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 2023

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易鑫集团

YIXIN GROUP

www.yixincars.com

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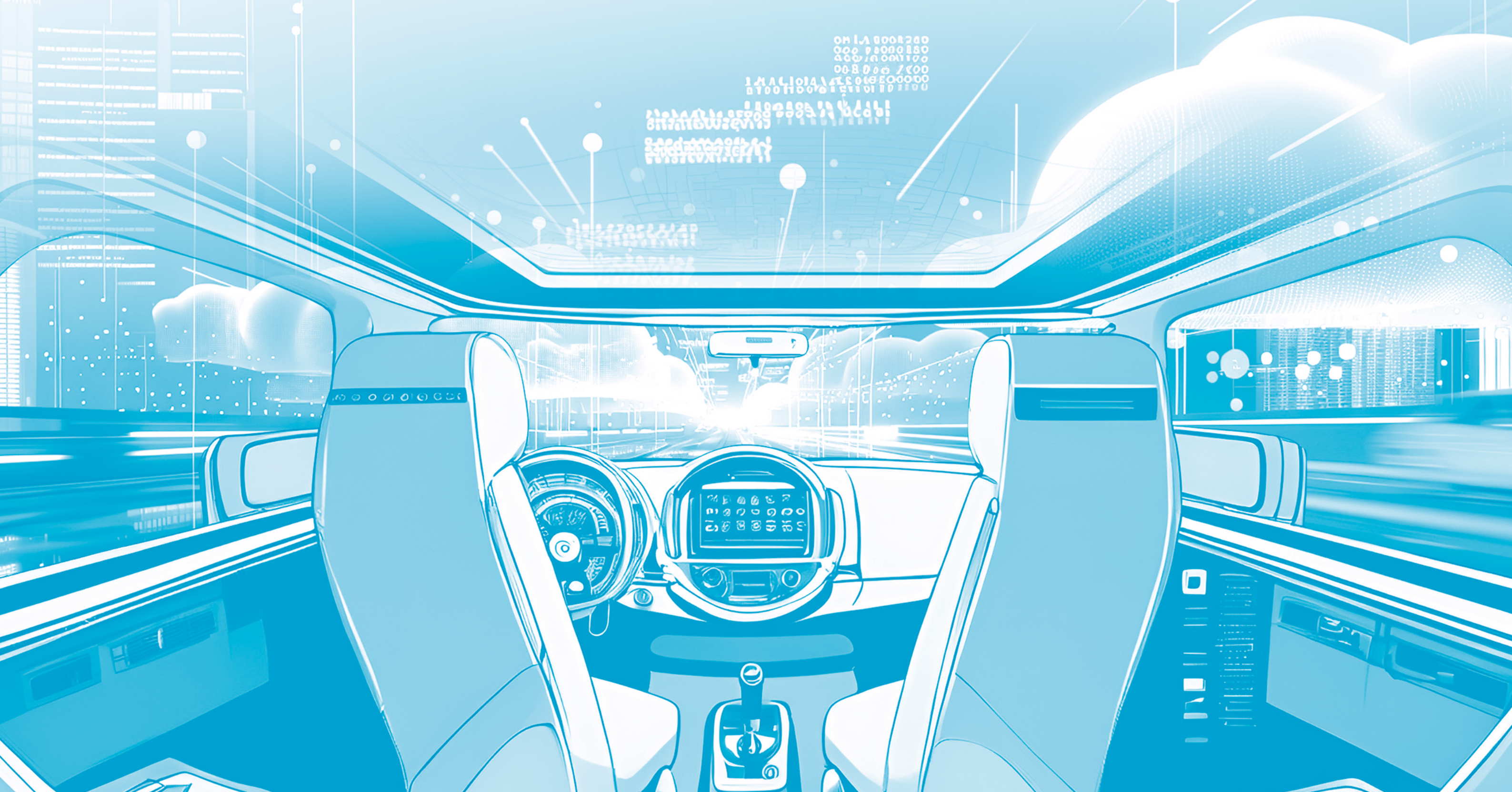

CORPORATE INFORMATION

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Andy Xuan Zhang *(Chairman)*
Mr. Dong Jiang
Mr. Xiaoguang Yang

EXECUTIVE COMMITTEE

Mr. Andy Xuan Zhang *(Chairman)*
Mr. Dong Jiang
Mr. Xiaoguang Yang

COMPANY SECRETARY

Mr. Man Wah Cheng

AUTHORISED REPRESENTATIVES

Mr. Andy Xuan Zhang
Mr. Man Wah Cheng

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PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
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PRINCIPAL BANKER

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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.

2023 was a year marked by the recession of the pandemic's impact and the restoration of economic order. According to the data from China's National Bureau of Statistics, China's Gross Domestic Product (GDP) grew by 5.2% year-on-year in 2023. Despite signs of economic recovery in China over the past year, the economy still faced a number of risks and challenges, including increased employment pressures, insufficient effective demand, heightened real estate credit risks, and mounting difficulties in local government debt management. These issues cast uncertainty on the medium and long-term growth potential of China's economy, necessitating more refined strategies to maintain stable growth and promote reforms.

In 2023, the Chinese automotive industry played a significant role in the macroeconomic recovery. Stimulus policies at both the central and local government levels boosted the vitality of supply and demand in the automotive market. According to the China Association of Automobile Manufacturers (CAAM) and the China Automobile Dealers Association (CADA), the total transaction volume of passenger cars in China (including new and used vehicles) saw a year-on-year increase of 12% in 2023. Data from the China Passenger Car Association (CPCA) indicates that the penetration rate of New Energy Vehicles (NEVs) in the new car retail sector reached 35% in 2023. However, due to the intense market competition, not all market players in the industry supply chain have been universally benefited. A year-long "price war" eroded the profit margins of automobile enterprises and pushed used car dealer inventories to high levels, with "involution" becoming the new norm. Against this backdrop, exports emerged as a new engine that drove industry growth.

In 2023, faced with a complex and ever-changing environment, Yixin Group, through the relentless efforts of all employees, has steadily expanded its market share and achieved outstanding business results. We realized a financing transaction amount of RMB65.9 billion, representing an increase of 24% compared to the previous year. The scale of the Company's asset management continued to grow, further solidifying our leading position in the auto finance industry. Notably, the Group seized the trend of the 'intelligent electric' auto industry, and our NEV business experienced rapid growth in 2023, reaching a financing transaction amount of RMB12.4 billion, representing a year-on-year increase of 200%.

During the Reporting Period, the Company's revenue reached RMB6,686 million, representing a year-on-year increase of 29%, and the adjusted net profit amounted to RMB910 million, representing an increase of 32% compared to the previous year. The following aspects were the highlights of our operations that drove our performance growth:

Firstly, the Group maintained a diverse range of financing channels. High-quality automotive finance assets have gained increasing market popularity and recognition in recent years. During the Reporting Period, the Company made significant progress in overseas financing, establishing collaborations with several foreign financial institutions, including the Tai Fung Bank. In the domestic public market, we achieved multiple breakthroughs with our standardized products: for credit bonds, we issued the 4th tranche of Super and Short-term Commercial Paper (SCP) in September 2023, reaching a record subscription multiple; for structured products, our Asset-Backed Note (ABN) projects repeatedly received international AAA ratings, and our Asset-Backed Securities (ABS) projects achieved historically low coupon rates. As of the end of 2023, the Group's cumulative financing scale in the public market had surpassed RMB50 billion.

Secondly, we actively developed value-added services to meet the diverse needs of our customers throughout their vehicle ownership lifecycle. To alleviate consumers' concerns about the residual value of electric vehicles, we collaborate with insurance companies to recommend suitable battery guaranteed asset protection (GAP) products to them. The Company will continue to innovate in value-added services, adapt to market changes and discover customer value.

Thirdly, the Group's asset quality management proved to be highly effective. In 2023, given the fragile foundation of economic recovery and potential risks associated with industry rebound, the Group adopted a forward-looking and cautious development strategy. As of December 31, 2023, the 90+ days past due ratio stood at 1.89%. The resilience of our asset quality attributes to our extensive business range and low customer concentration, which are typical of retail finance, as well as our adoption of sophisticated risk management strategies. In terms of pre-loan strategy, the Group actively scaled back high-risk operations, adjusted product access criteria, and balanced new and used car business structures. In the loan approval process, we launched digital technology tools like "Credit Enhancement Chain" and "Intelligent Face-to-Face Review" to enhance our anti-fraud and credit screening capabilities. In post-loan management, we leveraged big data analysis to dynamically assess the cost-effectiveness of various asset recovery methods at different stages in order to devise precise strategies accordingly.

Guided by our principle of "Value Re-creation, Responsibility First", Yixin Group has been actively fulfilling its social responsibilities while expanding its business. We are dedicated to building sustainable relationships with customers, suppliers, employees, investors, the government, and other stakeholders in the society. The Company actively promotes green finance practices. In March 2023, we issued green asset-backed securities (ABS) on the Shenzhen Stock Exchange to facilitate de-carbonization of industrial chains. We continue to advance inclusive financial services, offering customized doorstep services to users in remote areas to meet their travel and logistics needs. We have engaged in agricultural assistance activities in places like Mengyin County in Shandong and Panzhihua in Sichuan to promote rural revitalization. Additionally, we have sustained long-term collaboration with the Shanghai Changning Charity Foundation and the Adream Foundation to support educational public welfare. The Group continuously strengthens its cultural foundation. In October 2023, we conducted the fourth leg of the "Red Homeland Walk" learning experience in Jinggangshan, enhancing team cohesion and providing strong moral support for corporate development.

The Company steadfastly adheres to a high-quality development strategy and continuously enhances its growth potential. Over the past few years, we have focused on new energy and financial technology as key strategic areas, achieving significant results in 2023:

NEV (ELECTRIC VEHICLE)

During the Reporting Period, our financed NEV transactions increased to 116 thousand units, representing a year-on-year increase of 206%. The proportion of NEV financing amount in our new car business has continually increased, reaching 33% in the second half of 2023. We have actively pursued strategic collaborations with OEM brands. As of December 31, 2023, we have established partnerships with over ten emerging NEV manufacturers and 25 traditional joint venture OEMs in the NEV sector. In 2023, we adjusted our product access criteria for NEV financing to adapt to market demands, and introduced innovative vehicle-battery separation leasing products. Supported by strong industrial policies, the NEV industry is becoming a key driver in the transformation and upgrade of China's automotive industry. With further improvements in charging and battery swapping infrastructure, the NEV market is poised for expansion, particularly in lower-tier markets. Beyond deepening our NEV financial services, the Group also seeks to broaden our industrial ecosystem by exploring areas like autonomous driving and fleet management through industrial investments and strategic partnerships.

FINTECH (SAAS)

During the Reporting Period, financing transactions facilitated by our FinTech model reached RMB10.2 billion, marking an explosive growth. Our FinTech platform aims to empower the entire auto finance industry chain and enhance the industry's level of digitalization. The platform connects car manufacturers, financial institutions and consumers to provide comprehensive automotive retail financial solutions. Our collaborations with premium brands and city commercial banks have strengthened our outreach to high-end customer segments and solidified our regional service implementation. In 2023, the number of our contracting FinTech business institutions further increased, with nine new collaborative projects being launched. The SaaS system architecture has continuously evolved, with core business systems for auto finance, operation management systems, and customer management tools being further enhanced and optimized. It accommodates various transaction modes like loan facilitation, joint leasing, and caters to diverse business types such as new cars, used cars, and scenario-based installments. It supports both cloud-based and local deployment options, thereby broadening our technological products' accessibility within the industry. In the long term, this model will expand Yixin Group's serviceable market from specific niches to the entire automobile consumer finance market. We anticipate that our SaaS business will maintain rapid growth over the next 2 to 3 years.

In recent years, the global automotive industry has undergone profound changes, with more Chinese car manufacturers turning their focus to overseas markets, and actively participating in global competition through exports, investments, and technical collaborations. At this juncture, Yixin Group recognizes the materializing trend of international expansion of Chinese enterprises, and believes that active expansion into overseas markets will bring new development opportunities and growth momentum. Currently, our focus is on regional economies with significant market size and growth potential, such as Southeast Asia and the Middle East. We are committed to integrating industrial chain resources, replicating domestically developed experiences and capabilities in more overseas markets, and exploring various innovative business models through localization strategies.

In 2023, large-language model emerged as a major global technological trend, with AI exerting a profound impact on various industries. As a leading internet platform in our field, Yixin consistently keeps abreast of the times, investing actively in digital technologies to provide users with convenient and efficient services and management with reliable and intelligent decision-making tools. For instance, the Company's self-developed Titan cloud platform, featuring smart outbound calling, intelligent customer service, remote review, and smart quality inspection functions, empowers various business segments like marketing, risk control, customer service, and debt collection. Looking forward, the Company will continue to explore cutting-edge technologies, accelerating our progress towards "Yixin 3.0".

Looking forward to 2024, China's macroeconomic landscape is expected to continue advancing amid ongoing momentum shifts and structural reforms, although the overall growth rate may slightly decelerate. In the automotive industry, the competitive landscape will continue to evolve, with the distribution segment likely to face ongoing pressure. With over a decade of experience and engagement in automobile financial services, Yixin Group has learned that ensuring safety and compliance is paramount to long-term success. We remain committed to prudent development in our domestic operations and are keen to explore the international markets.

The Board is delighted to propose the continuation of final dividend payments as a gesture of gratitude to the Shareholders for their unwavering support and to provide them with direct returns. We recommend a final dividend of HK3.00 cents per share, representing approximately 30% of our net profit per share for the Reporting Period. The proposed dividend is subject to shareholder approval at the Annual General Meeting. It is anticipated that the final dividend will be distributed on Monday, June 3, 2024 to Shareholders whose names appear on the register of members of the Company on Tuesday, May 21, 2024.

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

Andy Xuan Zhang
Chairman of the Board
Hong Kong
February 29, 2024

MACROECONOMIC ENVIRONMENT

Over the past year, China has made a gradual recovery from the pandemic and achieved overall stability in its macro socio-economic landscape. As per data from the National Bureau of Statistics of China, the country's Gross Domestic Product (GDP) in 2023 experienced a growth of 5.2%. While the Chinese economy is experiencing a rebound, it is confronted with a range of challenges, including real estate market risks, an aging population, and sustaining the momentum of technological innovation. Beyond these domestic challenges, China's economic progression also faces complications due to intensifying international political dynamics.

Sector-wise, while consumer spendings have shown moderate recovery, insufficient momentum leads to persistently low levels of price indices. There is polarization in fixed asset investment growth, with real estate investment being the most substantial burden. Trade growth has declined, albeit with some structural improvement. Monetary and fiscal policies have played a counter-cyclical role to a certain extent. On the whole, China's macroeconomy has entered the post-pandemic development phase. The country boasts numerous fundamental strengths, such as its large population, unified market environment, diverse industrial sectors, and stable social development. However, unlocking further potential in China's economic growth hinges on deepening the "reform and opening up" policies, including accelerating the shift from old to new growth drivers, reducing wealth disparity, and establishing long-term mechanisms that support innovation.

In this context, the Chinese automotive industry, which is undergoing transformation and upgrade, is positioned to offer further support and vitality to the economy. Domestic brands are leading new energy vehicle (NEV) technological innovations. Automotive consumption in rural areas have been driving the rural economic development, and the rapid growth in automotive exports have boosted trade openness. These industry trends all align with the national strategy for high-quality development, and contribute to enhancing both the quality and reasonable growth of the economy, hence fostering China's modernization.

