwill impairment test was performed at operating segment level. The recoverable amount was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows of extrapolated using the estimated growth rates stated below beyond the five-years period. The Group believes that it is appropriate to cover a five-year period in its cash flow projection, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group.

The key assumptions used by management for value-in-use calculations include (i) average annual revenue growth rate, which is 6.1% (2021: 19.3%) for a five-year period, and (ii) discount rate, which is 25.2% (2021: 24.3%). The estimated growth rate used in the value-in-use calculations for period beyond the five-year period is 2.3% (2021: 2.5%).

The revenue growth rates applied by the Group are consistent with management's financial forecast and budget. Management estimates budgeted gross margin based on past experiences and forecasts of future market developments. The discount rate used by management is the pre-tax interest rate that is able to reflect the risks. The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. A reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any CGU's carrying amount to exceed its respective recoverable amount.

As at 31 December 2022, the directors are of the view that there was no impairment on the goodwill.

As at 31 December 2022, the directors are not aware of any events or changes in circumstances which would indicate that the carrying amount of the intangible assets may not be recoverable.

Amortization charges were expensed in the following categories in the consolidated income statements:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of revenues	**2,622**	2,546
Selling and marketing expenses	**210,480**	341,983
Administrative expenses	**3,834**	4,610
Research and development expenses	**698**	694
	217,634	349,833

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Investments in associates and joint ventures:		
Associates and joint ventures using equity accounting (a)	**660,155**	605,103
Associates measured at fair value through profit or loss (b)	**56,000**	56,000
	716,155	661,103

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Associates and joint ventures using equity accounting

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	**605,103**	461,973
Additions (i)	**17,500**	255,000
Share of gains/(losses) of associates and joint ventures	**15,236**	(15,446)
Impairment provision (ii)	**–**	(96,415)
Currency translation differences	**22,316**	(9)
At end of the year	**660,155**	605,103

Note:

(i) During the year ended 31 December 2021, the Group invested RMB245,000,000 to establish Qingdao Caitong Yixin Financial Leasing Co., Ltd. ("Qingdao Caitong Yixin") with Qingdao Caitong Group Co., Ltd. in the Qingdao Free Trade Zone. The Group holds 49% of the shares and two of the five board seats, which has significant influence over Qingdao Caitong Yixin. Qingdao Caitong Yixin is principally engaged in providing financial leasing services.

(ii) Both external and internal sources of information of associates and joint ventures are considered in assessing whether there is any indication that the investment may be impaired, including but not limited to financial position, business performance and market capitalisation. The Group carries out impairment assessment on those investments with impairment indications, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

In respect of the recoverable amount using value in use, the discounted cash flows calculations were based on cash flow projections estimated by management and the key assumptions adopted in these cash flow projections include revenue growth rate, profit margins and discount rate. The pre-tax discount rate adopted is 23.9%. In respect of the recoverable amount based on fair value less costs of disposal, the fair value less costs of disposal was calculated using certain key valuation assumptions including the selection of comparable companies, recent market transactions and liquidity discount for lack of marketability.

As a result, the Group made an impairment provision of approximately RMB96 million against the carrying amounts of certain investment in a joint venture during the year ended 31 December 2021. The impairment provision mainly resulted from revision of financial/business outlook of the joint venture and changes in the market environment of the underlying business.

As at 31 December 2022, the Group invested in four associates and joint ventures using equity accounting. In the opinion of the directors of the Company, none of the associates or joint ventures is material to the Group.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates and joint ventures	**660,155**	605,103
Aggregate amounts of the Group's share of:		
Gains/(Losses) from continuing operations	**15,236**	(15,446)
Post-tax profit or loss from discontinued operations	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income/(losses)	**15,236**	(15,446)

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	**56,000**	–
Addition	**–**	56,000
At end of the year	**56,000**	56,000

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At beginning of the year (a)	**2,995,871**	2,568,860
Additions	**12,500**	85,000
Disposals	**–**	(5,087)
Fair value (losses)/gains	**(3,541)**	397,523
Currency translation differences	**199,557**	(50,425)
At end of the year (a)	**3,204,387**	2,995,871

Note:

(a) The Company and Yusheng entered into the Convertible Note Purchase Agreements in relation to the Company's investments in Yusheng by way of subscription of the Convertible Note.

Subscription date	Principal amount	Conversion Right	Number of shares convertible into
13 June 2018	USD 260,000,000	Convertible into non-voting Series	13,000,000
15 November 2019	USD 43,000,000	pre-A preferred shares	2,150,000
18 December 2020	RMB 80,000,000	Convertible into non-voting Series B preferred shares	549,000

For the year ended 31 December 2022, the Group recognised fair value loss RMB3,541,000 (2021: fair value gain RMB397,523,000) against the carrying amount of its investments in the investee companies, respectively, based on results of the fair value assessment.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Assets as per balance sheet		
Financial assets at fair value through profit or loss:		
– Long-term investments (Note 16)	**3,204,387**	2,995,871
Financial assets at amortized cost:		
– Finance receivables (Note 18)	**13,742,013**	11,109,198
– Trade receivables (Note 19)	**4,237,322**	2,632,564
– Deposits and other receivables	**2,032,531**	1,812,091
– Restricted cash (Note 21(b))	**2,129,844**	2,468,616
– Cash and cash equivalents (Note 21(a))	**3,433,182**	3,051,720
	28,779,279	24,070,060

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Liabilities as per balance sheet		
Financial liabilities at amortized cost:		
– Borrowings (Note 28)	**12,512,272**	9,422,403
– Trade payables (Note 25)	**841,351**	537,616
– Other payables (excluding advance from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals)	**661,106**	548,111
– Other non-current liabilities (excluding deferred revenue) (Note 30)	**10,294**	28,244
Risk assurance liabilities (Note 26)	**1,150,498**	651,958
Lease liabilities (Note 13)	**15,618**	18,698
	15,191,139	11,207,030

18 FINANCE RECEIVABLES

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Finance receivables		
– Finance receivables, gross	**15,851,025**	12,738,754
– Unearned finance income	**(1,494,602)**	(1,228,125)
Finance receivables, net	**14,356,423**	11,510,629
Less: provision for expected credit losses	**(614,410)**	(401,431)
Carrying amount of finance receivables	**13,742,013**	11,109,198
Finance receivables, gross		
– Within one year	**7,633,651**	6,773,483
– After one year but not more than two years	**5,220,387**	5,383,379
– After two years but not more than five years	**2,996,987**	581,892
	15,851,025	12,738,754
Finance receivables, net		
– Within one year	**6,688,699**	5,939,789
– After one year but not more than two years	**4,783,210**	4,996,752
– After two years but not more than five years	**2,884,514**	574,088
Total	**14,356,423**	11,510,629

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Finance receivables:		
– Individual customers	**13,358,163**	10,764,203
– Auto dealers	**383,850**	344,995
	13,742,013	11,109,198

18 FINANCE RECEIVABLES (CONTINUED)

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

	Year ended 31 December 2022			
	Stage I RMB'000	**Stage II RMB'000**	**Stage III RMB'000**	**Total RMB'000**
Opening balance at 1 January 2022	**188,287**	**29,714**	**183,430**	**401,431**
Provision for impairment	**280,261**	**14,097**	**289,596**	**583,954**
Reversal of impairment	**–**	**–**	**(109,201)**	**(109,201)**
Transfer for the period:				
Conversion to Stage I	***88***	***(70)***	***(18)***	**–**
Conversion to Stage II	***(48,151)***	***48,223***	***(72)***	**–**
Conversion to Stage III	***(117,236)***	***(26,673)***	***143,909***	**–**
Asset derecognised (including final repayment)	**–**	**–**	**109,201**	**109,201**
Write-off	**–**	**–**	**(370,975)**	**(370,975)**
Ending balance at 31 December 2022	**303,249**	**65,291**	**245,870**	**614,410**

	Year ended 31 December 2021			
	Stage I RMB'000	Stage II RMB'000	Stage III RMB'000	Total RMB'000
Opening balance at 1 January 2021	167,519	131,744	201,297	500,560
Provision for impairment	108,318	(87,136)	358,134	379,316
Reversal of impairment	–	–	(258,583)	(258,583)
Transfer for the period:				
Conversion to Stage I	*271*	*(195)*	*(76)*	–
Conversion to Stage II	*(11,039)*	*11,256*	*(217)*	–
Conversion to Stage III	*(76,782)*	*(25,955)*	*102,737*	–
Asset derecognised (including final repayment)	–	–	258,583	258,583
Write-off	–	–	(478,445)	(478,445)
Ending balance at 31 December 2021	188,287	29,714	183,430	401,431

19 TRADE RECEIVABLES

	As at 31 December 2022 RMB'000	2021 RMB'000
Trade receivables	**4,276,820**	2,765,384
Less: provision for impairment	**(39,498)**	(132,820)
Trade receivables, net	**4,237,322**	2,632,564
Trade receivables, net	**4,237,322**	2,632,564
– Within one year	**2,948,923**	1,890,033
– After one year but not more than five years	**1,288,399**	742,531

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

	As at 31 December 2022 RMB'000	2021 RMB'000
Up to 3 months	**4,171,063**	2,619,834
3 to 6 months	**7,800**	5,443
Over 6 months	**58,459**	7,287
	4,237,322	2,632,564

As at 31 December 2022 and 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	2021 RMB'000
At 1 January	**132,820**	128,375
Charge for the year	**16,493**	5,893
Reverse	**(1,220)**	(1,000)
Recovery of write-off	**4,081**	–
Reversal of provision provided in relation to the recovery of write-off	**(4,081)**	–
Write-off	**(108,595)**	(448)
At 31 December	**39,498**	132,820

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Included in non-current assets:		
Vehicles collected from financing lease customers	**186,417**	160,150
Deposits	**163,225**	94,047
Prepayment for a capital investment	**80,000**	17,500
Long-term prepaid expense	**1,851**	3,470
Others	**4,305**	75
	435,798	275,242
Less: provision for impairment of vehicles collected from financing lease customers	**(143,677)**	(82,782)
	292,121	192,460
Included in current assets:		
Loans recognized as a result of payment under risk assurance	**540,112**	302,035
Other receivables from third parties	**527,231**	573,027
Loans to third parties (a)	**384,451**	293,178
Deposits	**393,894**	290,924
Other receivables from disposal of assets	**128,942**	270,403
Prepaid taxes	**103,190**	91,431
Prepayments	**23,368**	17,679
Loans to related parties	**59,000**	19,000
Other receivables from related parties	**3,022**	61,310
Others	**135,675**	112,274
	2,298,885	2,031,261
Less: provision for impairment of other receivables	**(226,945)**	(203,739)
	2,071,940	1,827,522
Total	**2,364,061**	2,019,982

Note:

(a) The loans to third parties are arranged to be recovered by the end of December 2023 given the business terms. As at 31 December 2023, the applicable interest rates on loans to third parties are from 7.00% to 10.00% (2021: 6.00% to 10.00%) per annum.

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (CONTINUED)

As at 31 December 2022 and 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. As at 31 December 2022 and 2021, there are no significant balances that are past due.

Movements on the Group's provision for impairment of prepayments, deposits and other assets are as follows:

	Provision for impairment	
	2022	2021
	RMB'000	RMB'000
As at 1 January	**286,521**	296,316
Provision for impairment	**140,539**	217,506
Recovery of write-off	**3,603**	3,303
Reversal of provision provided in relation to the recovery of write-off	**(3,603)**	(3,303)
Write-off	**(56,438)**	(227,301)
As at 31 December	**370,622**	286,521

As at 31 December 2022, the ECL allowance of loans recognized as a result of payment under risk assurance amounted to approximately RMB52,289,000 (2021: RMB51,354,000).

21 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**3,433,182**	3,051,720

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**2,792,535**	2,627,186
USD	**378,296**	189,501
HKD	**252,755**	235,033
SGD	**9,596**	–
	3,433,182	3,051,720

21 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 consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash deposited for loan facilitation services (a)	**1,765,723**	1,596,131
Term deposits pledged for bank borrowings (b)	**102,328**	440,763
Cash deposited for borrowings (c)	**65,228**	16,530
Others	**196,565**	415,192
	2,129,844	2,468,616
Of which are:		
Current restricted cash	**2,015,734**	2,398,413
Non-current restricted cash	**114,110**	70,203

Notes:

(a) The balance represents the deposits placed with banks for the Group's loan facilitation services. Such balance is restricted from withdrawal by the Group.

(b) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings (Note 28).

(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 of the Group. Such balance is restricted from withdrawal by the Group.

21 CASH AND BANK BALANCES (CONTINUED)

(b) Restricted cash (Continued)

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**2,040,517**	2,172,964
HKD	**89,327**	295,644
USD	**–**	8
	2,129,844	2,468,616

As at 31 December 2022, the applicable interest rates per annum on restricted cash ranged from 0.00% to 2.10% (2021: 0.00% to 2.75%).