INDUSTRY OVERVIEW

In 2023, China's automotive industry made crucial strides in its transformation and upgrade, showcasing a robust growth trend. NEVs continued to dominate the market, with automobile exports reaching new heights. Amid intensifying market competition and reshaping of the industry landscape, new car sales exceeded expectations. According to the China Association of Automobile Manufacturers (CAAM), the total sales of new passenger vehicles in China for 2023 amounts to 26.06 million units, representing an increase of 11% compared to 2022. In the used car segment, backed by policy implementations across regions and gradual restoration of market confidence, the industry accelerated its development pace. Data from the China Automobile Dealers Association (CADA) indicates that the total transaction volume of used passenger cars in China reached 14.78 million units in 2023, representing a growth of 15% compared to 2022.

NEVs is a focus of the automotive industry in 2023, with rapid technological innovation and the gradual clarity of the impact of the "80-20" rule. The expanding range of products from major brands boosted consumer recognition and acceptance. Concurrently, significant advancements in charging and battery-swapping infrastructure have provided consumers with more convenient, diverse, and safe energy solutions. Driven by these factors, the consumers' fervor for NEVs remained high, with the domestic retail penetration rate reaching 40% by December 2023. China Passenger Car Association (CPCA) reported that NEV retail sales in 2023 amounted to 7.74 million units, representing a year-on-year increase of 36% compared to 2022.

Auto finance services, crucial for promoting comprehensive automobile consumption, form an integral part of the industry ecosystem. Although China's auto finance market currently faces challenges such as a complex competitive environment and limited innovation space, it embodies substantial growth potential, based on the past experiences of developed markets in Europe and America. With ongoing advancements in electrification and intelligent technologies, new auto finance service scenarios are emerging in the aftermarket, demanding more diversified and personalized solutions. Industry participants are exploring new business models centered around the 'automobile ecosystem,' with companies equipped with one-stop solutions and digital technologies better positioned to capitalize on market opportunities promptly.

In 2023, China surpassed Japan to become the world's largest automobile exporter for the first time, marking a new stage of development for its automotive industry. According to CAAM, China's total automobile exports in 2023 amounted to 4.91 million units, with NEVs comprising approximately 25% of this figure. NEVs have become a significant driver of China's automotive export growth. The industry's global expansion is comprehensive, encompassing not only whole vehicle exports but also the internationalization of components supply chains and the acceleration of auto finance services. This all-encompassing export strategy enhances China's global competitiveness in the automotive sector, and promotes the sustainable development of its automotive industry in the global market.

POLICY STIMULUS

In 2023, the central and local governments in China implemented numerous policies supporting the automobile industry's development and stimulating automobile consumption, providing substantial support for the industry's recovery, transformation, and upgrade.

For new vehicles, the National Development and Reform Commission (the "**NDRC**") released the "Measures on Restoring and Expanding Consumption"《關於恢復和擴大消費的措施》(the "**Measures**") in July 2023. The Measures specifically proposed optimizing automobile purchase restrictions based on local conditions and enhancing financial support for automobile purchases. In August 2023, the Ministry of Industry and Information Technology (MIIT), along with six other departments, issued the "Work Plan for Stable Growth of the Automobile Industry (2023-2024)"《汽車行業穩增長工作方案(2023 – 2024年)》(the "**Work Plan**"). The Work Plan recognized the automobile industry's pivotal role as a stabilizing force in the national economy and advocated for its continued stable growth. Additionally, local governments introduced a series of policies, further stimulating automobile consumption through replacement subsidies, consumer vouchers, and other measures.

Regarding used vehicles, during the State Council executive meeting in May 2023, the comprehensive plan for establishing a unified national market (研究落實建設全國統一大市場部署總體工作方案和近期舉措) was discussed. The discussion highlighted positive progress that has been made in key areas, including the full abolition of used vehicle relocation restrictions and the advancement of a unified and open transportation market. In August 2023, the Traffic Management Bureau of the Ministry of Public Security specified in "Several Measures for Public Security Organs to Serve and Guarantee High-quality Development"《公安機關服務保障高質量發展若干措施》the need to facilitate used vehicle transfer registrations and implement the policy of lifting relocation restrictions. Both the Measures and the Work Plan are applicable to the used vehicle sector, emphasizing the importance of fluid market circulation and supporting the large-scale development of used vehicles industry.

New Energy Vehicle (NEV) is a key focus for the high-quality development of China's automobile industry. In June 2023, the Ministry of Finance, the General Administration of Taxation, and MIIT published the "Announcement on Continuing and Optimizing the Vehicle Purchase Tax Relief Policies for NEVs"《關於延續和優化新能源汽車車輛購置稅減免政策的公告》, extending and optimizing policies in two stages to bolster NEV consumption. In the same month, the General Office of the State Council issued the "Guidance on Further Building a High-quality Charging Infrastructure System"《關於進一步構建高質量充電基礎設施體系的指導意見》, proposing the construction of an extensive, well-structured, and fully-functional high-quality charging infrastructure system by 2030. In November 2023, the NDRC and four other departments issued the "Opinions on Accelerating the Establishment of Product Carbon Footprint Management System"《關於加快建立產品碳足跡管理體系的意見》, focusing on green bulk consumption such as NEVs, and promoting orderly implementation of carbon labeling in the consumer goods sector.

A package of auto finance policies was introduced to further standardize the market and meet consumer demands. In August 2023, the Ministry of Commerce, NDRC, and the National Financial Regulatory Administration jointly published the "Guidance on Promoting the High-quality Development of the Commercial Credit System Construction" (《關於推動商務信用體系建設高質量發展的指導意見》), promoting enhanced support for consumer automobile purchases and continuous optimization of interest rates and fees. Nine ministries and commissions, including the Ministry of Commerce, issued the "Guidance on Promoting the High-quality Development of the Automobile Aftermarket" (《關於推動汽車後市場高質量發展的指導意見》) in October 2023, encouraging financial institutions to optimize automobile consumption financial services within legal and risk-controlled frameworks. In October 2023, the National Financial Regulatory Administration released the "Notice on Financial Support for Restoring and Expanding Consumption" (《關於金融支持恢復和擴大消費的通知》), which included proposals to expand automobile consumption, optimize auto loan policies, and enrich auto finance product offerings.

Policy support was also extended to the international expansion of the automobile industry chain. In April 2023, the General Office of the State Council issued the "Opinions on Promoting the Stable Scale and Excellent Structure of Foreign Trade" (《關於推動外貿穩規模優結構的意見》), emphasizing the need to foster automobile export advantages and encourage financial support for automotive enterprises abroad. In July 2023, the State Council, in the "Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Development and Strengthening of the Private Economy" (《中共中央國務院關於促進民營經濟發展壯大的意見》), affirmed its support for private enterprises to expand their overseas businesses, actively participate in the Belt and Road Initiative, and adhere to local laws and regulations while enhancing international competitiveness. In September 2023, the Ministry of Commerce, at a State Council Information Office press conference, announced preparations to introduce several policies and measures to support NEV trade cooperation, used vehicle exports, and the construction of overseas warehouses.

BUSINESS REVIEW

Yixin Group is a leading internet-based automotive finance transaction platform in China, primarily engaged in transaction platform business and self-operated financing business. The Group collaborates with over 36,000 automobile manufacturers, dealers, and over 100 financial institutions, covering more than 340 cities in China. With nearly a decade of dedication in the automotive industry, the Group provides comprehensive automotive financial services. By leveraging diverse business models, rich customer acquisition channels, robust financing capabilities, and integrated risk management, our aim is to provide a one-stop solution for our clients. The Group covers both new and used car financing businesses, addressing customers' various needs throughout the entire lifespan of vehicles.

In 2023, despite the complexities of the macro environment and intensified competition in the industry, the Group steadfastly implemented a strategy of consistent progress to achieve stable business growth. During the Reporting Period, our core business achieved robust growth, showcasing particularly impressive performance in new energy vehicle financing services. Our Fintech business has made expected progress, consistently refining product development and bolstering our industrial partnerships. Additionally, innovative value-added services have given us a differentiated competitive advantage, further enhancing the overall customer experience. In summary, our Group has achieved encouraging operational results during the Reporting Period.

AUTO FINANCING TRANSACTIONS

	Year ended December 31,					
	2023		2022		Year-on-year	
	Number of financing transactions	**Financing amount**	Number of financing transactions	Financing amount	Number of financing transactions	Financing amount
	'000	***RMB'000***	*'000*	*RMB'000*	*%*	*%*
New vehicles	**399**	**40,205,373**	265	25,617,014	51%	57%
Used vehicles	**279**	**25,744,014**	291	27,378,930	-4%	-6%
Total	**678**	**65,949,387**	556	52,995,944	22%	24%
NEV[(1)]	**116**	**12,405,367**	38	4,130,244	206%	200%

Note:

(1) NEV encompasses both new and used vehicles

Our total financing transactions increased by 22% year-on-year to 678 thousand for the Reporting Period, compared to 556 thousand for the same period last year. The total financing amount increased by 24% year-on-year to RMB65.9 billion for the Reporting Period, compared to RMB53.0 billion for the same period last year.

During the Reporting Period, the domestic macroeconomy has gradually recovered. However, it is important to note that there are still elements of volatility. The Chinese automotive market has shown an increasing trend, but competition has intensified simultaneously. In light of the fluctuations in the macroeconomic environment and market competition, the Group has proactively adjusted its risk strategy. This includes expanding the risk appetite range for new cars and reducing the risk exposure for used cars, as the high-risk business segment tends to be more vulnerable in such conditions. This initiative laid a solid foundation for our future performance.

Our new vehicle financing transactions increased by 51% year-on-year to 399 thousand for the Reporting Period, compared to 265 thousand for the same period last year. The financing amount increased by 57% year-on-year to RMB40.2 billion for the Reporting Period, compared to RMB25.6 billion for the same period last year. During the Reporting Period, three fundamental factors have driven substantial growth in our new vehicle financing business. Firstly, we have established new partnerships and deepened cooperation with OEMs, particularly focusing on collaborations with new energy vehicle brands. Secondly, the gradual intensification of price competition in the market has prompted more OEMs to adopt direct price reductions instead of traditional interest subsidies. This benefits third-party players like Yixin, enabling us to compete on an equal footing with OEM finance. Finally, the Group has optimized products, ensuring that they not only meet the demands of customers in the lower-tier markets but also cater to the needs of high-quality customers.

Our used vehicle financing transactions decreased by 4% year-on-year to 279 thousand for the Reporting Period, compared to 291 thousand for the same period last year. We have taken additional precautionary measures to scale back high-risk products and strengthen risk control in the application process to ensure the asset quality and stable development of our used car business. As a result, the proportion of our used vehicle financing business in our total vehicle financing transactions decreased to 41%. In comparison to many developed countries, there is still considerable space for improvement within the Chinese used car market, such as information transparency and vehicle standardization. With the support of a sound policy environment, we are confident that the Chinese used car financing market remains an attractive prospect. As a leading player in this field, Yixin will seize the opportunity to better serve mainstream customers in this sector.

Our NEV financing transactions significantly increased by 206% year-on-year to 116 thousand for the Reporting Period, compared to 38 thousand for the same period last year. The NEV financing amount increased by 200% year-on-year to RMB12.4 billion for the Reporting Period, compared to RMB4.1 billion for the same period last year. In the Reporting Period, our NEV financing amount for new vehicles accounted for 28% of our total new vehicle financing amount. The rise of new energy vehicles has revolutionized automotive sales pattern, with many OEMs, especially those focusing on new energy vehicles, embracing a direct-to-customer approach instead of relying solely on the traditional dealer sales channels. Therefore, collaborating with a broader range of OEMs has become a crucial strategy in our NEV financing business. This approach expands our service footprint and enhances our influence in the industry. As of December 31, 2023, over 10 emerging NEV brands significantly contributed to our new energy vehicle business, while 25 traditional OEMs also actively explored the new energy sector in collaboration with us. The Group also focuses on product adjustments and innovations to adapt to the changing market. For product adjustments, we have optimized various aspects, including interest rate and repayment mode, to enhance product competitiveness. For product innovations, we have introduced battery leasing, battery GAP insurance, etc., to provide customers with comprehensive life cycle services. Driven by supportive policies and continuous improvements in infrastructure, we firmly believe there is a substantial market potential for NEV industry. The Group is committed to further exploring and deepening its involvement in the new energy industry value chain.

SAAS SERVICES

Our Fintech (SaaS) business continues to experience rapid growth and is expected to become one of the primary drivers of the company's performance in the future. The Group recorded promising results with a revenue of RMB463 million during the Reporting Period, representing a 280% increase compared to the same period of 2022. Leveraging its profound experience in auto financing services, we primarily provide technology applications and technology-enabled business solutions to OEMs, financial institutions, and other third-party tech companies. Our technology products, including Intelligent Risk Management, Core Asset Management Systems etc., are integrated into customized modules and supplied to clients through our Fintech platform to meet their specific requirements. These modules are compatible with various business types, including automotive finance scenarios, consumer finance scenarios etc., supporting both cloud-based and local deployments. Our SaaS business transaction amount significantly increased year-on-year to RMB10.2 billion for the year ended December 31, 2023.

In 2023, the Group expanded its network of industrial partnerships by launching 9 new projects, such as BANK OF HEBEI. Additionally, the Group expanded its customer base and deepened its cooperation with existing partners. During the Reporting Period, we engaged in cooperative negotiations with various types of OEMs, especially focusing on new energy brands. The leading brands like Li Auto, are expected to be integrated into our project pipeline. In new car financing under our SaaS model, the penetration rate of NEV reached 40% for the Reporting Period. Additionally, we strengthened our collaboration with city commercial banks and foreign financial institutions, with BANK OF SUZHOU and Fubon Bank (China) being prime examples. This collaboration assists those financial institutions in reducing barriers to entry into the automotive financing market. Furthermore, we are also laying a solid cooperative foundation for the future development of our financing business overseas based on our alliances with these foreign financial institutions.

The Group will persist in leveraging its strengths and maintaining high-speed development within the next couple years. Firstly, the Group will intensify collaborations with industry players, especially incorporating more popular brands into our pipeline and expanding the types of institutions to reach high-end customer segments. Secondly, with the ongoing advancement of various AI technologies, our team will dedicate to enhance key functionalities in our SaaS integrated with customized modules. Finally, our technology products will progressively embrace the entire automotive consumer finance market and try to expand from domestic markets to the overseas sector.

VALUE-ADDED SERVICES

In 2023, we sustained solid development in our value-added services, with revenue of RMB225 million, representing an increase of 23% compared to the same period last year. In addition to offering a wide range of conventional products and services, such as GPS, maintenance packages, and more, we are constantly innovating our products to meet customer demands. There are two key projects that deserve mention. The first one involves assisting customers in connecting with insurance companies to mitigate the risk of power battery degradation in electric vehicles through battery GAP products. During the Reporting Period, the number of battery GAP transactions recorded amount to approximately 6.8 thousand. The second one is our insurance renewal service, which is available for our partners through the online store and provides a seamless car insurance service experience for both contractual and existing customers. In the future, we will continue to explore new scenarios for value-added services to offer comprehensive life cycle services for our car users.

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 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, 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,	
	2023	2022
	RMB'000	*RMB'000*
Operating profit	**689,258**	400,024
Add:		
Fair value changes arising from investee companies	**84,190**	9,927
Amortization of intangible assets resulting from asset and business acquisitions	**242,693**	210,617
Share-based compensation expenses	**74,750**	134,534
Adjusted operating profit	**1,090,891**	755,102

Our adjusted operating profit was RMB1,091 million for the Reporting Period, compared to RMB755 million for the year ended December 31, 2022. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net profit	**554,958**	370,814
Add:		
Fair value changes arising from investee companies	**51,827**	1,232
Amortization of intangible assets resulting from asset and business acquisitions	**242,602**	210,471
Share-based compensation expenses	**60,663**	105,821
Adjusted net profit	**910,050**	688,338

Our adjusted net profit was RMB910 million for the Reporting Period, compared to RMB688 million for the year ended December 31, 2022. The increase was mainly due to the increase in revenue.

YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022

The following table sets forth the comparative figures for the years ended December 31, 2023 and 2022.

	Year ended December 31,		
	2023	2022	Year-on-year
	RMB'000	*RMB'000*	*%*
Revenues	**6,685,971**	5,201,508	29%
Cost of revenues	**(3,438,823)**	(2,313,137)	49%
Gross profit	**3,247,148**	2,888,371	12%
Selling and marketing expenses	**(1,329,357)**	(1,218,335)	9%
Administrative expenses	**(351,506)**	(430,061)	-18%
Research and development expenses	**(193,858)**	(192,045)	1%
Credit impairment losses	**(728,733)**	(790,296)	-8%
Other income and other gains, net	**45,564**	142,390	-68%
Operating profit	**689,258**	400,024	72%
Finance cost, net	**(15,175)**	(9,769)	55%
Share of profits of investments accounted for using the equity method	**34,741**	15,236	128%
Profit before income tax	**708,824**	405,491	75%
Income tax expense	**(153,866)**	(34,677)	344%
Profit for the period	**554,958**	370,814	50%
Non-IFRSs measure			
Adjusted operating profit	**1,090,891**	755,102	44%
Adjusted net profit	**910,050**	688,338	32%

REVENUES

Our total revenues increased by 29% year-on-year to RMB6,686 million for the Reporting Period, compared to RMB5,202 million for the year ended December 31, 2022. Both self-operated financing business and transaction platform business have grown. Our new core services revenues, which include revenues from loan facilitation services, SaaS services and new self-operated transactions during the Reporting Period, increased by 25% year-on-year to RMB4,664 million, compared to RMB3,732 million for the year ended December 31, 2022. The following table sets forth the comparative figures for the years ended December 31, 2023 and 2022.

	Year ended December 31,				
	2023			2022	
	RMB'000	*% of total revenues*	*Year-on-year*	*RMB'000*	*% of total revenues*
Revenues					
Transaction platform business					
Loan Facilitation Services	**3,445,250**	**52%**	**9%**	3,153,649	61%
SaaS Services	**462,679**	**7%**	**280%**	121,614	2%
Other Platform Services	**1,188,642**	**17%**	**68%**	708,996	14%
Guarantee services	**963,216**	**14%**	**83%**	525,192	10%
Value-added services	**225,426**	**3%**	**23%**	183,804	4%
Subtotal	**5,096,571**	**76%**	**28%**	3,984,259	77%
Self-operated financing business					
Financing Lease Services	**1,570,398**	**23%**	**32%**	1,188,496	22%
From new transactions during the period	**755,808**	**11%**	**66%**	456,650	8%
From existing transactions in prior periods	**814,590**	**12%**	**11%**	731,846	14%
Other Self-operated Services[1]	**19,002**	**1%**	**-34%**	28,753	1%
Subtotal	**1,589,400**	**24%**	**31%**	1,217,249	23%
Total	**6,685,971**	**100%**	**29%**	5,201,508	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 28% year-on-year to RMB5,097 million for the Reporting Period, compared to RMB3,984 million for the year ended December 31, 2022, mainly due to the increase in revenue of our SaaS services and guarantee services. Our transaction platform business contributed 76% of total revenues for the Reporting Period, compared to 77% for the year ended December 31, 2022.

Revenues from our loan facilitation services increased by 9% year-on-year to RMB3,445 million for the Reporting Period, compared to RMB3,154 million for 2022, mainly due to the increase in total transaction amounts.

Revenues from our SaaS services increased by 280% year-on-year to RMB463 million for the Reporting Period, compared to RMB122 million for 2022, contributing 7% of total revenue in 2023, compared to 2% for the year ended December 31, 2022. Through SaaS services, we assisted financial institutions to strengthen their risk control capabilities and product experience in auto finance business. Given that we have deployed more resources for our FinTech business, we have facilitated transactions in the amount of more than RMB10 billion through SaaS model for the Reporting Period.

Revenues from our other platform services increased by 68% to RMB1,189 million for the Reporting Period, compared to RMB709 million for the year ended December 31, 2022, mainly due to the increase in revenue from guarantee services and value-added services. Our revenue from guarantee services was RMB963 million for the Reporting Period, increased by 83% from RMB525 million for the year ended December 31, 2022, mainly due to the increase in the number of customers with guarantees. During the Reporting Period, the revenue generated from value-added services reached RMB225 million, which increased by 23% from RMB184 million for the year ended December 31, 2022.

Self-operated financing business

Revenues from our self-operated financing business increased by 31% year-on-year to RMB1,589 million for the Reporting Period, compared to RMB1,217 million for 2022, primarily due to the increase in revenues from new financing lease transactions during the Reporting Period.

Revenues from our financing lease services increased by 32% year-on-year to RMB1,570 million for the Reporting Period, compared to RMB1,188 million for the year ended December 31, 2022, due to the increase in net finance receivables. The average yield of our net finance receivables[(1)] was 8.2% for the Reporting Period, compared to 9.3% for the year ended December 31, 2022. In view of the current economy and overwhelming competition in automotive industry, the Group conducted more new vehicle transactions, which were generally with higher-tiered customers with lower loss rates, in order to achieve a better post-loan performance of the portfolio. During the Reporting Period, the proportion of new car business in our self-operated financing business increased, and the interest rates for new car business were generally lower than those for used car business. As a result, the average yield of our total net finance receivables decreased.

Note:

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

COST OF REVENUES

For the Reporting Period, the Group's cost of revenues was RMB3,439 million, representing an increase of 49% compared to RMB2,313 million for the year ended December 31, 2022, primarily due to the increase in commissions associated with transaction platform business, and funding costs associated with self-operated financing services. Commissions increased to RMB2,545 million from RMB1,711 million in 2022, mainly due to the rising competition in the industry. Funding costs increased to RMB782 million from RMB492 million in 2022, resulting from increasing borrowings to support the growth of our self-operated financing business. The following table sets out the cost details of each business type during the period shown:

	Year ended December 31,				
	2023			2022	
	RMB'000	***% of total cost***	***Year-on-year***	*RMB'000*	*% of total cost*
Cost of revenues:					
Transaction platform business	**2,616,234**	**76%**	**47%**	1,777,576	77%
Self-operated financing business	**822,589**	**24%**	**54%**	535,561	23%
Total	**3,438,823**	**100%**	**49%**	2,313,137	100%

GROSS PROFIT AND MARGIN

	Year ended December 31,			
	2023		2022	
	RMB'000	***Margin***	*RMB'000*	*Margin*
Segment gross profit and gross profit margins				
Transaction platform business	**2,480,337**	**49%**	2,206,683	55%
Self-operated financing business	**766,811**	**48%**	681,688	56%
Total	**3,247,148**	**49%**	2,888,371	56%

For the Reporting Period, the Group's gross profit was RMB3,247 million, representing an increase of RMB359 million or 12% compared to RMB2,888 million for the year ended December 31, 2022. For the Reporting Period and the year ended December 31, 2022, the Group's gross profit margin was 49% and 56%, respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 49%, which decreased from 55% for the year ended December 31, 2022, mainly due to the pressure from customers' deleveraging behavior and increased commissions during the Reporting Period.

Self-operated financing business

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

	2023	2022	*Change %*
Interest income	**1,570,398**	1,188,496	32%
Funding costs	**781,629**	492,397	59%
Net interest income	**788,769**	696,099	13%
Net interest margin[1]	**4.1%**	5.5%	-24%

For the Reporting Period, the net interest margin of the Group's self-operated financing business decreased to 4.1%, compared to 5.5% for the same period last year. The decrease was primarily due to the decrease of the average yield of our net finance receivables, and the increase of the average funding cost of our net finance receivables which was driven by a rising financial leverage of our self-operated financing business. The average cost rate[2] of the Group decreased to 4.9% for the Reporting Period, compared to 5.3% for the same period last year, mainly due to an upgrade in the Group's credit rating attributable to the continuous improvement of asset quality.

Notes:

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

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

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 9% year-on-year to RMB1,329 million for the Reporting Period, compared to RMB1,218 million for the year ended December 31, 2022, primarily due to the increase in amortization of intangible assets resulting from asset and business acquisitions, professional service fees, and partially offset by the decrease in salaries and share-based compensation expenses. Share-based compensation expenses for our sales and marketing personnel were RMB26 million for the Reporting Period, compared to RMB45 million for the year ended December 31, 2022. 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 increased by 10% year-on-year to RMB1,061 million for the Reporting Period, compared to RMB964 million for the year ended December 31, 2022, which was lower than the increase in the number of financing transactions, indicating an improved efficiency.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by 18% year-on-year to RMB352 million for the Reporting Period, compared to RMB430 million for the year ended December 31, 2022, primarily due to the decrease in provision for impairment of vehicles collected from financing lease customers and share-based compensation expenses. Share-based compensation expenses for our administrative personnel were RMB31 million for the Reporting Period, compared to RMB57 million for the year ended December 31, 2022. 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 decreased by 14% year-on-year to RMB320 million for the Reporting Period, compared to RMB373 million for the year ended December 31, 2022.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 1% year-on-year to RMB194 million for the Reporting Period, compared to RMB192 million for the year ended December 31, 2022. Share-based compensation expenses for our research and development personnel were RMB18 million for the Reporting Period, compared to RMB33 million for the year ended December 31, 2022. After eliminating the effect of certain non-cash item, namely share-based compensation expenses, research and development expenses increased by 11% year-on-year to RMB176 million for the Reporting Period, compared to RMB159 million for the year ended December 31, 2022, 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 decreased by approximately 8% year-on-year to RMB729 million for the Reporting Period, compared to RMB790 million for the year ended December 31, 2022, which primarily resulted from:

(i) the decrease in the provision for expected credit losses of finance receivables. The provision for expected credit losses of finance receivables decreased to RMB294 million for the Reporting Period, compared to RMB475 million for the year ended December 31, 2022, which was mainly attributable to: (a) the decrease in the provision for impairment from RMB584 million for the year ended December 31, 2022 to RMB443 million for the Reporting Period, which was primarily due to the increase in the proportion of new car business, which has better post-loan performance, as well as the Group's improvement on asset management; and (b) the reversal of impairment generated by recoveries of finance receivables previously written off has increased from RMB109 million to RMB149 million, which was primarily caused by the recovery of the Group's collection methods which attributed to the decreasing impact of the COVID-19 pandemic in 2023;

(ii) the decrease in the provision for expected credit losses of risk assurance liabilities to RMB158 million for the Reporting Period, compared to RMB228 million for the year ended December 31, 2022, which was mainly due to the increase of the proportion of new car business, which has better post-loan performance, as well as the Group's improvement on asset management; and

(iii) the increase in the provision for expected credit losses of loans recognized as a result of payment under risk assurance to RMB251 million for the Reporting Period, compared to RMB52 million for the year ended December 31, 2022, which was mainly due to the increase of the loans recognized as a result of payment under risk assurance generated by the guarantee service in past years.

OTHER INCOME AND OTHER GAINS, NET

Our other income and other gains, net decreased by 68% year-on-year to RMB46 million for the Reporting Period, compared to RMB142 million for the year ended December 31, 2022. 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 RMB689 million, compared to RMB400 million for the year ended December 31, 2022, mainly due to the increase in gross profit.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB15 million, compared to RMB10 million for the year ended December 31, 2022.

INCOME TAX EXPENSE

Our income tax expense was RMB154 million for the Reporting Period, compared to RMB35 million for the year ended December 31, 2022, primarily due to the increase of profits before income tax as well as the increase in the withholding tax in connection with the Group's plan to distribute retained earnings from a subsidiary in the PRC to its immediate holding company in Hong Kong.

PROFIT FOR THE PERIOD

Our profit was RMB555 million for the Reporting Period, compared to RMB371 million for the year ended December 31, 2022, due to the increase in gross profit.

DIVIDEND

The Board has recommended the payment of a final dividend of HK3.00 cents per Share for the year ended December 31, 2023 (2022: a final dividend and a special dividend of HK1.95 cents per Share and HK1.30 cents per Share, respectively). The total amount of the proposed final dividend is approximately HK$195.7 million (equivalent to approximately RMB177.6 million) (2022: the total amount of final and special dividends is approximately HK$212.0 million), which is based on 6,524,065,512 Shares in issue on February 29, 2024.

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at December 31,		
	2023	2022	Year-on-year
	RMB'000	*RMB'000*	*%*
Carrying amount of finance receivables	**23,884,879**	13,742,013	74%
Cash and cash equivalents	**3,479,550**	3,433,182	1%
Total borrowings	**23,155,782**	12,512,272	85%
Current assets	**21,266,259**	16,852,216	26%
Current liabilities	**15,990,417**	11,116,350	44%
Net current assets	**5,275,842**	5,735,866	-8%
Total equity	**15,765,170**	15,326,213	3%

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 RMB23.9 billion as at December 31, 2023, compared to RMB13.7 billion as at December 31, 2022.

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,	
	2023	2022
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**24,639,182**	14,356,423
Provision for expected credit losses (ending balance)	**(754,303)**	(614,410)
Provision to net finance receivables ratio[(1)]	**3.06%**	4.28%

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, 2023		December 31, 2022	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Maturity date				
Within 1 year	**9,618,946**	**39.04%**	6,688,699	46.59%
1 to 2 years	**6,665,509**	**27.05%**	4,783,210	33.32%
2 to 3 years	**4,530,717**	**18.39%**	2,109,692	14.70%
3 to 7 years	**3,824,010**	**15.52%**	774,822	5.39%
Total	**24,639,182**	**100.00%**	14,356,423	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, 2023, net finance receivables due within one year as set forth in the table above represented 39.04% of the Group's net finance receivables, which decreased as compared to the end of the previous year, primarily due to the increase of finance receivables with longer financing terms. In addition, with the stimulus and supportive policies of the auto industry, we facilitated approximately 184 thousand financed transactions through self-operated financing business for the Reporting Period, representing a 99% year-on-year increase in volume, which contributes to the increase of net finance receivables due after one year and beyond. The evenly distributed maturity of the Group's net finance receivables could provide the Group with healthy liquidity and sustainable cash inflows.

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, 2023, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB47.6 billion. As of December 31, 2023, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1.59 billion.

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 transaction platform business to facilitate assessment of the overall quality of our financed transactions:

	December 31, 2023	December 31, 2022
Past due ratio:		
180+ days[(1)]	**1.49%**	1.49%
90+ days (including 180+ days)[(2)]	**1.89%**	1.92%

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, 2023, 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 1.89%, respectively (December 31, 2022: 1.49% and 1.92%, 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 2023. 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.

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, 2023, our cash and cash equivalents amounted to RMB3,480 million, compared to RMB3,433 million as at December 31, 2022. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at December 31, 2023, RMB3,115 million of our cash and cash equivalents were denominated in RMB, compared to RMB2,793 million as at December 31, 2022.

Our net cash used in operating activities was RMB8.7 billion for the Reporting Period, compared to RMB2.0 billion for the year ended December 31, 2022, 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 2023, our total borrowings were RMB23.2 billion, compared to RMB12.5 billion, as at December 31, 2022. 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 RMB6.2 billion as at December 31, 2023; and (ii) bank loans and borrowings from other institutions of RMB17.0 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 27% as at December 31, 2023.