22 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 31 December 2022	**15,000,000,000**	**1,500**	**–**	**–**
As at 1 January and 31 December 2021	15,000,000,000	1,500	–	–

22 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)	**163,000**	**–**	**–**	**584**
Vesting of restricted awarded shares	(c)	**–**	**4**	**33**	**102,000**
As at 31 December 2022		**6,523,873,012**	**636**	**4,238**	**35,080,671**
At 1 January 2021		6,376,600,363	629	4,182	34,882,666
Newly issued ordinary shares		140,415,149	–	–	–
Release of ordinary shares from Share Scheme Trusts	(a)	–	1	9	47,972
Shares issued upon exercise of employee share options	(b)	2,034,500	–	1	7,291
Vesting of restricted awarded shares	(c)	–	2	12	38,151
As at 31 December 2021		6,519,050,012	632	4,204	34,976,080

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 day, 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 abovementioned 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 31 December 2022, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834 (2021: 111,700,834), after giving effect to the Capitalization Issue. 110,650,834 (2021: 110,090,834) ordinary shares held by Share Scheme Trusts are issued and outstanding.

(b) During the year ended 31 December 2022, 163,000 pre-IPO share options with exercise price of USD0.0014 were exercised.

(c) During the year ended 31 December 2022, 63,785,375 (2021: 21,653,396) ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares (Note 24).

23 OTHER RESERVES

	Note	Capital Reserves RMB'000	Statutory surplus reserve (a) RMB'000	Share-based compensation reserve RMB'000	Shares held for share award scheme RMB'000	Currency translation differences (b) RMB'000	Total RMB'000
At 1 January 2022		**(431,554)**	**98,410**	**1,160,559**	**(904)**	**140,875**	**967,386**
Currency translation differences		**–**	**–**	**–**	**–**	**194,116**	**194,116**
Share-based compensation	24	**–**	**–**	**134,534**	**–**	**–**	**134,534**
Release of ordinary shares from Share Scheme Trusts	24	**–**	**–**	**(2,002)**	**–**	**–**	**(2,002)**
Shares issued upon exercise of employee share options		**–**	**–**	**(583)**	**–**	**–**	**(583)**
Vesting of restricted awarded shares		**–**	**–**	**(116,917)**	**14,884**	**–**	**(102,033)**
Purchase of restricted shares under share award scheme	24	**–**	**–**	**–**	**(15,469)**	**–**	**(15,469)**
Appropriation to statutory reserves		**–**	**19,133**	**–**	**–**	**–**	**19,133**
At 31 December 2022		**(431,554)**	**117,543**	**1,175,591**	**(1,489)**	**334,991**	**1,195,082**
At 1 January 2021		(431,554)	88,410	1,128,336	(1,388)	187,622	971,426
Currency translation differences		–	–	–	–	(46,747)	(46,747)
Share-based compensation	24	–	–	131,020	–	–	131,020
Release of ordinary shares from Share Scheme Trusts	24	–	–	(47,861)	–	–	(47,861)
Shares issued upon exercise of employee share options		–	–	(7,274)	–	–	(7,274)
Vesting of restricted awarded shares		–	–	(43,662)	5,499	–	(38,163)
Purchase of restricted shares under share award scheme	24	–	–	–	(5,015)	–	(5,015)
Appropriation to statutory reserves		–	10,000	–	–	–	10,000
At 31 December 2021		(431,554)	98,410	1,160,559	(904)	140,875	967,386

Notes:

(a) The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profits for the year after offsetting accumulated losses carried forward from prior years and before distribution to equity holders. The percentages to be appropriated to such statutory reserves are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated statutory surplus reserve fund is 50% or more of the registered capital of the subsidiaries.

(b) Currency translation differences represent the differences arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

24 SHARE-BASED PAYMENTS

The total expenses recognized in the consolidated income statement for share-based awards granted to the Group's employees are RMB134,534,000 for the year ended 31 December 2022 (2021: RMB131,020,000).

(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 year	**(723,000)**	(15,421,006)
Forfeited during the year	**–**	(266,526)
Outstanding as at 31 December	**235,356,348**	236,079,348
Exercisable as at 31 December	**235,356,348**	235,379,348

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted an equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors using their best estimates.

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) Shares options granted to employees under the Pre-IPO Share Option Scheme (Continued)

Based on the fair value of the underlying ordinary shares, the directors have used a Binomial option-pricing model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

	3 July 2017	1 October 2017
Fair value per share	USD3.70	USD4.90
Exercise price	USD0.01	USD0.01
Risk-free interest rate	2.50%	2.46%
Dividend yield	0.00%	0.00%
Expected volatility	51%	56%
Expected terms	10 years	10 years
Weighted-average remaining contractual life	4.5 years	4.75 years
Weighted-average fair value per option granted	USD3.69	USD4.89
Weighted-average fair value per option granted (after the effect of the Capitalization Issue)	USD0.53	USD0.70

The directors estimated the risk-free interest rate based on the yield of US Treasury Strips with a maturity life closed to the remaining maturity life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. Before IPO, the directors have only granted two batches of share options to employees under the Pre-IPO Share Option Scheme.

(b) Restricted share 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 ("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.

1,200,000 RSUs under the 2019 Share Award Scheme, 2,700,000 RSUs under the 2020 Share Award Scheme and 106,510,000 RSUs under the 2021 Share Award Scheme were modified in the year ended 31 December 2022. There was no incremental fair value incurred and no impact on the related accounting treatments.

24 SHARE-BASED PAYMENTS (CONTINUED)

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

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**	**USD0.28**
Granted during the year	**4,660,000**	**USD0.10**
Vested and sold during the year	**(63,785,375)**	**USD0.24**
Forfeited during the year	**(16,974,990)**	**USD0.23**
Outstanding as at 31 December 2022	**131,279,360**	**USD0.30**
Vested as at 31 December 2022	**138,491,300**	**USD0.29**
Outstanding as at 1 January 2021	46,290,072	USD0.29
Granted during the year	187,573,627	USD0.28
Vested and sold during the year	(21,653,396)	USD0.30
Forfeited during the year	(4,830,578)	USD0.27
Outstanding as at 31 December 2021	207,379,725	USD0.28
Vested as at 31 December 2021	74,705,925	USD0.30

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 consolidated income statement. As at 31 December 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%).

25 TRADE PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables	**841,351**	537,616

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 3 months	**785,384**	503,482
3 to 6 months	**15,870**	7,338
6 months to 1 year	**15,355**	4,347
Over 1 year	**24,742**	22,449
	841,351	537,616

26 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the years ended 31 December 2022 and 2021 is presented below:

	2022 RMB'000	2021 RMB'000
As at 1 January	**651,958**	277,457
Addition arising from new business	**1,136,708**	698,451
Gains from risk assurance liabilities	**(556,703)**	(235,821)
ECL	**228,310**	10,016
Payouts during the year, net	**(309,775)**	(98,145)
As at 31 December	**1,150,498**	651,958

As at 31 December 2022, the ECL allowance of risk assurance liabilities amounted to approximately RMB997,240,000 (2021: RMB318,028,000).

27 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Other payables to related parties	**340,945**	171,702
Accrued expenses	**147,186**	122,806
Deposits payable	**144,796**	199,586
Staff costs and welfare accruals	**117,813**	118,409
Advances from customers	**93,855**	122,205
Deferred other income – current (Note 30(a))	**75,509**	87,287
Interest payable	**50,634**	41,067
Tax payable	**47,555**	61,031
Others	**124,731**	135,756
	1,143,024	1,059,849

As at 31 December 2022 and 2021, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals, approximate their fair values at each of the reporting date.

28 BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Included in non-current liabilities:		
Pledged borrowings (a)	**1,282,875**	1,531,218
Asset-backed securitization debt (b)	**1,585,582**	605,826
Other secured borrowings (c)	**953,987**	1,196,216
Unsecured borrowings (d)	**863,681**	133,913
	4,686,125	3,467,173
Included in current liabilities:		
Pledged borrowings (a)	**160,280**	464,988
Asset-backed securitization debt (b)	**2,383,527**	1,817,309
Other secured borrowings (c)	**3,633,791**	2,769,878
Unsecured borrowings (d)	**1,648,549**	903,055
	7,826,147	5,955,230
Total borrowings	**12,512,272**	9,422,403

Notes:

(a) The pledge borrowings are collateralized by a pledge of term deposits with carrying values of RMB102,328,000 (2021: RMB440,763,000) and the Group's finance receivables amounting to RMB1,246,106,000 (2021: RMB1,427,602,000) as at 31 December 2022.

(b) The Group securitizes finance receivables arising from its consumers through transfer of those assets to asset-backed securitization vehicles. The securitization vehicles usually issue senior tranche debt securities to third party investors, collateralized by the transferred assets, and subordinate tranche debt securities to the Group. In limited circumstances, the Group may also subscribe for a portion of the senior tranche debt securities. The asset-backed debt securities issued by the securitization vehicles to third party investors are recourse to the Group. The securitization vehicles are considered as controlled structured entities of the Group, and the asset-backed debt securities subscribed by third party investors are reported as current and non-current borrowings in the consolidated balance sheets based on their respective expected repayment dates. As at 31 December 2022, the carrying amount of finance receivables that were collateralized in securitization transactions was RMB4,478,749,000 (2021: RMB2,662,684,000).

(c) As at 31 December 2022, borrowings amounting to RMB4,587,778,000 (2021: RMB3,966,094,000) are secured by the cash proceeds of certain of the Group's finance receivables. As at 31 December 2022, the finance receivables amounting to RMB4,804,767,000 (2021: RMB4,046,875,000) are used as pledge for such borrowings.

(d) As at 31 December 2022, borrowings amounting to RMB1,112,300,000 (2021: RMB976,589,000) are guaranteed by the Company and its certain subsidiaries; and borrowings amounting to RMB1,399,930,000 (2021: RMB60,379,000) are unsecured loans.

28 BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**7,826,147**	5,955,230
Between 1 and 2 years	**3,119,517**	1,695,558
Between 2 and 5 years	**1,532,208**	1,714,015
Over 5 years	**34,400**	57,600
	12,512,272	9,422,403

As at 31 December 2022, the applicable interest rates on long-term borrowings range from 3.01% to 7.50% (2021: 4.05% to 9.00%) per annum.

As at 31 December 2022 the applicable interest rates on short-term borrowings range from 3.65% to 8.70% (2021: 3.22% to 8.00%) per annum.

As at 31 December 2022 and 2021, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates. Risk exposure are set out in Note 3.1.

29 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred income tax assets:		
– To be recovered within 12 months	**708,558**	749,321
Deferred income tax liabilities:		
– To be recovered after 12 months	**(89,503)**	(96,692)
– To be recovered within 12 months	**(91)**	(146)
	(89,594)	(96,838)
Deferred income tax assets, net	**618,964**	652,483

29 DEFERRED INCOME TAX (CONTINUED)

The gross movements on the deferred income tax account are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At 1 January	**652,483**	698,743
Credited to consolidated income statement	**(33,519)**	(46,260)
At the end of the year	**618,964**	652,483

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

Deferred income tax liabilities

	Fair value gain/(loss) on financial assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	**(95,994)**	**(844)**	**(96,838)**
Credited to consolidated income statement	**7,098**	**146**	**7,244**
At 31 December 2022	**(88,896)**	**(698)**	**(89,594)**
At 1 January 2021	(2,353)	(1,099)	(3,452)
(Charged)/Credited to consolidated income statement	(93,641)	255	(93,386)
At 31 December 2021	(95,994)	(844)	(96,838)

29 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets

	Provision for expected credit losses of finance receivables RMB'000	Provision for impairment of trade receivables RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	**332,225**	**42,298**	**156,801**	**217,997**	**749,321**
(Charged)/Credited to consolidated income statement	**(39,889)**	**(19,754)**	**52,421**	**(33,541)**	**(40,763)**
At 31 December 2022	**292,336**	**22,544**	**209,222**	**184,456**	**708,558**
At 1 January 2021	424,641	41,156	121,183	115,215	702,195
(Charged)/Credited to consolidated income statement	(92,416)	1,142	35,618	102,782	47,126
At 31 December 2021	332,225	42,298	156,801	217,997	749,321

Deferred income tax assets are recognized for deductible temporary differences to the extent that the realization of the related tax benefits through future taxable profits is probable.

As at 31 December 2022, the Group did not recognize deferred income tax assets of RMB40,951,000 (2021: RMB38,080,000) in respect of cumulative tax losses amounting to RMB178,304,000 (2021: RMB167,188,000) that can be carried forward against future taxable income. The tax losses applicable to Hong Kong tax law and Singapore tax law can be carried forward indefinitely, and the remaining tax losses will expire from 2023 to 2027.

30 OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred other income (a)	**929,831**	932,107
Long-term deposits payable	**9,302**	13,138
Other liabilities	**992**	15,106
	940,125	960,351

Note:

(a) On 13 June 2018, the Company and Yusheng entered into the Convertible Note Purchase Agreement, the Business Cooperation Agreement ("BCA") and the Framework Agreement in relation to the Company's investment in Yusheng by way of subscription of the convertible bond. The Company agreed to provide certain cooperation services to Yusheng and/or its affiliates pursuant to the BCA for a term of 20 years. The BCA includes (i) providing certain traffic support in relation to the used automobile transaction business ("Used Automobile Transaction Business"); (ii) providing certain automobile database related services; and (iii) the Group shall not engage in, invest in, own, manage, operate or provide assistance to businesses that may compete with the Used Automobile Transaction Business during predetermined terms. Deferred revenue was initially recognised at fair value of the services in the BCA included in "Other payables and accruals" and "Other non-current liabilities" on the consolidated balance sheet. Other income from business cooperation arrangements with Yusheng was recognised over time within the term of BCA included in "Other income and other gains, net" on the consolidated income statements.