As at December 31, 2023, Yixin, as the original owner and sponsor, has issued in aggregate 49 standardized products, totaling RMB50.8 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc. In response to the government's call of "Carbon Peaking" and "Carbon Neutrality", in March 2023, the first green ABS of the Group was successfully launched. In December 2023, Yixin successfully issued the industry's first dual-initiating institution joint model ABN. In 2023, Yixin set new historical lows for the issuance coupon rates on both its Asset-Backed Securities (ABS) and Asset-Backed Notes (ABNs), and it also introduced wealth management subsidiaries and insurance investors as new participants in the bond and asset securitization product market.

NET CURRENT ASSETS

Our net current assets decreased by 8% to RMB5,276 million as at December 31, 2023, compared to RMB5,736 million as at December 31, 2022. Our current assets were RMB21.3 billion as at December 31, 2023, compared to RMB16.9 billion as at December 31, 2022, primarily due to the increase of the current portion of finance receivables. Our current liabilities were RMB16.0 billion as at December 31, 2023, compared to RMB11.1 billion as at December 31, 2022, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB15.8 billion as at December 31, 2023, compared to RMB15.3 billion as at December 31, 2022, primarily due to the net profit incurred during the Reporting Period.

	As at December 31,	
	2023	2022
Current ratio (times)(1)	**1.33**	1.52
Gearing ratio(2)	**53%**	31%
Debt to equity ratio (times)(3)	**1.47**	0.82

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 1.33 as at December 31, 2023, compared to 1.52 as at December 31, 2022, mainly due to the increase in the current portion of borrowings of the Group.

Gearing Ratio

Our gearing ratio increased to 53% as at December 31, 2023, compared to 31% as at December 31, 2022, mainly due to the increase in the net debt of the Group.

Debt to Equity Ratio

Our debt-to-equity ratio increased to 1.47 as at December 31, 2023, compared to 0.82 as at December 31, 2022, 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	
	2023	2022
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**30,184**	33,576
Prepayment for equity transactions	**384,000**	80,000
Purchase of intangible assets	**611**	3,024
Investments in financial assets at fair value through profit or loss	**226,790**	12,500
Investments in an associate in the form of ordinary shares	**54,000**	–
Total	**695,585**	129,100

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. Certain forward contract and a cross currency interest swap arrangement were 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), to further strengthen our cooperation relationship with Yusheng in used automobile business.

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

Yusheng achieved significant growth during the Reporting Period with a year-on-year increase in the volume of its retail transactions of more than 76%. The number of Yusheng's self-operated used car retail stores reached 70 as at December 31, 2023, with locations in majority of the Tier-1 and Tier-2 cities in China. Yusheng also takes the lead in cooperation with NEV automobile manufacturers, such as NIO, XPeng, Li Auto, AVATR, SAIC Feifan (RISING AUTO), AITO and Smart.

As at December 31, 2023, the fair value of our investment in Yusheng was RMB2,523,091,000 (December 31, 2022: RMB2,333,977,000), which constituted 5.8% of the total assets of the Group (December 31, 2022: 7.3%). The Company did not receive any dividends in respect of its investment in Yusheng for the years ended December 31, 2023 and 2022, and there were unrealised gains of approximately RMB64,217,000 from changes in fair value arising from the investee company for the year ended December 31, 2023 (2022: RMB19,613,000).

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 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, 2023, we had 4,231 full-time employees (December 31, 2022: 4,106). 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 RMB945 million, compared to RMB1,014 million for the year ended December 31, 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this 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, 2023, we did not have any material contingent liabilities (December 31, 2022: nil).

OUR DIRECTORS

The biography of each Director is set out below.

EXECUTIVE DIRECTORS

Mr. Andy Xuan Zhang, aged 48, is the Chairman of the Board, an executive Director and the Chief Executive Officer of the Company. 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 since January 2018.

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 52, 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. On January 2, 2024, Mr. Jiang was appointed as the chief executive officer of Yusheng. 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 45, 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 has served as a director and the chairman of the compensation committee of Huya Inc. (a company listed on NYSE (stock code: HUYA)) since April 2023; a non-executive director and a member of the audit committee of Tongcheng Travel Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 0780)) since April 2023; and a non-executive director and a member of the audit committee of China Literature Limited (a company listed on the Main Board of the Stock Exchange (stock code: 772)) since May 2023. Mr. Xie obtained a bachelor's degree in economics from Sun Yat-Sen University in 2001.

Mr. Qin Miao, aged 50, 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 from January 2021 to June 2023. He has worked as the president of auto business division since JD auto become an independent business division of JD retail group in June 2023. 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 42, 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 71, 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 60, 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 which was 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.

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 53, 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). Ms. Dong carried these roles until April 3, 2023 when she was re-designated to be an executive director and appointed as the chief financial officer of Angelalign Technology Inc. Ms. Dong was also an independent director of Telink Semiconductor (Shanghai) Co., Ltd. (泰凌微電子(上海)股份有限公司) from January 5, 2021 to December 29, 2023. It was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688591) on August 16, 2023. Ms. Dong was an independent non-executive director of 58.com Inc., a company previously listed on the NYSE (stock code: WUBA) from April 2020 to September 2020. 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 worked for Hewlett-Packard in China since 1992, and was the finance operations manager of Hewlett-Packard Technology (Shanghai) Co., Ltd. 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. She is an accountant recognized by the Ministry of Finance of the People's Republic of China in October 1994.

OUR SENIOR MANAGEMENT

Mr. Zhi Gao, aged 52, 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 50, 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 48, 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 2023 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. Dong Jiang	Appointed as the chief executive officer of Yusheng	January 2, 2024

Save for the information 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, 2023.

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, 2023, the Group had utilised the proceeds as set out in the table below:

	Net proceeds from the IPO		Utilization up to December 31, 2023		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	1,265,168	1,074,153	220,613	187,305	36,351	30,863
Self-operated financing business	1,301,519	1,105,016	1,301,519	1,105,016	–	–	–	–
Potential investments or acquisitions	1,301,519	1,105,016	1,301,519	1,105,016	–	–	–	–
Working capital and other general corporate purposes	650,760	552,506	650,760	552,506	–	–	–	–
Total	**6,507,595**	**5,525,077**	**6,471,244**	**5,494,214**	**220,613**	**187,305**	**36,351**	**30,863**

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 2024.

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, 2023 are set out in the consolidated income statement of this annual report.

The Board has recommended the payment of a final dividend of HK3.00 cents per Share for the year ended December 31, 2023 to Shareholders whose names appear on the register of members of the Company on Tuesday, May 21, 2024. The total amount of the proposed final dividend is estimated to be approximately HK$195.7 million (equivalent to approximately RMB177.6 million) based on 6,524,065,512 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 HK3.00 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, 2023 are set out in Note 22 to the consolidated financial statements.

During the year ended December 31, 2023, 192,500 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 nil Shares were issued pursuant to the First Share Award Scheme as a result of the grant of share awards.

RESERVES

As at December 31, 2023, the Company had distributable reserves amounting to RMB18,513,710,000 (2022: RMB18,296,147,000).

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2023 are set out in the consolidated statement of changes in equity on pages 176 to 177 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, 2023 are set out in Note 12 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 38 to the consolidated financial statements.

DEBENTURES AND BORROWINGS

As at December 31, 2023, our total borrowings were RMB23.2 billion, compared to RMB12.5 billion as at December 31, 2022. Total borrowings comprised (i) asset-backed securities and notes of RMB6.2 billion; and (ii) bank loans and borrowings from other institutions of RMB17.0 billion as at December 31, 2023. 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 (2022: nil).

DONATIONS

During the year ended December 31, 2023, the Group did not make any charitable donations (2022: 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 274 of this annual report.

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

During the year ended December 31, 2023, 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 C1 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

The Company has three existing share incentive schemes, namely the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023. The Company has complied and will continue to comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share 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.

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 is 418,464,263 underlying Shares, after taking into account the Capitalization Issue.

No further grants under the Pre-IPO Share Option Scheme will be made after the Listing.

As at December 31, 2023, outstanding options representing 235,163,848 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.

Maximum entitlement 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**") and shall be valid and effective for 10 years. As at the date of this annual report, the remaining life of the Pre-IPO Share Option Scheme is less than 4 years unless earlier terminated in accordance with its terms. 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.

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

1. Pre-IPO Share Option Scheme (Continued)

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.

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, 2023	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2023	Weighted average closing price immediately before the exercise date during the year (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	1,190,159	(192,500)	–	–	997,659	0.98
Total				**235,356,348**	**(192,500)**	**-**	**-**	**235,163,848**	

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.

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

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.

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 available for grant

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.

As at December 31, 2023, 339,137,576 First Award 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.

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

2. First Share Award Scheme (Continued)

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, 2023 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.

Details of the First Award 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 grantee	Date of grant	Unvested as at January 1, 2023	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Unvested as at December 31, 2023	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 during the year (HK$)
Other grantees – Employees											
In aggregate	24-Jul-19	365,500	–	(365,500)	–	–	–	31-Aug-23	–	1.80	0.79
In aggregate	27-May-21	550,000	–	(550,000)	–	–	–	31-Mar-23	–	2.52	1.04
	27-May-21	550,000	–	–	–	–	550,000	31-Mar-24	–	2.52	N/A
Sub-total		1,100,000	–	(550,000)	–	–	550,000				1.04

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

2. First Share Award Scheme (Continued)

Vesting of awards (Continued)

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2023	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Outstanding as at December 31, 2023	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	6,945,928	–	(6,885,928)	–	(60,000)	–	31-Aug-23	–	1.69	0.79
	14-Sep-21	6,945,928	–	–	–	(205,000)	6,740,928	31-Aug-24	–	1.69	N/A
	14-Sep-21	6,945,928	–	–	–	(205,000)	6,740,928	31-Aug-25	–	1.69	N/A
Sub-total		20,837,784	–	(6,885,928)	–	(470,000)	13,481,856				0.79
In aggregate	22-Dec-21	1,307,859	–	(557,859)	–	(750,000)	–	31-Aug-23	–	1.24	0.79
	22-Dec-21	1,307,859	–	–	–	(750,000)	557,859	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,307,860	–	–	–	(750,000)	557,860	31-Aug-25	–	1.24	N/A
Sub-total		3,923,578	–	(557,859)		(2,250,000)	1,115,719				0.79
In aggregate	19-Apr-22	1,145,000	–	(1,145,000)	–	–	–	31-Aug-23	–	0.82	0.79
	19-Apr-22	1,145,000	–	–	–	(310,000)	835,000	31-Aug-24	–	0.82	N/A
	19-Apr-22	1,145,000	–	–	–	(310,000)	835,000	31-Aug-25	–	0.82	N/A
Sub-total		3,435,000	–	(1,145,000)	–	(620,000)	1,670,000				0.79
In aggregate	20-Sep-22	21,400,000	–	(21,400,000)	–	–	–	31-Mar-23	–	0.92	1.04
	20-Sep-22	2,377,500	–	(2,377,500)	–	–	–	31-Aug-23	–	0.92	0.79
	20-Sep-22	21,400,000	–	–	–	–	21,400,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	1,777,500	–	–	–	–	1,777,500	31-Aug-24	–	0.92	N/A
	20-Sep-22	21,000,000	–	–	–	–	21,000,000	31-Mar-24	–	0.92	N/A
	20-Sep-22	827,500	–	–	–	–	827,500	31-Aug-25	–	0.92	N/A
Sub-total		68,782,500	–	(23,777,500)	–	–	45,005,000				1.02
In aggregate	14-Mar-23	–	1,100,000	(1,100,000)	–	–	–	31-Aug-23	–	1.10	0.79
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-24	–	1.10	N/A
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-25	–	1.10	N/A
	14-Mar-23	–	1,100,000	–	–	–	1,100,000	31-Aug-26	–	1.10	N/A
Sub-total		–	4,400,000	(1,100,000)	–	–	3,300,000				0.79
Total		**98,444,362**	**4,400,000**	**(34,381,787)**	**–**	**(3,340,000)**	**65,122,575**				**0.95**

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

2. First Share Award Scheme (Continued)

Maximum entitlement 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.

Remaining life of the First Share Award Scheme

The First Share Award Scheme was adopted by written resolutions of the Shareholders on May 26, 2017 and shall be valid and effective for 10 years. As at the date of this report, the remaining life of the First Share Award Scheme is less than 4 years unless terminated earlier in accordance with its terms.

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.

Details of the fair value of the First Award 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.

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.

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

3. Second 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 ("**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 available for grant

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, 2023, 87,976,956 Second Award 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, 2023 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)

Vesting of awards (Continued)

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

Name or category of grantee	Date of grant	Number of Awards: Unvested as at January 1, 2023	Granted during the year	Vested during the year	Cancelled/ forfeited during the year	Lapsed during the year	Unvested as at December 31, 2023	Vesting date	Purchase price of share awards (HK$)	Weighted average closing price immediately before the vesting date during the year (HK$)
Directors										
Mr. Dong Jiang	20-Sep-22	5,000,000	–	(5,000,000)	–	–	–	31-Mar-23	–	1.04
	20-Sep-22	5,000,000	–	–	–	–	5,000,000	31-Mar-24	–	N/A
	20-Sep-22	5,000,000	–	–	–	–	5,000,000	31-Mar-25	–	N/A
Sub-total		15,000,000	–	(5,000,000)	–	–	10,000,000			1.04
Other grantees – Employees										
In aggregate	14-Sep-21	445,000	–	(445,000)	–	–	–	31-Aug-23	–	0.93
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-24	–	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-25	–	N/A
	22-Dec-21	1,000,000	–	(1,000,000)	–	–	–	31-Aug-23	–	0.93
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-24	–	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-25	–	N/A
	20-Sep-22	4,500,000	–	(4,500,000)	–	–	–	31-Mar-23	–	1.04
	20-Sep-22	4,500,000	–	–	–	–	4,500,000	31-Mar-24	–	N/A
	20-Sep-22	4,500,000	–	–	–	–	4,500,000	31-Mar-25	–	N/A
Sub-total		17,835,000	–	(5,945,000)	–	–	11,890,000			0.98
Total		**32,835,000**	**-**	**(10,945,000)**	**-**	**-**	**21,890,000**			**0.85**

There were no grants made under the Second Share Award Scheme during the Reporting Period.

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

3. Second Share Award Scheme (Continued)

Maximum entitlement 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 Second Share Award Scheme.

Remaining life of the Second Share Award Scheme

The Second Share Award Scheme was adopted by written resolutions of the Shareholders on September 1, 2017 and shall be valid and effective for 10 years. As at the date of this annual report, the remaining life of the Second Share Award Scheme is less than 4 years unless terminated earlier in accordance with its terms.

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.

Details of the fair value of the Second Award 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

The grant of First Award Shares under the First Share Award Scheme may be satisfied by either new Shares or existing Shares, whereas the grant of Second Award Shares under the Second Share Award Scheme may only be satisfied by existing Shares.

Maximum number of First Award Shares (which can be satisfied by new Shares or existing Shares) available for grant under the First Share Award Scheme

The number of share awards available for grant under the First Share Award Scheme was 71,358,798 Shares as at January 1, 2023 and 70,518,798 Shares as at December 31, 2023.

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

4. Additional Information of the Share Schemes (Continued)

Maximum number of new Shares available for issue under the First Share Award Scheme

As of January 1, 2023 and December 31, 2023, 71,358,798 and 49,270,685 new Shares were available for issue under the scheme mandate of the First Share Award Scheme, respectively. As of February 29, 2024 (the date of this annual report), 49,270,685 new Shares were available for issue under the scheme mandate of the First Share Award Scheme, representing 0.76% of the issued Shares as of February 29, 2024.

The number of Shares that may be issued in respect of the First Award Shares granted under the First Share Award Scheme during the year ended December 31, 2023 divided by the weighted average number of the Shares in issue for the year ended December 31, 2023 is 0.0674%.