31 CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**405,491**	83,625
Adjustments for:		
– Provision for impairment of trade receivables (Note 19)	**11,192**	4,893
– Provision for expected credit losses of finance receivables (Note 18)	**474,753**	120,733
– Provision for impairment of other receivables (Note 20)	**76,041**	150,734
– Provision for impairment of other non-current assets (Note 20)	**60,895**	63,469
– Provision for impairment losses of risk assurance (Note 26)	**228,310**	10,016
– Depreciation of property and equipment (Note 12)	**31,619**	32,937
– Amortization of intangible assets (Note 14)	**217,634**	349,833
– Amortization of right-of-use assets (Note 13)	**13,306**	13,132
– (Gains)/Losses on disposals of non-current assets	**(590)**	6,331
– Share-based compensations (Note 24)	**134,534**	131,020
– Fair value losses/(gains) of financial assets at fair value through profit or loss (Note 16)	**3,541**	(397,523)
– Share of (profits)/losses of investments accounted for using the equity method and other investment incomes	**(18,174)**	15,446
– Impairment loss on investment in an associate	**–**	96,415
– Interest income	**(38,447)**	(54,069)
– Interest expenses (Note 9)	**84,177**	57,180
– Funding costs (Note 7)	**492,397**	498,877
– Foreign exchange losses, net (Note 6)	**16,319**	5,705
– Increase in trade receivables	**(1,615,949)**	(632,956)
– (Increase)/Decrease in finance receivables	**(3,107,568)**	1,541,928
– Increase in prepayments, deposits and other assets	**(201,576)**	(773,234)
– Decrease/(Increase) in other operational restricted cash	**162,909**	(447,035)
– Increase in trade payables	**301,554**	221,552
– Increase in other payables and accruals	**335,703**	572,411
– Decrease in other non-current liabilities	**(103,485)**	(213,589)
Cash (used in)/generated from operations	**(2,035,414)**	1,457,831

31 CASH FLOW INFORMATION (CONTINUED)

(b) Major non-cash transactions

There were no material non-cash transactions for the year ended 31 December 2022 (2021: nil).

(c) Net Debt Reconciliation

	Liabilities from financing activities			Cash and cash equivalents and restricted cash	
	Borrowings RMB'000	Lease liabilities RMB'000	Subtotal RMB'000	cash RMB'000	Total RMB'000
As at 1 January 2022	**(9,422,403)**	**(18,698)**	**(9,441,101)**	**5,520,336**	**(3,920,765)**
Cash flows	**(3,087,481)**	**14,462**	**(3,073,019)**	**13,120**	**(3,059,899)**
Other non-cash movements	**(2,388)**	**(11,382)**	**(13,770)**	**–**	**(13,770)**
Foreign exchange adjustments	**–**	**–**	**–**	**29,570**	**29,570**
As at 31 December 2022	**(12,512,272)**	**(15,618)**	**(12,527,890)**	**5,563,026**	**(6,964,864)**
As at 1 January 2021	(10,147,383)	(22,200)	(10,169,583)	5,308,417	(4,861,166)
Cash flows	737,400	12,401	749,801	225,851	975,652
Other non-cash movements	(12,420)	(8,899)	(21,319)	–	(21,319)
Foreign exchange adjustments	–	–	–	(13,932)	(13,932)
As at 31 December 2021	(9,422,403)	(18,698)	(9,441,101)	5,520,336	(3,920,765)

The non-cash movements of borrowings are primarily related to the amortization of loan origination fees over the term of borrowings. The non-cash movements of leases included accrued interest expenses and addition of lease liabilities.

32 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) Major shareholders

Name	Type	Place of incorporation	Ownership interest 2022	Ownership interest 2021
Tencent Group	Major shareholder	Cayman Islands and Hong Kong	**54.20%**	54.24%

(b) Names and relationships with related parties

Company	Relationship
Bitauto Holdings Limited and its subsidiaries	Subsidiary of a major shareholder
Dalian Rongxin	Joint venture
Beijing Jingdong Century Information Technology Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Suqian Yunhan Information Technology Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Tencent Cloud Computing (Beijing) Company Limited	Subsidiary of a major shareholder
Tenpay Payment Technology Co., Ltd.	Subsidiary of a major shareholder
Shenzhen Tencent Computer System Co. Ltd.	Subsidiary of a major shareholder
Shanghai Shenlin Precision Advertising Co., Ltd.	Associate

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) 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):

	Year ended 31 December 2022 RMB'000	2021 RMB'000
(i) Provision of business support services in accordance with business cooperation framework agreement		
Dalian Rongxin	**25,000**	25,000
(ii) Provision of financial services in accordance with automobile leasing agreement		
Bitauto Group	**603**	246
(iii) Purchases of advertising and other services from related parties		
Bitauto Group	**75,472**	55,925
(iv) Purchases of used car valuation services in accordance with used auto services agreements		
Bitauto Group	**28,531**	20,874
(v) Purchases of data services and traffic support services from related parties		
Suqian Yunhan Information Technology Co., Ltd.	**39,554**	30,470
Shenzhen Tencent Computer System Co., Ltd.	**5,056**	–
Tencent Cloud Computing (Beijing) Company Limited	**2,795**	2,057
	47,405	32,527
(vi) Purchase of payment services in accordance with payment services framework agreements		
Tenpay Payment Technology Co., Ltd.	**2,054**	2,827
(vii) Purchase of promotional materials from a related party		
Beijing Jingdong Century Information Technology Co., Ltd.	**–**	1,939

Note:

(a) In addition to the amounts disclosed above, as part of the 2017 Traffic Support Services, the Group obtained used automobile traffic support services from Bitauto Group free of charge for a term of 3 years and automatically renewable for a further period of 2 years commencing from 26 May 2017, in which all online enquiries regarding used automobile-related business arising from Bitauto Group's websites would be directed to the Group.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Year end balances with related parties

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
(i) Trade receivables due from related parties		
Dalian Rongxin	**–**	26,500
(ii) Other receivables due from related parties		
Dalian Rongxin	**2,901**	61,190
(iii) Trade and other payables due to related parties for goods and services		
Bitauto Group	**89,059**	12,837
Suqian Yunhan Information Technology Co., Ltd.	**3,616**	3,531
	92,675	16,368

Except for the related parties transactions disclosed under Note 32(f), balances with other related parties were all unsecured, interest-free, and repayable on demand.

(e) Key management personnel compensations

Key management includes executive directors and other members of the Company's senior management team. The compensation paid or payable to key management for employee services is shown in Note 8(a).