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, 2023 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
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

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. Andy Xuan Zhang, Mr. Dong Jiang and Ms. Amanda Chi Yan Chau 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 and Note 33 to the consolidated financial statements of the Group, 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, 2023.

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, 2023.

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 regarding the Pre-IPO Share Option Scheme, the First Share Award Scheme and the Second Share Award Scheme, 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, 2023, 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)	10,000,000(L)[2]	38,657,810	0.59%

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 6,524,065,512 Shares in issue as at December 31, 2023.

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[3]	Total interests	Approximate percentage of issued shares[4]
Mr. Andy Xuan Zhang	–	–	1,680,000(L)[1]	1,680,000	2.33%
			2,950,000(L)[2]	2,950,000	4.09%

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) Mr. Andy Xuan Zhang's entitlement to shares related to outstanding options granted under Yiche Holding's employee incentive plan.

(3) The letter "L" denotes long position in such underlying shares.

(4) The percentage is calculated on the basis of 72,208,453 ordinary shares of Yiche Holding in issue as at December 31, 2023.

Save as disclosed above, as at December 31, 2023, 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, 2023, 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	576,982,320(L)	8.84%
JD.com Investment Limited[2]	Interest of controlled corporation	983,657,421(L)	15.08%
JD.com[2]	Interest of controlled corporation	983,657,421(L)	15.08%
Max Smart Limited[2]	Interest of controlled corporation	983,657,421(L)	15.08%
UBS Trustees (B.V.I.) Limited[2]	Trustee	983,657,421(L)	15.08%
Liu Qiangdong Richard[3]	Beneficiary of a trust	983,657,421(L)	15.08%
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 Group 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, 2023.

(2) JD.com Global Investment Limited which holds 406,675,101 Shares and JD Financial Investment Limited which holds 576,982,320 Shares are wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. Based on the information currently available to the Directors, JD.com is controlled in terms of voting power as to 70.40% by Max Smart Limited as of February 28, 2023. 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 983,657,421 Shares as a beneficiary of a private trust.

(4) Hammer Capital Holdco 1 Limited which holds 422,125,440 Shares and Hammer Capital Offerco 1 Limited which holds 94,267,904 Shares are wholly-owned subsidiaries of Hammer Capital. Accordingly, Hammer Capital is deemed to be interested in the same number of Shares in which Hammer Capital Holdco 1 Limited and Hammer Capital Offerco 1 Limited are interested under the SFO.

(a) Silver Oryx Limited, being the sole limited partner of Hammer Capital, is wholly-owned by 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 6,524,065,512 Shares in issue as at December 31, 2023.

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, 2023, 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 the Company, during the year ended December 31, 2023, 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" below 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 Tencent, being a Controlling Shareholder. Bitauto was 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.

1. Acquisition of remaining equity interests in Dalian Rongxin

On May 29, 2023, Xinche Investment (a wholly-owned subsidiary of the Company), Beijing Bitauto (a subsidiary of Tencent) and Dalian Rongxin (a subsidiary of Beijing Bitauto) entered into the equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which Xinche Investment conditionally agreed to acquire and Beijing Bitauto conditionally agreed to sell 67.7966% equity interest in Dalian Rongxin, at a total consideration of RMB640 million. Upon completion, Dalian Rongxin will become a wholly-owned subsidiary of Xinche Investment and therefore an indirect wholly-owned subsidiary of the Company, and Dalian Rongxin's financial results be consolidated into the financial statements of the Group.

Dalian Rongxin is a licensed financing guarantee company which is principally engaged in providing financing guarantee services. Given the past business cooperation between the Group and Dalian Rongxin, the Company believes that the acquisition of the remaining 67.7966% equity interest in Dalian Rongxin (the "**Acquisition**") will be a meaningful step in realizing the Group's strategy of creating greater value and also further strengthening the industry position of the Group. In addition, with the view to further expand its loan facilitation services, the Company is of the view that the Acquisition enables the Group to explore and leverage the synergy between Dalian Rongxin and the Group, and will be complementary to the Group's existing operation and business layout, consolidate its existing advantageous position, generate synergies and accelerate the Group's development.

The Equity Transfer Agreement and the transaction contemplated thereunder had been approved by the Shareholders by way of poll at the extraordinary general meeting of the Company held on July 17, 2023. Further details of the Equity Transfer Agreement are set out in the announcement of the Company dated May 29, 2023 and the circular of the Company dated June 27, 2023.

2. Finance lease agreements with Zhidao Beijing and Hengyang Rongche

On September 18, 2023, Shanghai Yixin (as the lessor), a wholly-owned subsidiary of the Company, entered into (i) a finance lease agreement with Zhidao Beijing (as the lessee) (the "**Zhidao Beijing Finance Lease Agreement**"), and (ii) a finance lease agreement with Hengyang Rongche (as the lessee) (the "**Hengyang Rongche Finance Lease Agreement**"). Zhidao Beijing and Hengyang Rongche are wholly-owned subsidiaries of Zhidao Internet Technology (Shenzhen) Company Limited* (智道網聯科技(深圳)有限公司), which is a commonly held entity of the Company within the meaning of Rule 14A.27 of the Listing Rules.

Pursuant to the Zhidao Beijing Finance Lease Agreement, Zhidao Beijing agreed to sell and Shanghai Yixin agreed to purchase the automobiles and assets (the "**Leased Assets**") which were originally owned by Zhidao Beijing at a consideration of RMB12,561,193, which was determined after arm's length negotiation between Zhidao Beijing and Shanghai Yixin with reference to the net book value of the Leased Assets as confirmed by Zhidao Beijing. The Leased Assets shall be leased back to Zhidao Beijing during the lease period of 24 months at the total rent (inclusive of tax) of approximately RMB14,570,977, which comprises the lease principal of RMB12,561,193, and the lease interest (inclusive of tax) of approximately RMB2,009,784.

Pursuant to the Hengyang Rongche Finance Lease Agreement, Hengyang Rongche agreed to sell and Shanghai Yixin agreed to purchase the Leased Assets originally owned by Hengyang Rongche at a consideration of RMB4,886,180, which was determined after arm's length negotiation between Hengyang Rongche and Shanghai Yixin with reference to the net book value of the Leased Assets as confirmed by Hengyang Rongche. The Leased Assets shall be leased back to Hengyang Rongche during the lease period of 24 months at the total rent (inclusive of tax) of approximately RMB5,667,980, which comprises the lease principal of RMB4,886,180, and the lease interest (inclusive of tax) of approximately RMB781,800.

Upon the expiry of the lease period and subject to full payment of all the rents and other amounts payable and the fulfillment of other conditions by the respective lessees under the Zhidao Beijing Finance Lease Agreement and the Hengyang Rongche Finance Lease Agreement respectively, Shanghai Yixin shall transfer the ownership of the Leased Assets back to the respective lessees.

The entering into of the Zhidao Beijing Finance Lease Agreement and the Hengyang Rongche Finance Lease Agreement is part of the Group's ordinary and usual course of business and is expected to provide a stable revenue and cashflow to the Group.

Further details of the Zhidao Beijing Finance Lease Agreement and the Hengyang Rongche Finance Lease Agreement are set out in the announcement of the Company dated September 18, 2023.

* *For identification purposes only*

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.

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.

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)

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 caps for the Renewed Used Auto Services Strategic Cooperation Agreement for the year ended December 31, 2023 and each of the two years ending December 31, 2024 and 2025 are RMB40,000,000, RMB45,000,000 and RMB50,000,000 respectively. The aggregate fees paid by the Group for the year ended December 31, 2023 amounted to approximately RMB23,245,000.

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 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 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 three years ended December 31, 2021, 2022 and 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)

2. 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 actual amount of fees paid to the Group pursuant to the Renewed Automobile Financing Cooperation Framework Agreement for the year ended December 31, 2023 was nil.

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)

3. 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 Payment Services Framework Agreement for the year ended December 31, 2023 is RMB20,000,000 and amounted to approximately RMB2,274,000, respectively.

The annual cap for the Payment Services Framework Agreement for the year ending December 31, 2024 is RMB25,000,000.

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)

4. 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 Renewed 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 Renewed Advertising Framework Agreement for the year ended December 31, 2023 is RMB100,000,000 and amounted to approximately RMB50,087,000, respectively.

The annual caps for the Renewed Advertising Framework Agreement for each of the two years ending December 31, 2024 and 2025 are 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)

5. 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 Renewed Platform Technology Services Framework Agreement for the year ended December 31, 2023 is RMB80,000,000 and amounted to approximately RMB27,052,000, respectively.

The annual caps for the Renewed Platform Technology Services Framework Agreement for each of the two years ending December 31, 2024 and 2025 are 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)

6. 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 ended 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 cap 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 cap	**Aggregated annual fee**
	for the year ended December 31, 2023	
	(RMB)	*(RMB)*
Human resources support	3,000,000	2,975,000
Financial and legal support services	6,000,000	242,000
Corporate management consultation services	4,000,000	–
Business consultation services	5,000,000	3,529,000
Post-financing management services	12,000,000	9,154,000
Total	**30,000,000**	**15,900,000**

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)

7. 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 expired 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 year ended December 31, 2023 is RMB30,000,000 and amounted to approximately RMB6,292,000, respectively.

The annual cap for the Promotional Services Framework Agreement for the year ending December 31, 2024 is RMB40,000,000.

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)

8. PRC Tencent Cloud Services Agreement with Beijing Tencent Cloud

On December 21, 2023, Shanghai Yixin and Beijing Tencent Cloud (an associate of Tencent) entered into a framework agreement ("**PRC Tencent Cloud Services Agreement**") in relation to the provision of certain Tencent cloud services, such as internet resources ancillary services, which include but are not limited to computing and storage services and database services, by Beijing Tencent Cloud to the Group for a term of three years commencing from January 1, 2024. The Group shall in return pay service fees to Beijing Tencent Cloud.

The service fee shall be determined based on (i) a predetermined pricing mechanism set by Beijing Tencent Cloud, which is published on Beijing Tencent Cloud's official website and similar to fee rates offered to other third parties, (ii) the exact type of services involved, the scope of the services to be provided and the terms and conditions of such services, (iii) the specific duration or frequency of each services to be provided, and (iv) the specific terms and conditions of each services to be provided.

The annual caps for the transaction amounts under the PRC Tencent Cloud Services Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are RMB8,000,000, RMB9,600,000 and RMB11,600,000 respectively.

The Company believes that the procurement of high-quality technological products and services from Tencent, its subsidiaries and controlled entities (the "**Tencent Group**"), especially cloud services provided by Beijing Tencent Cloud, will provide the Group with the necessary technologies to further develop its business, and obtaining such outsourced services from an integrated service provider is a cost-effective alternative to building all of the supporting technology infrastructure internally. Through the PRC Tencent Cloud Services Agreement, the Group will be able to reduce unnecessary management resources and costs incurred from reconciling and integrating its various operating systems, purchasing additional technology hardware and tools, as well as recruiting additional full-time information technology and maintenance staff.

Further details of the PRC Tencent Cloud Services Agreement are set out in the announcement of the Company dated December 21, 2023.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

9. Singapore Tencent Cloud Services Agreement with Singapore Tencent Cloud

On December 29, 2023, X Star and Singapore Tencent Cloud (an associate of Tencent) entered into a framework agreement ("**Singapore Tencent Cloud Services Agreement**") in relation to the provision of certain Tencent cloud services, such as internet resources ancillary services, which include but are not limited to computing and storage services and database services, by Singapore Tencent Cloud to the Group for a term of three years commencing from January 1, 2024. The Group shall in return pay service fees to Singapore Tencent Cloud.

The service fee shall be determined based on (i) a predetermined pricing mechanism set by Singapore Tencent Cloud, which is published on Singapore Tencent Cloud's official website and similar to fee rates offered to other third parties, (ii) the exact type of services involved, the scope of the services to be provided and the terms and conditions of such services, (iii) the specific duration or frequency of each services to be provided, and (iv) the specific terms and conditions of each services to be provided.

The annual caps for the transaction amounts under the Singapore Tencent Cloud Services Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are USD332,000 (equivalent to approximately RMB2,400,000), USD608,000 (equivalent to approximately RMB4,300,000) and USD975,000 (equivalent to approximately RMB6,900,000) respectively.

The Company believes that the procurement of high-quality technological products and services from the Tencent Group, especially cloud services provided by Singapore Tencent Cloud, will provide the Group with the necessary technologies to further develop its business, and obtaining such outsourced services from an integrated service provider is a cost-effective alternative to building all of the supporting technology infrastructure internally. Through the Singapore Tencent Cloud Services Agreement, the Group will be able to reduce unnecessary management resources and costs incurred from reconciling and integrating its various operating systems, purchasing additional technology hardware and tools, as well as recruiting additional full-time information technology and maintenance staff.

Further details of the Singapore Tencent Cloud Services Agreement are set out in the announcement of the Company dated December 29, 2023.

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, 2023, 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, 2023:

(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), (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 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 contractual 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 nominal 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 contractual agreements between us and the variable interest entity's nominal shareholders may be subject to limitations based on PRC laws and regulations.

- The nominal 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 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, 2023, the accumulated losses of Beijing Yixin amounted to RMB1,444 million (2022: RMB1,077 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)

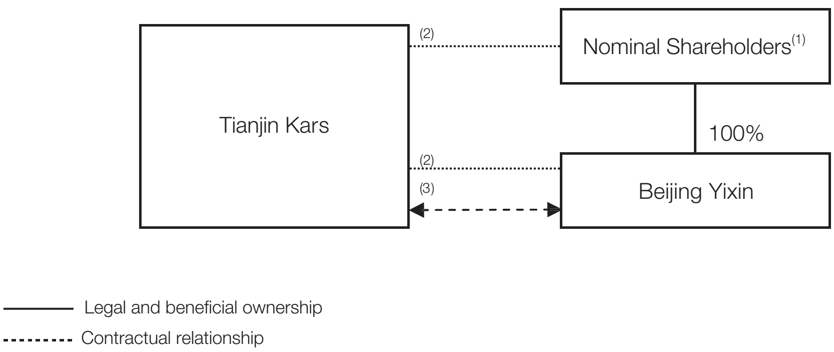
10. New Contractual Arrangements (Continued)

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 its exclusive agent and attorney to act on its 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, 2023, nor material change in the New Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2023.

For the year ended December 31, 2023, 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 laws and regulations.

The revenue of Beijing Yixin for the years ended December 31, 2023 and 2022 were RMB9 million and RMB7 million, respectively.

For the year ended December 31, 2023, the revenue of Beijing Yixin amounted to approximately 0.13% (2022: 0.14%) of the revenue 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 for not more than 50%. Moreover, pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises promulgated by the State Council on December 11, 2001 and amended on February 6, 2016 (the "**FITE Regulation (2016 version)**"), 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. However, there remains substantial uncertainties 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 have been gradually building up our track record of overseas value-added telecommunications business operations for the purposes of being qualified, as early as possible, to acquire equity interests in Beijing Yixin when the relevant PRC laws allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in the PRC. We are in the process of expanding our overseas value-added telecommunications business through our overseas subsidiaries. We have taken the following measures to meet the Certain Qualification Requirements:

1. Yixin HK has been incorporated in Hong Kong since November 2014 for the purposes of establishing and expanding our operations overseas;

2. We have registered several trademarks outside the PRC for the promotion of our 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.

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, 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 nominal 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

10. New Contractual Arrangements (Continued)

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

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 February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), and the relevant guidelines, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the existing regulatory regime for overseas securities offering and listing activities by PRC domestic companies and regulate both direct and indirect overseas securities offering and listing activities by PRC domestic companies by adopting a filing-based regulatory regime. On the same day, the CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that those domestic companies that fall within the scope to fulfil the filing procedure and have been listed overseas before March 31, 2023 shall be regarded as "existing issuers". Such existing issuers are not required to perform the filing procedures immediately but shall fulfill the filing procedures as required if they conduct follow-on financing or are involved in other activities which require filing with the CSRC in the future. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. In addition, on February 24, 2023, the CSRC, together with other PRC government authorities, released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions require, among others, that PRC domestic enterprises seeking to offer and list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials which may adversely affect national security or public interests, and accounting files or copies of important preservation value to the state and society shall be subject to corresponding procedures in accordance with relevant laws and regulations. Given that the Overseas Listing Trial Measures and the Confidentiality and Archives Administration Provisions were recently promulgated, there remain uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions.

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, 2023, 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 RMB24,350,000.

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, 2023, the amounts of revenue from the Group's five largest customers accounted for 50% (2022: 35%) of the Group's total revenue and the amount of revenue from our single largest customer accounted for 15% (2022: 11%) of the Group's total revenue.

During the year ended December 31, 2023, our largest customer from which we derived 15% of our revenues was Industrial and Commercial Bank of China.

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, 2023 accounted for approximately 18% (2022: 29%) of our total purchase amount. Our largest supplier for the year ended December 31, 2023 accounted for approximately 12% (2022: 23%) 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, 2024 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 3, 2024 to Wednesday, May 8, 2024, 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 2, 2024.

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, May 16, 2024 to Tuesday, May 21, 2024, 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 dividend is Tuesday, May 21, 2024. In order to be qualified for the proposed final dividend, 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 14, 2024.

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 29, 2024

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 C1 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 Reporting Period.

The Company's Securities Dealing Code also applies to all relevant employees of the Company who are likely to be in possession of inside information of the Company. 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 make 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 policies 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. Save as disclosed therein, none of the members of the Board is related to one another, including financial, business, family or other material/relevant relationships.

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 mechanisms 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 coordinating 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, 2022 and the interim results and interim report for the six months ended June 30, 2023, 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: 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, out of a total of eight Directors. While the Board is of the view that it is not necessary for the time being to set a specific timeline for achieving gender diversity, 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. To develop a pipeline of potential successors to the Board and maintain gender diversity, the Board has adopted and implemented structured recruitment, selection and training programmes at various levels within the Group for the purpose of developing a broader pool of skilled and experienced potential Board members.

As at December 31, 2023, as set out in the section headed "6. Upholding the Concept of Putting People First" in the ESG Report as contained in this annual report, among the 4,252 employees (including senior management) of the Group, the percentages of male employees and female employees are 63.52% and 36.48%, respectively. The Board considers that the current gender ratio of the Group's workforce (including senior management) is appropriate for its operations and the Group will aim to continue to maintain gender diversity in its workforce.

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 "6. Upholding the Concept of Putting People First" 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 易鑫集团有限公司 (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 once with all members of the committee attended to review the structure, size and composition of the Board, 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 2023.

During the Reporting Period, there was no appointment of new Director.

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	Extraordinary General Meeting
Executive Directors:						
Mr. Andy Xuan Zhang	7/7	N/A	2/2	1/1	1/1	1/1
Mr. Dong Jiang	7/7	N/A	N/A	N/A	1/1	1/1
Non-executive Directors:						
Mr. Qing Hua Xie	7/7	N/A	N/A	N/A	0/1	1/1
Mr. Qin Miao	6/7	N/A	N/A	N/A	1/1	0/1
Ms. Amanda Chi Yan Chau	7/7	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors:						
Mr. Tin Fan Yuen	6/7	3/3	2/2	N/A	1/1	1/1
Mr. Chester Tun Ho Kwok	7/7	3/3	N/A	1/1	1/1	1/1
Ms. Lily Li Dong	6/7	2/3	2/2	1/1	0/1	1/1

In addition, a meeting between the Chairman and the independent non-executive Directors without the presence of other 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 Management and Standardizing Operation" 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, assesses and takes measures against any significant risks that the Company is facing, and reviews the risk assessment report on a quarterly basis and reports to the Board on a semi-annual basis.

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

The internal audit department oversees the risk management and internal control systems under the supervision of the Audit Committee by performing independent audit on the effectiveness and completeness of the risk management and internal control systems. 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 senior management;

- The significant risks at the company level as well as the relevant risk response strategies 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 C1 (Corporate Governance Code) and Appendix D2 (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 and financial reporting functions are 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 ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting financial reporting and internal audit functions as well as those relating to the Company's ESG performance and reporting.

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	
	2023	2022
	RMB'000	*RMB'000*
Audit Services	**6,980**	6,850
Non-audit Services	**580**	627
Total	**7,560**	7,477

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, 2023.

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 one or more members (including a recognized clearing house (or its nominees)) holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company 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 has amended its Memorandum and Articles of Association, details of the amendments are set out in the circular of the Company dated March 14, 2023.

1. ABOUT THIS REPORT

The Environmental, Social and Governance (hereinafter referred to as the “ESG”) Report (hereinafter referred to as the “ESG Report” or “this Report”) for the year ended December 31, 2023 is prepared and released by Yixin Group Limited (hereinafter referred to as “Yixin Group” or the “Company” or “we” or “us” or “our”), with a view to reflecting the latest efforts of the Company in the ESG aspects 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 information and data set out in this Report cover the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the “Year”). All the amounts disclosed in this Report are denominated in RMB.

Basis of preparation

This Report was prepared by the Company in compliance with the “Environmental, Social and Governance Reporting Guide” contained in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “ESG Reporting Guide”), having complied with the mandatory disclosure requirements and “comply or explain” provisions thereunder.

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 relating 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 “balance”: This Report presents the Company’s performance in an unbiased manner, avoiding choices, omissions or presentation formats that might inappropriately influence the decisions or judgments of the readers of the report, and presenting an objective view of the Company’s ESG performance and current state of management.

Principle of “consistency”: This Report uses consistent data statistics methods comparable to that in the Company’s Environmental, Social and Governance Report 2022.

2. SUSTAINABILITY MANAGEMENT

(1) Board statement

The board of directors of the Company (hereinafter referred to as the "Board") attaches great importance to ESG governance and has established an ESG management system featuring responsibility by the Board, organization by the management and inter-departmental cooperation and linkage. Being the highest level of authority within the Company 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 has incorporated the ESG affairs into the Company's governance structure, and through the establishment of the Environmental, Social and Governance Committee (hereinafter referred to as the "ESG Committee"), it regularly listens to and reviews reports on the progress of ESG work and provides guidance on ESG work guidelines. The management is responsible for the specific implementation of ESG strategies and objectives, and at the same time regularly reports to the ESG Committee on major issues relating to its work. During the Year, the Board has reviewed and approved the ESG Report and corporate governance report for the Year to fully demonstrate the results of the Company's efforts and progress made in the ESG aspects.

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 fulfillment of the environmental targets of the previous year.

This Report discloses in detail the progress and effectiveness of the Company's ESG efforts for the Year, and this Report has been reviewed and approved by the Board on February 29, 2024.

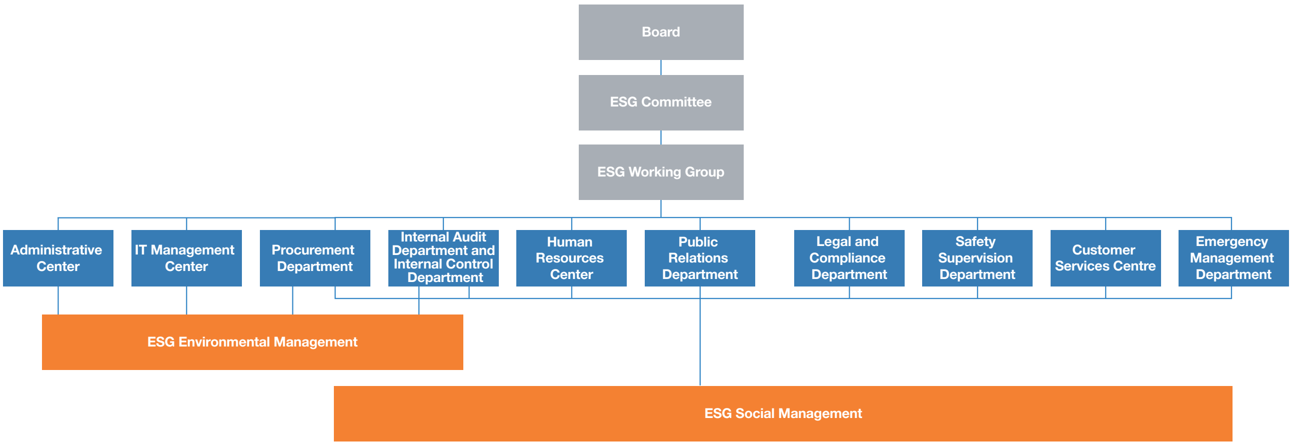
Board of Yixin Group Limited

February 29, 2024

(2) ESG governance structure

The Company has established a top-down ESG governance structure, has established an ESG management mechanism featuring "supervision by the Board, implementation by the management and inter-departmental linkage" and has continuously strengthened the construction of the ESG management system. The Company has established the ESG Committee, comprising two members of the Board and the Chief Financial Officer of the Company, which is chaired by Mr. Andy Xuan Zhang, an Executive Director and the Chief Executive Officer and the Chairman of the Board. The primary responsibilities of the ESG Committee include reviewing and monitoring the ESG policies and practices of the Company 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 sustainable development performance of the Company.

The relevant department heads of the Company have also formed the ESG Working Group, which is primarily responsible for the implementation of ESG-related works. We have further specified and clarified the respective ESG management responsibilities for each department during the 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

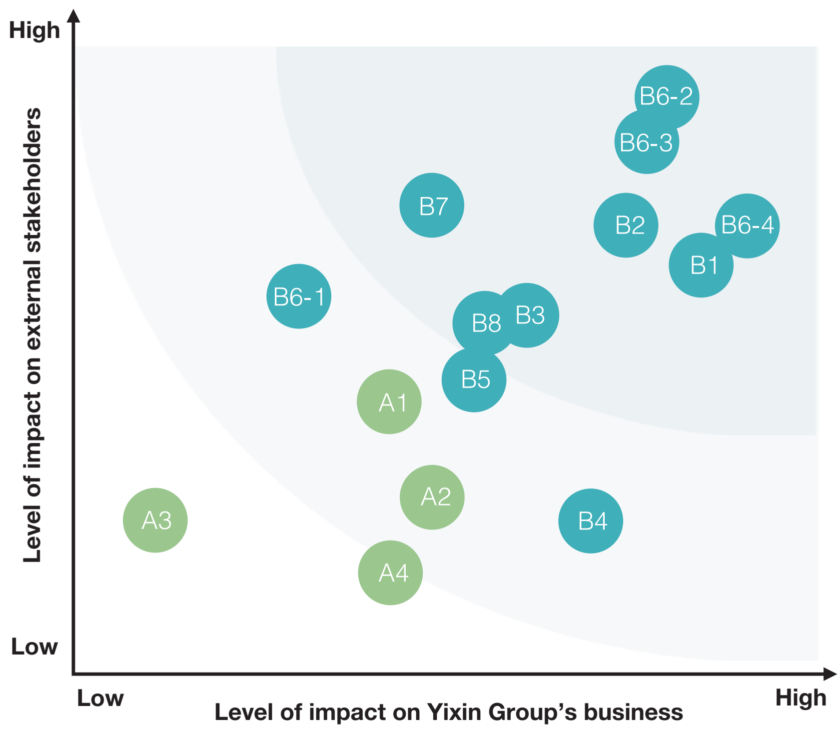
Stakeholder engagement is an important part of the Company's ESG management and day-to-day operations, and it also helps the Company examine potential ESG risks and opportunities. By understanding stakeholders' expectations of the Company and the key ESG issues they concern, the Company is able to formulate strategies and respond in a focused manner. Therefore, based on the results of communication with key stakeholders and our own business characteristics, the key ESG issues that our stakeholders concern and the main communication channels are listed as follows:

Key stakeholders	ESG issues of concern	Main communication channels
Government, regulatory authorities, policy-making authorities, professional associations or chambers of commerce	Compliance operations Corporate governance Emissions Climate change	Information disclosure Regulatory meetings Incident reports Policy consultations
Shareholders, investors and professional investment institutions	Climate change Intellectual property Anti-corruption	Investor seminars Corporate announcements and circulars Investor relations columns
Directors, supervisors and senior management	Anti-corruption Intellectual property	Board of directors Internal meetings such as office meetings Questionnaires
Employees	Employment of staff Employee health and safety Employee development and training Labor standards	Internal meetings for employees Social media Employee activities Questionnaires

Key stakeholders	ESG issues of concern	Main communication channels
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	Exchanges via results conference Communication via press releases
Customers	Customer service Information security	Customer complaint hotline Customer services centre Questionnaires
Non-profit organizations, charitable or community organizations	Community investment	Charitable activities Community interactions

(4) Materiality assessment

During the Year, in order to further understand the views and suggestions of various stakeholders on the environment, society and governance 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 our own strategy and business priorities, we have conducted a materiality assessment on the 11 major indicators (subdivided into 15 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: Brand and Intellectual Property
B6-2: Product Liability: Product and Service Quality
B6-3: Product Liability: Information Security and Privacy Protection
B6-4: Product Liability: Compliance Operation
B7: Anti-Corruption
B8: Community Investment

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

3. ENSURING THE QUALITY OF PRODUCTS AND SERVICES

To provide high-quality products and services, the Company has always adhered to the principle of providing more convenient, safer and efficient solutions. 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” to ensure the legality and standardization of all business operations. We also 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” when cooperating with financial institutions to promote the healthy development of automobile finance business. We attach great importance to customer feedback and strive to improve our service system and strengthen our in-house innovation, thus meeting customers’ evolving needs and expectations and contributing to the development of the industry. We believe that by virtue of our continuous efforts and improvement, we can provide our customers with more convenient, safer and efficient experience in respect of automobile finance service and become an automobile finance trading platform which is the first choice for customers.

(1) Elevating service standards

The Company dedicates itself to providing efficient, convenient and high-quality service experience and strives to improve customer satisfaction by focusing on service quality, encouraging better teamwork and making continuous improvement. We adopt institutional management to make our services stable and reliable, and we also set targets and standards for services and establish mechanisms for communication and training to make sure that employees can have clear roles and responsibilities and achieve efficient coordination. To enhance customer service quality effectively, we conducted a satisfaction survey among our users to obtain their evaluation of services, identify the problem and solve it. We provide regular training to employees to improve their service awareness and skills, thereby ensuring the provision of high-quality customer service. An incentive and reward program has been established to encourage employees to pay attention to users’ needs and provide quality service, under which employees who deliver excellent customer service will be recognized and rewarded.

During the Year, the Company optimized the quality inspection process of products and services. We made a detailed classification for standardized terms and added courtesy words and expressions to humanize customer service. We also introduced multi-dimensional intelligent detection standards by integrating AI chatbots with our official account, which successfully satisfies customers’ consulting needs under various scenarios, realizing automation in management, effective cost reduction and enhancement to the Company’s profile. We designed procedures such as conducting repeated visits and random checks to further improve the standardization of business processes and service quality. In addition, we organized customer reward activities actively to strengthen customer interactions and enhance customer experience as a whole. During the Year, the nature of the Company’s business did not involve products sold or shipped that are subject to recalls for safety and health reasons.