(f) Loan to Shanghai Shenlin Precision Advertising Co., Ltd.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Shanghai Shenlin Precision Advertising Co., Ltd.	**40,000**	–

The loan to Shanghai Shenlin Precision Advertising Co., Ltd. was originated in the year ended 31 December 2021, before Shanghai Shenlin Precision Advertising Co., Ltd. became an associate of the Group in the year ended 31 December 2022.

33 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director for the year ended 31 December 2022 is set out as below:

Name	Fees RMB'000	Wages and salaries RMB'000	Bonuses RMB'000	Pension costs and social security costs RMB'000	Share-based compensation expenses (a) RMB'000	Total RMB'000
Executive Director						
Xuan Zhang	–	2,820	–	86	–	2,906
Dong Jiang	–	1,756	863	133	16,285	19,037
Non-executive Directors						
Yun Ming Cheng Matthew (resigned in April 2022)	–	–	–	–	–	–
Jun Yang (resigned in August 2022)	–	–	–	–	–	–
Amanda Chi Yan Chau	–	–	–	–	–	–
Qing Hua Xie (appointed in April 2022)	–	–	–	–	–	–
Qin Miao	–	–	–	–	–	–
Independent non-executive Directors						
Tin Fan Yuen	–	1,954	–	–	1,363	3,317
Chester Tun Ho Kwok	–	1,958	–	–	1,363	3,321
Lily Li Dong	–	1,150	–	–	682	1,832
	–	9,638	863	219	19,693	30,413

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

The remuneration of every director for the year ended 31 December 2021 is set out as below:

Name	Fees RMB'000	Wages and salaries RMB'000	Bonuses RMB'000	Pension costs and social security costs RMB'000	Share-based compensation expenses (a) RMB'000	Total RMB'000
Executive Director						
Xuan Zhang	–	2,994	–	68	12,445	15,507
Dong Jiang	–	1,756	639	121	11,166	13,682
Non-executive Directors						
Huan Zhou (retired in May 2021)	–	–	–	–	–	–
Jimmy Chi Ming Lai (resigned in May 2021)	–	–	–	–	–	–
Yun Ming Cheng Matthew (appointed in May 2021)	–	–	–	–	–	–
Jun Yang (appointed in May 2021)	–	–	–	–	–	–
Amanda Chi Yan Chau (appointed in May 2021)	–	–	–	–	–	–
Chenkai Ling (resigned in December 2021)	–	–	–	–	–	–
Qin Miao (appointed in December 2021)	–	–	–	–	–	–
Independent non-executive Directors						
Tin Fan Yuen	–	1,458	–	–	198	1,656
Chester Tun Ho Kwok	–	1,462	–	–	198	1,660
Lily Li Dong	–	897	–	–	99	996
	–	8,567	639	189	24,106	33,501

Note:

(a) Share-based compensation expenses are calculated by applying a graded vesting approach according to IFRS 2 that has the effect of recognizing more expenses up front comparing to recognizing expenses evenly during vesting periods. For Pre-IPO Share Option, expenses are calculated with fair value of each option from USD0.53 to USD0.70 (HKD4.12 to HKD5.46). For the First and Second Share Award Scheme, expenses are calculated with fair value of each share from USD0.10 to USD0.40 (HKD0.81 to HKD3.14). As at 31 December 2022, closing price of the Group on Hong Kong Stock Exchange was HKD0.97 (USD0.12).

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

During the year ended 31 December 2022, there are no retirement or termination benefits that have been paid to the Company's directors (2021: nil).

During the year ended 31 December 2022, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2021: nil).

During the year ended 31 December 2022, none of the Company's directors received any emoluments as an inducement to join or upon joining the Group (2021: nil).

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: nil).

34 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2022 (2021: nil).

35 SUBSEQUENT EVENTS

Since year end, the directors have recommended the payment of final and special dividends of HKD3.25 cents per fully paid ordinary share. Subject to the approval at the Annual General Meeting, the aggregate amount of the proposed dividend expected to be paid on 2 June 2023 out of retained earnings as at 31 December 2022, but not recognised as a liability at year end, is HKD212.0 million (equivalent to RMB185.5 million).

36 BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 December 2022 RMB'000	2021 RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	**4,898,466**	4,379,505
Prepayments, deposits and other assets	**16,182,820**	14,773,581
	21,081,286	19,153,086
Current assets		
Cash and cash equivalents	**14,592**	32,701
Total assets	**21,095,878**	19,185,787
EQUITY AND LIABILITIES		
Equity		
Share capital	**4,238**	4,204
Share premium	**35,080,671**	34,976,080
Other reserves	**2,404,893**	849,795
Accumulated losses	**(19,189,417)**	(19,184,098)
Total equity	**18,300,385**	16,645,981
Liabilities		
Non-current liabilities		
Other non-current liabilities	**929,831**	932,106
Current liabilities		
Other payables and accruals	**1,865,662**	1,607,700
Total liabilities	**2,795,493**	2,539,806
Total equity and liabilities	**21,095,878**	19,185,787

The balance sheet of the Company was approved by the Board of Directors on 27 February 2023 and was signed on its behalf.

Andy Xuan Zhang
Director

Dong Jiang
Director

36 BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Accumulated loss RMB'000	Other reserves RMB'000
At 1 January 2022	**(19,184,098)**	**849,795**
Loss for the year	**(5,319)**	**–**
Share-based compensation	**–**	**134,534**
Release of ordinary shares from Share Scheme Trusts	**–**	**(2,002)**
Shares issued upon exercise of employee share options	**–**	**(583)**
Vesting of restricted awarded shares	**–**	**(102,033)**
Purchase of restricted shares under share award scheme	**–**	**(15,469)**
Currency translation differences	**–**	**1,540,651**
At 31 December 2022	**(19,189,417)**	**2,404,893**
At 1 January 2021	(19,181,203)	1,209,081
Loss for the year	(2,895)	–
Share-based compensation	–	131,020
Release of ordinary shares from Share Scheme Trusts	–	(47,861)
Shares issued upon exercise of employee share options	–	(7,274)
Vesting of restricted awarded shares	–	(38,163)
Purchase of restricted shares under share award scheme	–	(5,015)
Currency translation differences	–	(391,993)
At 31 December 2021	(19,184,098)	849,795

37 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY

The following is a list of the principal subsidiaries and controlled structured entity at 31 December 2022:

Name of entity	Place and date of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/paid-in capital	Effective interest held as at 31 December 2022	2021
Yixin Holding Hong Kong Limited (formerly known as Yixin Capital Hongkong Limited)	Hong Kong, 27 November 2014, limited liability company	Investment holding, Hong Kong	HKD10	100%	100%
KKC Holdings Limited	The Cayman Islands, 22 April 2014, limited liability company	Investment holding, the Cayman Islands	USD7,700	100%	100%
KKC Holdings Limited	Hong Kong, 8 May 2014, limited liability company	Investment holding, Hong Kong	HKD1	100%	100%
Rising Champion International Limited	Hong Kong, 15 June 2018, limited liability company	Investment holding, Hong Kong	HKD1	100%	100%
Eminent Success Holdings Group Limited	British Virgin Islands, 26 June 2018, limited liability company	Investment holding, British Virgin Islands	USD50,000	100%	100%
Beijing KKC Technology Company Limited	The PRC, 10 July 2014, limited liability company#	Transaction services, the PRC	USD11,400,000	100%	100%
Shanghai Yixin Financing Lease Co., Ltd.	The PRC, 12 August 2014, limited liability company*	Leasing services, the PRC	USD1,500,000,000	100%	100%
Xinche Investment (Shanghai) Co., Ltd. (formerly known as Shanghai Rongche Information Technology Limited)	The PRC, 16 January 2015, limited liability company#	Investment holding, the PRC	USD2,000,000,000	100%	100%
Shanghai Lanshu Information Technology Co., Ltd.	The PRC, 29 January 2015, limited liability company*	Technology development, the PRC	RMB150,000,000	100%	100%
Shanghai Techuang Advertisements Co., Ltd.	The PRC, 29 January 2015, limited liability company*	Advertising services, the PRC	USD20,000,000	100%	100%

37 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY (CONTINUED)

Name of entity	Place and date of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/paid-in capital	Effective interest held as at 31 December 2022	2021
Tianjin Hengtong Jiahe Financing Lease Co., Ltd.	The PRC, 18 May 2015, limited liability company*	Leasing services, the PRC	USD500,000,000	**100%**	100%
Shenyang Yixin Financial Service Co., Ltd.	The PRC, 13 December 2016, limited liability company#	Financial services, the PRC	RMB10,000,000	**100%**	100%
Beijing Yixin Auto Leasing Co., Ltd.	The PRC, 15 December 2016, limited liability company	Auto leasing, the PRC	RMB9,000,000	**100%**	100%
Guangzhou Rongche Financing Lease Co., Ltd.	The PRC, 8 March 2017, limited liability company	Leasing services, the PRC	RMB200,000,000	**100%**	100%
Tianjin Huibao Advertising Co., Ltd.	The PRC, 10 August 2017, limited liability company#	Advertising services, the PRC	USD2,000,000	**100%**	100%
Xinjiang Yin'an Information Technology Co., Ltd.	The PRC, 6 September 2017, limited liability company#	Advertising services, the PRC	USD10,000,000	**100%**	100%
Xinjiang Wanxing Information Technology Co., Ltd.	The PRC, 24 January 2018, limited liability company#	Information technology, the PRC	RMB20,000,000	**100%**	100%
Tianjin Wuxin Commercial Factoring Co., Ltd.	The PRC, 12 June 2018, limited liability company#	Commercial factoring, the PRC	RMB50,000,000	**100%**	100%
Tianjin Kars Information Technology Co., Ltd.	The PRC, 19 June 2018, limited liability company#	Transaction services, the PRC	RMB20,000,000	**100%**	100%
Xinjiang Jinchuan Jiahua Automobile Service Co., Ltd.	The PRC, 20 March 2019, limited liability company#	Transaction services, the PRC	RMB5,000,000	**100%**	100%
Shanghai Zengxin Information Technology Co., Ltd.	The PRC, 25 April 2019, limited liability company#	Technology development, the PRC	RMB500,000,000	**100%**	100%

37 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY (CONTINUED)

Name of entity	Place and date of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/paid-in capital	Effective interest held as at 31 December 2022	2021
Guangdong Haihan Technology Development Co., Ltd.	The PRC, 8 November 2019, limited liability company#	Information technology, the PRC	RMB102,200,000	**100%**	100%
Guangzhou Shengda Financing Guarantee Company Limited	The PRC, 12 November, 2019, limited liability company	Financial services, the PRC	RMB1,700,170,000	**100%**	100%
Hainan Xinye Information Technology Co., Ltd.	The PRC, 21 April, 2020, limited liability company	Information technology, the PRC	RMB10,000,000	**100%**	100%
Yunnan Juliying enterprise management Co., Ltd.	The PRC, 10 October 2020, limited liability company	Financial services, the PRC	RMB20,000,000	**100%**	100%
Xinjiang Wanhong Information Technology Co., Ltd.	The PRC, 15 September 2020, limited liability company	Information technology, the PRC	RMB20,000,000	**100%**	100%
Xinjiang Wanyi Information Technology Co., Ltd.	The PRC, 15 September 2020, limited liability company	Information technology, the PRC	RMB20,000,000	**100%**	100%
Tianjin Duoxin Financing Guarantee Company Limited	The PRC, 18 September 2020, limited liability company#	Financial services, the PRC	RMB600,000,000	**100%**	100%
Beijing Xinshu Information Technology Co., Ltd.	The PRC, 22 September 2020 limited liability company	Information technology, the PRC	RMB3,000,000	**100%**	100%
Yixin Hong Kong Investment limited	Hong Kong, 25 November 2020, limited liability company	Investment holding, Hong Kong	HKD1	**100%**	100%
Ruige Capital Management Co., Ltd.	The PRC, 23 December 2020, limited liability company#	Investment holding, the PRC	USD100,000,000	**100%**	100%

37 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY (CONTINUED)

Name of entity	Place and date of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/paid-in capital	Effective interest held as at 31 December 2022	2021
Beijing Lanshu Information Technology Co., Ltd.	The PRC, 5 February 2021, limited liability company	Information technology, the PRC	RMB50,000,000	**100%**	100%
Qingdao Wanxin Information Technology Co., Ltd.	The PRC, 22 September 2021, limited liability company#	Information technology, the PRC	RMB10,000,000	**100%**	100%
YI STAR PTE. LTD.	Singapore, 9 February 2022, Private Trading Enterprise Limited	Lease service, Singapore	SGD5,000,000	**100%**	–
Hainan Shengxin Financing Guarantee Co., Ltd.	The PRC, 2 December 2022, limited liability company	Financial services, the PRC	RMB100,000,000	**100%**	–
Beijing Yixin Information Technology Co., Ltd.	The PRC, 9 January 2015, limited liability company^	Advertising and subscription services, the PRC	RMB50,000,000	**100%**	100%

Remarks:

Registered as wholly foreign owned enterprises under PRC law

* Registered as sino-foreign equity joint venture under PRC law

^ Controlled by New Contractual Arrangements

FIVE-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Revenue	5,532,632	5,799,982	3,325,215	3,494,344	**5,201,508**
Gross profit	2,475,423	2,766,458	1,555,639	1,778,341	**2,888,371**
Profit/(Loss) for the year	(166,580)	30,936	(1,155,749)	28,953	**370,814**
Adjusted net profit/(loss) (unaudited)	344,716	439,452	(800,101)	273,219	**688,338**

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Assets					
Non-current assets	24,460,177	17,137,951	10,642,174	12,639,925	**15,312,176**
Current assets	26,082,085	22,409,003	16,883,448	14,897,268	**16,852,216**
Total assets	50,542,262	39,546,954	27,525,622	27,537,193	**32,164,392**
Equity and liabilities					
Equity attributable to owners of the Company	15,417,818	15,713,054	14,533,862	14,642,211	**15,326,213**
Non-controlling interests	–	–	–	–	**–**
Total equity	15,417,818	15,713,054	14,533,862	14,642,211	**15,326,213**
Liabilities					
Non-current liabilities	10,341,441	4,943,895	2,776,710	4,531,978	**5,721,829**
Current liabilities	24,783,003	18,890,005	10,215,050	8,363,004	**11,116,350**
Total liabilities	35,124,444	23,833,900	12,991,760	12,894,982	**16,838,179**
Total equity and liabilities	50,542,262	39,546,954	27,525,622	27,537,193	**32,164,392**
Earnings/(Loss) per share					
– Basic (RMB per share)	(0.03)	0.01	(0.18)	0.005	**0.058**
– Diluted (RMB per share)	(0.03)	0.01	(0.18)	0.004	**0.056**
Dividend per share					
– Final (HK cents per share)	N/A	N/A	N/A	N/A	**1.95**
– Special (HK cents per share)					**1.30**

DEFINITIONS

"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
"Annual General Meeting"	the annual general meeting of the Company to be held on Wednesday, May 10, 2023
"Articles of Association"	the articles of association of the Company currently in force
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auditor"	PricewaterhouseCoopers, the auditor of the Company
"Beijing Bitauto"	Beijing Bitauto Internet Information Company Limited* (北京易車互聯信息技術有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Bitauto HK
"Beijing Bitauto Interactive"	Beijing Bitauto Interactive Advertising Co., Ltd.* (北京易車互動廣告有限公司), a company established under the laws of the PRC and then a wholly-owned subsidiary of Bitauto and currently a subsidiary of Tencent
"Beijing Bitcar Interactive"	"Beijing Bitcar Interactive Information Technology Co., Ltd.* (北京易卡互動信息技術有限公司), a company established under the laws of the PRC and a subsidiary of Tencent
"Beijing KKC"	Beijing KKC Technology Co., Ltd.* (北京看看車科技有限公司), a company established under the laws of the PRC on July 10, 2014 and our wholly-owned subsidiary
"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
"Bitauto"	Bitauto Holdings Limited, a company incorporated under the laws of the Cayman Islands on October 21, 2005 and previously listed on the NYSE (NYSE: BITA), a controlling Shareholder of the Company until the distribution in specie of all of the Shares held directly or indirectly by it to its shareholder on March 5, 2021

"Board"	the board of Directors
"Capitalization Issue"	the issue of 4,626,550,692 Shares on the Listing Date to be made upon the capitalization of part of the sum standing to the credit of the share premium account of our Company, details of which are set out in the section headed "History and Corporate Structure – The Capitalization Issue" of the Prospectus
"Cayman Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
"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 annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", or "Yixin"	Yixin Group Limited (易鑫集团有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on November 19, 2014 and carries on business in Hong Kong as Yixin Automotive Technology Group Limited, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2858)
"Company Secretary"	the company secretary of the Company
"Company's Securities Dealing Code"	the Company's own code of conduct for securities transactions regarding the Directors' and relevant employees' dealings in the securities of the Company on terms no less exacting than those set out in the Model Code
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity"	the entity we control through the New Contractual Arrangements, namely Beijing Yixin
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Beijing KKC, Beijing Yixin and its shareholders, details of which are described in the section headed "Report of the Directors – Continuing Connected Transactions – New Contractual Arrangements"

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this annual report, refers to Tencent and Morespark and each of them shall be referred to as a controlling Shareholder
"CSRC"	the China Securities Regulatory Commission
"Dalian Rongxin"	Dalian Rongxin Financing Guarantees Company Ltd.*(大連融鑫融資擔保有限公司), a company established under the laws of the PRC and an associate of Tencent
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"ESG Committee"	the ESG committee of the Company
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – First Share Award Scheme" in Appendix IV to the Prospectus
"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
"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
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"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
"JD Technology"	Jingdong Technology Holding Co., Ltd. (京東科技控股股份有限公司) (formerly known as Jingdong Digits Technology Holding Co., Ltd.* (京東數字科技控股股份有限公司)), a company established under the laws of the PRC and indirectly owned as to approximately 42% by JD.com
"Joint Sponsors"	Citigroup Global Markets Asia Limited and Credit Suisse (Hong Kong) Limited
"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 market (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
"Memorandum and Articles of Association"	the memorandum and articles of association of the Company currently in force
"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

"New Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Tianjin Kars, Beijing Yixin and its shareholders, details of which are described in the section headed "Report of the Directors – Continuing Connected Transactions – New Contractual Arrangements"
"Nomination Committee"	the nomination committee of the Company
"NYSE"	the New York Stock Exchange
"Opinions"	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》)
"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
"PwC"	PricewaterhouseCoopers, the Group's auditor
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended December 31, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"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
"Shareholders' Communication Policy"	the shareholders' communication policy of the Company
"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
"Tencent Computer"	Shenzhen Tencent Computer System Company Limited* (深圳市騰訊計算機系統有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Tencent
"Tianjin Hengtong"	Tianjin Hengtong Jiahe Financing Lease Co., Ltd.* (天津恒通嘉合融資租賃有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"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, possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"Xinjiang Wanhong"	Xinjiang Wanhong Information Technology Co., Ltd.* (新疆萬鴻信息科技有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Yiche Holding"	Yiche Holding Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, which is owned as to 61.45% by Morespark
"Yixin HK"	Yixin Holding Hong Kong Limited (易鑫集团香港有限公司), a company incorporated under the laws of Hong Kong on November 27, 2014 and a directly wholly-owned subsidiary of the Company
"Yunhan"	Yunhan Information Technology Co., Ltd.* (雲瀚信息科技有限公司, formerly known as Suqian Yunhan Information Technology Co., Ltd.* (宿遷雲瀚信息科技有限公司)), a company established under the laws of the PRC and a wholly-owned subsidiary of JD Technology

"Yusheng"	Yusheng Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability
"%"	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 annual 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 annual 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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