Case study:

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

From January 2023, to reward the support and trust of our consumers, we have carried out the activities of “Gifting WeChat pocket money upon opening and using electronic payment account”, “Leaving a message to celebrate Mid-autumn Festival” and “Scanning QR codes to answer questions” to interact enthusiastically with WeChat users. Through this series of activities, we maintain and deepen our relationships with customers and optimize our service capabilities.

(2) Protecting the rights and interests of customers

The Company values the interests of customers and adheres to the principle of serving customers, fulfilling its corporate social responsibility through maintaining a healthy automobile finance market. In terms of scams and fraud occurring in the automobile leasing market, such as improper commission and free car-buying, we set up a permanent mechanism and work closely with customers to strictly crack down on scams and actively file criminal cases, thus minimizing potential losses of customers and the Company. It can prevent customers with good credit from being involved in scams and fraud and effectively protect the legal interests of customers.

In order to protect and safeguard consumers rights and interests, prevent and fight telecom and online fraud, the Company has set up the following four permanent mechanisms:

1. **Anti-fraud publicity mechanism**

   By launching the "Auto Finance Anti-Fraud" comic series "Escape from the Auto Finance Fraud Zoo" on the Yixin Auto Owner Services APP, we have increased our internal and external anti-fraud publicity both online and offline. In addition, we regularly conduct criminal anti-fraud training and publicity campaigns through movie, official account and poster to improve the anti-fraud awareness of employees and customers.

2. **Police-business cooperation mechanism**

   We have established a cooperative relationship with the Shanghai Municipal Public Security Bureau and the Antifraud Center of the Changning District Public Security Bureau, under which we shall provide the fraud-related clues to the police timely and assist them in investigation work. At the same time, we actively join online financial anti-fraud organizations and participate in various antifraud activities to improve our overall ability to resist online fraud and form a strong joint defense line.

3. **Mechanism for recouping losses**

   We have established an anti-fraud rapid response and disposal mechanism, with dedicated personnel to follow up on cases to help customers recoup losses. Through timely and powerful responses, we can minimize the economic losses of customers and the Company.

4. **Mechanism for special campaigns**

   We have carried out special campaigns for cybercrime and other campaigns to optimize and clean up online fraudulent links, delete suspected fraudulent websites and links, and block suspected phone calls to effectively protect customer assets. This series of special campaigns helps combat cybercrime and ensure the security of customer information and assets.

In the process of actively responding to online fraud, the Company monitored through its external network and reported hundreds of online fraudulent links throughout the Year. At the same time, we have produced a number of self-made anti-fraud videos to convey anti-fraud knowledge to consumers. In addition, we actively provided information and feedback to some institutions whose web pages have been hijacked by fraudsters, and have strengthened anti-fraud cooperation to jointly maintain cybersecurity. During the Year, we have achieved remarkable results in actively responding to the threat of online fraud, which included cleaning up more than 100 online fraudulent links, deleting a number of suspected fraudulent websites and links, and blocking multiple suspected phone numbers to effectively protect customer assets.

Case study:

Collaborating with Zibo police to crack an auto finance fraud gang

In February 2023, after we jointly reported the case with our customers and provided sufficient evidence and clues, the Zibo Public Security Bureau successfully detected a gang that specialized in auto finance fraud through customer credit upon investigation and evidence collection. The entire process demonstrated our close cooperation with our customers, which provided strong support for the fight against crime. CCTV reported on the case in June 2023. In this case, we successfully safeguarded the legitimate rights and interests of our customers and ourselves, while actively participating in maintaining good market operation order in the Zibo area and fulfilling our corporate social responsibilities.

▲CCTV's report on Yixin's anti-fraud incident

In order to raise financial security awareness and prevent and reduce the occurrence of financial fraud, we actively share anti-fraud knowledge with users, including basic financial security knowledge and in-depth disclosure of various new financial fraud, allowing users to have a more comprehensive understanding of financial fraud and improve their self-prevention capabilities. At the same time, we will expand publicity channels to enable more users to understand and master anti-fraud knowledge and jointly build a strong financial security defense line.

"Yixin User Classroom" shares anti-fraud knowledge with users

Case study:

Organizing an anti-fraud movie viewing campaign to share anti-fraud knowledge, with the aim of "raising anti-fraud awareness and taking preventive action"

On August 22, 2023, we cooperated with the Criminal Investigation Detachment of Shanghai Changning Public Security Bureau and the Public Security Police Station of Linkong Economic Zone to jointly organize an anti-fraud movie viewing campaign to share anti-fraud knowledge, with the aim of "raising anti-fraud awareness and taking preventive action". During the campaign, police officers from the Criminal Investigation Detachment shared some anti-fraud cases with the audience, achieving remarkable results. This campaign effectively raised the anti-fraud awareness of the participants and contributed to the construction of the anti-fraud firewall.

▲Anti-fraud movie viewing campaign leaflets

▲Anti-fraud movie viewing campaign site

(3) Responding to customer complaints

The Company highly values customers' opinions and suggestions and regards these opinions and suggestions as a key element of its long-term development. To actively listen to customer feedback and regulate customer service personnel, we consistently implement the "Customer Service Management System" and have established comprehensive internal and external customer complaint channels. The internal channels adopt the three-tier customer complaint handling process, under which the complaint cases are 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, we added complaint platforms, which include the "Black Cat" complaint platform and "Network 315" external customer complaint platform, 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 set up for this purpose, so that the risk of external customer complaint can be managed in advance.

During the Year, 727 cases were received through the external customer complaint platforms "Black Cat" and "Network 315", with a response rate of 100%. To continue improving the quality of our services, we called back customers from whom we failed to deduct money with the assistance of AI and informed them of the repayment solution. During the year, a total of 275,967 customers were involved in our satisfaction assessment and a satisfaction rate of 99.70% was recorded.

When handling customer complaints, we not only strive to provide high-quality services to meet the needs of customers who need to pay for their vehicles in installments, but also actively comply with regulatory requirements, taking timely measures to resolve complaints and whistleblowing in full measure while ensuring compliance across business lines. Our customer complaint channels cover local financial regulatory authorities, citizen hotlines, consumer protection committees, market supervision and management offices, national public security organs, procuratorial organs and people's courts, customer petitions, etc. After receiving a customer complaint, we contact and comfort the customer as soon as possible, verify the complaint and provide a solution, and then give feedback about the results and relevant materials to the regulatory authorities. At the same time, we conduct regular reviews, provide timely feedback and make rectifications based on the guidance and suggestions of regulatory authorities to ensure business improvement and compliance. These two complaint platforms complement each other and provide strong support for us to establish a comprehensive and efficient customer relationship management system.

We actively listen to our customers and make quick responses to their needs. In order to solve the difficulties that customers may face in the process of repayment, we have formulated a series of fee reduction and exemption policies to flexibly respond to changes in national conditions and people's requirements. As a listed company, we fulfill corporate social responsibility, especially in the face of economic difficulties, severe debts and other factors, as well as customers' difficulties in repayment due to serious diseases, household accidents etc., and we have introduced a targeted fee reduction and exemption policy. In order to ensure the standardized implementation of policies and measures, we have formulated the "Measures for Emergency Management" and the "Emergency Management Manual", pursuant to which, customers only need to provide relevant materials and confirm the authenticity, and then can apply for fee reduction or exemption if the conditions are met. At the same time, in order to clarify the rules for fee reduction and exemption, specific steps have been set out in the Implementation Rules for the Review of Fee Exemption and Debt Transfer. During the Year, we provided fee reduction and exemption services to 9,230 customers, with a cumulative amount of RMB199.12 million. These measures fully demonstrate our practical actions towards our customers' concerns and highlight our efforts and results achieved in responding to customer needs.

Case study:

Responding to customer complaints quickly and fulfilling corporate social responsibility

In November 2023, two visitors came to the Company to ask for a solution to the problem of auto loans for their child. In response to this, we immediately had a face-to-face communication with them, learning that the child had objection to the contract amount in the business handled by our Company and was unable to deal with the car payment problem due to paralysis, so they requested our Company to provide a solution. During the communication with the family members of the customer, we explained the details of the business and verified that the customer was indeed incapable of repayment due to illness. On this basis, we proactively proposed a solution to help the customer apply for a reduction in the amount for easy settlement and expedite the issuance of relevant materials. The family members of our customer recognized our positive attitude and instant feedback, accepted the solution we proposed, and promptly cleared the repayment procedures.

(4) Leading industry development

To facilitate the compliant and orderly development of the industry, the Company is committed to cooperating with other industry players to create a healthy and positive partner ecosystem. 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 advice on various drafts and consultation drafts prepared by relevant authorities. During the Year, the Company provided feedback and suggestions on policies and procedures to relevant departments, including the "Proposal to Exclude the Leaseback Transaction of the Newly Purchased Automobile Financial Leasing Business from the Proportion of Leaseback Business under Current Regulatory Concerns as Its Structure is Essentially Direct Leasing", the "Management Measures of the PBOC for Protection of Data from Business Sectors (Consultation Draft)", the "Operating Procedures of Complaints on Credit (Consultation Draft)" and the "Third Review Draft on Revision Draft of the Companies Law", reflected our views of the industry timely and promoted the development of laws and regulations of the industry.

In order to further promote the standardized development of the automobile financial leasing industry, we issued the "Guidelines on Regulatory Compliance for Automobile Finance (2023)" jointly with the Legal Daily and the China Institute of Corporate Legal Affairs at the 11th Corporate Legal Annual Meeting (Central China) held in September 2023. Such guideline is the third version following the previous two issued in 2019 and 2021. The 2023 version sorts out the business operation risk scenarios of auto financing products in multiple dimensions, and prompts corresponding compliance risk control measures by incorporating an in-depth analysis on the data compliance of the auto financial leasing industry, the legality of the single lease model of new energy automobile batteries, and the civil-criminal crossover involved in disputes of automobile finance. It provides corresponding compliance suggestions based on the judicial practice of hot issues in automobile financial leasing.

▲Speech delivered by Mr. Rui Song, the COO of Yixin Group

▲Cover of "Guidelines on Regulatory Compliance for Automobile Finance (2023)"

The Company actively participates in various industry summits and industry seminars to promote the sustainable development of the automobile finance industry. Through in-depth communication and cooperation, we continuously optimize our strategy and service model, attach importance to communication and coordination with associations and other departments and build a sharing platform to promote win-win cooperation among industry players, thereby promoting the improvement of the overall level of the industry and contributing to the healthy development of the industry.

Case study:

Participating in China Auto Finance Industry Summit to provide constructive ideas for the development of the industry

In March 2023, Mr. Zhi Gao, the Joint President of the Company, was invited to attend the China Auto Finance Industry Summit hosted by the China Automobile Dealers Association and undertaken by the Auto Finance Branch, during which he delivered a keynote speech under the title of "Empowered by Technology and Building Competitiveness of Auto Finance", sharing the path of business growth of Yixin under the new situation in terms of user hierarchy, product layout, platform routing and intelligent risk control, and providing constructive ideas for the development of the industry.

▲Mr. Zhi Gao, the Joint President, delivered a speech

Case study:

Attending the Used Car Convention to discuss the value of used car finance business

In July 2023, Mr. Dong Jiang, an executive Director and the Joint President of the Company, and Mr. Guo Chun, the Vice President of the Company, were invited to attend the China Used Car Convention 2023. At the event, Mr. Guo Chun delivered a keynote speech entitled “Used Car Finance: A Booster for Sales and Profit Growth”, and discussed the value of used car finance business with the guests. As one of the strategic partners of the convention, the Company fully supported the holding of the event, which not only demonstrated our own business and brand image, but also established a professional communication platform for the industry.

▲Mr. Dong Jiang, an executive Director and the Joint President, attended the convention

▲Mr. Guo Chun, the Vice President, delivered a keynote speech

▲Yixin’s exhibition stand at China Used Car Convention

Case study:

Actively participating in industry seminars to explain the advantages of "online + risk control"

In September 2023, Mr. Guo Chun, the Vice President of the Company, was invited to attend the "2023 China Auto Finance Closed Seminar (Shanghai)", during which he exchanged experience and ideas and conducted an in-depth discussion with other industry players about how to provide marketing services (including financial services) both online and offline in the era of new energy vehicles, how to control financial risks for online services and what innovations can be made in financial products for new energy vehicles, etc., providing constructive opinions for the development of new services and new finance in the era of new energy vehicles.

▲Mr. Guo Chun, the Vice President, participated in a seminar

Case study:

Attending the annual meeting of automobile industry to discuss the "Service Evolution and Integrated Development"

In November 2023, Mr. Zhi Gao, the Joint President of the Company, participated in a roundtable forum with the theme of "Service Evolution and Integrated Development" at the 21st Century Automotive Industry Annual Conference (2023) and had in-depth exchanges with many representatives of well-known enterprises in the industry. He pointed out that the auto finance market focuses on scenario-side risk control, and the changes in customer consumption demand pose a huge challenge to the entire industry. We are further promoting the evolution of auto financing services from various aspects such as data, systems and products.

▲Mr. Zhi Gao, the Joint President, shared his ideas in a roundtable discussion

Case study:

Actively participating in industry forums to discuss the impact and changes of new energy vehicles on the auto finance industry

In November 2023, Mr. Guo Chun, the Vice President of the Company, was invited to participate in the "2023 Forum on Competitiveness of Auto Finance and Auto Industry Development", and conducted an in-depth discussion with a number of industry experts on the innovation and development of auto finance, auto leasing business and new energy vehicle market, which provided important reference and guidance for the coordinated development and upgrading of the automobile industry chain.

▲Mr. Guo Chun, the Vice President (second from the right)

▲Mr. Guo Chun shared his ideas in a roundtable discussion

Case study:

Participating in the 2023 China Auto Finance Industry Summit to provide suggestions for the development of the industry

In December 2023, Mr. Zhi Gao, the Joint President of the Company, and Mr. Guo Chun, the Vice President of the Company, attended the "2023 China Auto Finance Industry Summit" hosted by the China Automobile Dealers Association and undertaken by the Auto Finance Branch, during which Mr. Zhi Gao emphasized that, in the development of auto finance, legal and compliant operation is always the cornerstone and bottom line, and long-term stability can only be achieved by controlling desires. Mr. Guo Chun also gave similar expressions in the "Seminar on Used Auto Finance" at the summit. Both of them provided constructive opinions to the auto finance industry under the new situation.

▲Mr. Zhi Gao, the Joint President, shared his ideas

▲Mr. Guo Chun, the Vice President, shared his ideas

By virtue of our continuous 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. During the Year, we won the following awards and honorary titles:

- In January 2023, the Company won the "2022 FinTech Company Innovation Award" at the Sixteenth Golden Cicada Award organized by China Times
- In March 2023, the Company won the "2022 China Automobile Finance Service Satisfaction Ranking – Top 10 Financial Leasing Company" organized by China Automobile Dealers Association
- In July 2023, the Company won the "2023 Excellent Capital Value Service Agency" organized by The Economic Observer
- In November 2023, the Company won the "NBD 2023 Best Automobile Finance Trading Platform" at the Fifteenth NBD Awards organized by National Business Daily
- In November 2023, the Company won the "2023 Automobile Finance Trading Platform" and "Automobile Finance Marketing Person of the Year – Zhi Gao (Joint President of Yixin Group)" at the China Automobile "Golden Engine" Award organized by 21st Century Business Herald and China Auto Finance
- In November 2023, the Company won the "8th Golden Tangerine Awards of Time Finance – 2023 Best Inclusive Finance Agency Award" organized by The Time Weekly
- In December 2023, the Company won the "Most Valuable Social Service Company" organized by www.zhitongcaijing.com (智通財經) and www.10jqka.com.cn (同花順財經)
- In December 2023, the Company won the "2023 China Automobile Finance Service Satisfaction Ranking – Top 10 Financial Leasing Company" and "Excellent Member – Automobile Finance Innovative Service Award" organized by China Automobile Dealers Association
- In December 2023, the Company won the "Leading Brand in the Automobile Finance Industry" at the 2023 'Best Brand 100' Award organized by www.jiemian.com (界面新聞) under the Shanghai Media Group
- In December 2023, the Company won the "Jinge Award (2023 Brand Value Award)" organized by Gelonghui

4. STRENGTHENING MANAGEMENT AND STANDARDIZING OPERATION

The Company always adheres to compliant operations and is committed to establishing a risk management and control system with information security, anti-corruption, intellectual property protection and supply chain safety as the pillars. On the basis of complying with relevant laws and regulations, we have actively established and improved the internal system and safety management structure of the Company, continuously promoted the improvement of safety operation technical capabilities, and strengthened the training of employees' awareness of safety, so as to promote the stable and sustainable development of the enterprise.

(1) Optimizing risk management and control

The Company has established a multi-level risk management and control system to handle various risks. The system covers the audit committee, internal audit department, internal control department, various functional departments and business departments to ensure that operation supervision is conducted in a compliant, fair and honest working environment. The risk management and control system is comprised of various departments, with business departments acting as the first line of defense for risk identification and functional departments as the second line of defense responsible for further strengthening control, internal control department assisting in publicity and support of risk management and internal control, and internal audit department playing its role in risk management and control by fulfilling its duties on independent audits.

While continuing to conduct business compliance management, the Company focuses on daily compliance management. On the basis of daily operating activities, system changes and changes in external regulatory situation, we have upgraded and adjusted our rules and regulations in previous years and the new ones this year. For example, during the Year, we updated and upgraded the "Yixin Group Legal Procedures Manual" and the "Implementation Rules for the Management of Company Licenses and Seals", and added the "Yixin Group Font Usage Guidelines Manual", so as to effectively improve the Company's compliance management system.

In order to ensure that employees have a deep understanding of risk management in their daily operations, we have incorporated compliance management and control training into the scope of regular training, and organized a number of diversified compliance training activities, including the "Internal Control and Compliance Promotion Month" event in August each year, compliance training and publicity activities for new employees, compliance publicity for all employees and compliance publicity events designed by each department. In addition, employees can also learn about legal compliance through channels such as animation display in the elevator and Yixin University. These training activities and promotional materials cover all employees, aiming to help employees better understand and comply with regulations and improve the overall compliance level of the Company.

Case study:

Transmitting the concept of compliance through information security training

During the Year, we passed on the knowledge of laws and regulations related to personal information protection and the Company's compliance requirements to all employees through online live streaming and recording, and provided personal information protection courses related to upstream and downstream suppliers to external personnel of the Company, to help the Company's partners understand the relevant compliance concept of personal information protection and further improve the Company's overall compliance management.

Case study:

Internal Control and Compliance Promotion Month, facilitating legal compliance publicity

During the Year, in order to enhance the legal literacy and compliance awareness of employees, we organized thematic trainings to publicize and implement the latest national and industry regulations and policies. In particular, during the "Internal Control and Compliance Promotion Month" in August 2023, we engaged legal experts and internal experts to carry out four thematic training seminars, including the "Identification and Recognition of Internal Control Deficiencies", "Interpretation of Compliance Laws on Internet Advertisements", "Compliance Path of Digital Development of Enterprises", and "Criminal Action against Fraud".

(2) Safeguarding information security

The Company always pays attention to network security and data security, and is committed to improving the security and reliability of the network system. We comply with laws and regulations 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 promulgate and implement relevant security systems and policies within the Company. The Company has set up a special information security team to carry out enterprise security construction in accordance with the security governance approach of "technology + management". The information security team takes the lead in the construction of security technology system, which includes vulnerability identification and detection, network intrusion detection, host intrusion detection and enterprise sensitive data protection and other risk identification and protection capabilities. We also work with multi-functional teams such as internal audit, internal control, legal affairs and compliance to formulate, evaluate and publish the safety management system to ensure its effective implementation at the corporate level.

In order to ensure the security of personal privacy information, we provide external official instructions such as the "Personal Information Processing Power of Attorney" and the APP's "Privacy Policy". At the same time, we have internally formulated data security systems such as the "Data Security Management Measures" and the "Data Classification and Grading Measures". The Company strictly follows the issued security rules and regulations, and checks and confirms the privacy rights of APP operation to minimize the collection of personal information. Meanwhile, we have adopted multi-level measures for information protection, such as desensitization of key information in the customer service system and setting system-related rights according to business scenarios to achieve hierarchical management and ensure the safe and orderly management of key information under different business scenarios.

In order to effectively manage digital operations, the Company has realized effective monitoring and alerting by centralizing the storage, display and management of the source data of security operations. During the Year, we further strengthened the security capabilities of our digital operations by adding new security tools such as threat intelligence, network intrusion detection and office network anti-virus. In order to create a secure network environment, we make full use of external security threat intelligence services and conduct threat checks on internal information sources such as firewall logs, access logs and DNS logs, initially equipping us with the ability to proactively discover corporate network security threats. In addition, we have deployed a network intrusion detection system on the core switches at the network border to perform intrusion detection and alert response to the border traffic. In terms of office network protection, we have not only strengthened the necessary network access and office network data leakage prevention, but also upgraded the protection measures against Trojan horse, and added new anti-virus security capability for the office terminals of enterprise employees to reduce and avoid the risk of Trojan horse spreading within the enterprise. This comprehensive set of measures helps ensure the robust operation of our digital business in a secure network environment.

In order to enhance employees' awareness of protecting customer privacy and information security, the Company organized company-wide email phishing drills, and conducted anti-phishing safety training for employees who were compromised by a simulated phishing email. The Company also conducted security attack and defense drills to comprehensively enhance its ability to handle and respond to external attacks. In terms of digital operations, we centrally store, display and manage the source data of our security operations, and achieve effective monitoring and alerting. We have added new security capabilities such as threat intelligence, network intrusion detection and office network anti-virus.

In addition, we also actively conduct external independent audits, including annual review of cybersecurity grade protection and ISO27001 information security management system certification, and invite external security companies to conduct penetration testing and conduct independent audits of general control of information systems by external auditors every year. This series of audit activities help verify the effectiveness of information security measures and ensure that the Company's information security and privacy protection efforts have been comprehensively and continuously strengthened.

(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 internal atmosphere, strictly require employees to adhere to a high level of professional ethics and business ethics, and are committed to maintaining relationships with business partners which are fair and honest.

Anti-corruption

The Company has always abided by the responsibility of management personnel to work with integrity, strengthened the awareness of business integrity and self-discipline of management personnel at all levels of the Company, standardized management behaviors, and optimized work and management style to maintain fair and upright relationships with business partners. We strictly abide by the "Anti-Unfair Competition Law of the PRC", the "Criminal Law of the PRC" and other laws and regulations, and fully comply with the requirements of laws and regulations on anti-corruption, anti-bribery, and anti-fraud, and have amended the "Administrative Measures on Professional Ethics Construction of Yixin Group", in order to promote the healthy and sustainable development of the Company.

In order to strengthen the anti-corruption work and cultivate employees' awareness of honesty and professional ethics risk management, the Company has established a professional safety supervision team. The team consists of professionals with extensive experience in the field of anti-corruption and fraud investigation, and is responsible for supervising daily operations such as the signing of labor contracts, employee induction orientation, employee business management and external partner management, and promoting the development of business compliance training. We regularly review risk points of malpractices and fraud, continuously optimize business processes and repair business loopholes to eliminate potential risks. In order to deal with potential violations in a timely manner, we utilize the financial leasing business management system to analyze unusual orders and business data, and take disciplinary actions against the involved employees and partners in accordance with internal rules and laws and regulations.

The Company firmly opposes all forms of corrupt and fraudulent behavior, and encourages employees, suppliers and business partners to actively report known or potential fraud. We provide a variety of reporting channels, including email, telephone and WeChat, and the detailed regulations are set out in the "Administrative Measures on Professional Ethics Construction of Yixin Group". At the same time, the Administrative Measures clarify the protection measures for whistleblowers. During the Year, we further strengthened our management mechanism in order to strengthen the coordination between audit and inspection work. Once a report of fraudulent behavior is received, we will immediately organize a professional team to conduct a comprehensive investigation by various means such as data analysis, inspections, unannounced visits and interviews. If an employee is involved in a duty-related crime, the case will be handed over to the judiciary for investigation according to the law, while an detailed 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. During the Year, there were no concluded legal cases regarding corruption involving employees of the Company.

At the same time, we actively carry out anti-corruption cooperation with external industry peers to create an honest and transparent business environment. During the Year, the Company continued to participate in the Trust and Integrity Enterprise Alliance and the China Enterprise Anti-Fraud Alliance, and organized and participated numerous exchange and learning activities with the anti-fraud departments of industry peers to learn useful experience and measures.

In order to ensure professional ethics and strengthen the awareness of business integrity, all Board members and employees have completed the annual education and training on the code of business conduct and integrity during the Year. We have provided a variety of online learning resources, including special online training, on-demand courses on the "Yixin University" platform, posts on WeChat Official Account, etc. At the same time, we held a series of offline training activities, such as special lectures on professional ethics risk management, laws and regulations and typical warning examples, with a view to strengthening the Company's work on professional ethical risk management in all aspects and promoting employees' awareness of business integrity.

Case study:

Improving professional ethics and building an upright workplace

According to the "Administrative Measures on Professional Ethics Construction of Yixin Group" issued in 2022, we conducted an online training on professional ethics risk management for all employees in 2023, with a coverage rate of 100%. In addition, we also carried out offline training sessions and conducted two online live streaming sessions, covering employees in Shanghai and Chengdu, respectively. The contents of the training included professional ethics risk management, anti-corruption laws and regulations, internal regulations of the Company and relevant warning examples, etc. This series of training measures were aimed at consolidating employees' awareness of business integrity and promoting the overall improvement of the Company's professional ethical risk management.

▲Online Training on "Professional Ethics Risk Management"

Case study:

Carrying out anti-corruption training and maintaining integrity and honesty

We actively carried out employee compliance training, especially in the induction orientation, disseminated anti-corruption-related content to 3,433 new employees through online teaching videos and examinations, and signed the "Professional Ethical Risk Management Commitment" to help new employees build their awareness of business integrity. The online training videos were broadcasted for a total of 16,776 times, which effectively strengthened employees' understanding of anti-corruption and compliance requirements, and further solidified the foundation of the Company's business integrity.

▲"Professional Ethical Risk Management" Training for Shanghai Employees

▲"Professional Ethical Risk Management" Training in Chengdu Workplace in Southwest Region

Anti-money laundering

The Company firmly opposes corruption and has zero tolerance for money laundering. We strictly abide by relevant laws and regulations and requirements of regulatory authorities such as the “Anti-money Laundering Law of the PRC” and “Guidelines on Promoting the Healthy Development of Internet Finance”, and constantly improve internal and external monitoring mechanisms to standardize internal management. We have implemented a series of measures, including customer identification, customer identity data and transaction record preservation, to reduce the anti-money laundering risks associated with our business. We continue to optimize and adjust our customer identification measures to ensure close monitoring and reduce potential money laundering risks.

(4) Protecting intellectual property

The Company has always placed intellectual property protection in an important position, and is committed to creating a safe environment for business innovation and ensuring the safety of the Company’s operations. We comply with relevant laws and regulations such as the “Advertising Law of the PRC”, the “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 have established an internal intellectual property protection system in compliance with the requirements of the law to improve the application procedure and the deployment of intellectual property rights. We have formulated the “Yixin Group Font Usage Guidelines Manual” to regulate the use of the Company’s advertising fonts, and formulated the “Advertising Compliance Management System of Yixin Group” to ensure strict review of the contents of the Company’s announcements as well as their authenticity and legality. Meanwhile, in terms of enhancing employees’ awareness of intellectual property protection, we conducted internal publicity activities on the risks of advertising and font compliance, and encouraged and promoted employees to apply for patents and other behaviors through intellectual property protection publicity activities to help them enhance the concept of respecting innovation and responsible operation. During the Internal Control and Compliance Promotion Month in 2023, we conducted “Advertising Compliance Training” for all employees.

Through external websites such as the Trademark Office website and TianYanCha.com, we continue to monitor the situation of intellectual property rights and actively apply for various intellectual property rights such as trademark rights, copyrights and patents. At the same time, we proactively take legal measures to protect the Company’s intellectual property rights to effectively ensure the smooth progress of business development and operations. During the Year, the Company successfully applied for 404 trademarks, 2 software copyrights and 1 patent, and obtained a total of 54 trademarks, 5 software copyrights and 3 patents. Through strong measures in respect of intellectual property protection, we have effectively ensured the smooth development and stable operation of the Company’s business.

(5) Sustainable Supply Chain

The Company believes that a sustainable supply chain is crucial for long-term business growth and is committed to enhancing the ability of supply chain management. We strictly abide by the “Anti-Unfair Competition Law of the PRC” and other laws and regulations, and have formulated a series of internal rules and regulations, such as the “Administrative Measures for Suppliers” and the “Administrative Measures for Procurement”, in order to realize the informatization, refinement and centralization through the management of the supplier network, and to integrate the concept of sunshine procurement into sustainable supply chain operation management.

Supplier management

The Company always regards suppliers as important strategic partners to achieve healthy and sustainable development, and attaches great importance to and is committed to establishing long-term and stable close cooperation with them. We have strengthened the identification and management of environmental and social risks in all aspects of the supply chain by clarifying the requirements and practices for legal compliance of suppliers and the screening, selection and assessment of suppliers in our supplier management policy. On this basis, we formulated and implemented a standardized control procedure throughout the entire procurement process to ensure the continuous healthy and sustainable development of the supply chain.

After strict entry screening, the Company will select suppliers with relevant qualifications and good reputation in the industry, and require that they have not been involved in any major lawsuits or disputes or subject to any administrative penalties for integrity issues. According to the products and services provided by the suppliers, we divide them into two major categories: IT and non-IT. Considering the characteristics of enterprise business, we regard IT suppliers as the most critical partners. Therefore, we require them to obtain the certification authorized by the brand manufacturers that they represent, have certain experience in project implementation and have been established for at least three years. For non-IT suppliers, we will ensure that they have a sufficient number of professional and technical personnel and sound pre-sales and after-sales quality assurance system, as well as certain project experience, and the establishment time is not less than one year.

In order to supervise suppliers' related projects, we carry out evaluation on suppliers every year, with the evaluation process being completed efficiently under the collective decision, and coordinate supervision by the business, 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 until the termination of the cooperation. We will promptly replace or eliminate suppliers with the following situations, including failure to deliver products and services on time, delivering defective products and services, poor service attitudes, violation of the regulations specified in the "Sunshine Procurement Code for Suppliers of Yixin Group", and causing significant impact or loss on the Company's business and internal service quality.

During the Year, in order to improve the procurement system to enhance efficiency, we carried out systematic centralized procurement management, rationally classifying procurement items and further clarifying the scope of direct procurement. We have also developed efficient approval options for urgent direct procurement in the system, with a view to ensuring the flexibility of the procurement business such as scattered, e-commerce, temporary small amount of gifts, and emergency temporary materials while enhancing the degree of centralized procurement, and finally form a report on direct procurement for analyzing whether it is suitable for centralized procurement.

During the Year, 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	479
Southern China	67
Central China	32
Northern China	274
Northwestern China	14
Southwestern China	39
Northeastern China	38
Total	943

Green procurement

In order to reduce environmental pollution, the Company always adheres to the concept of green environmental protection and prioritize the purchasing and usage of recyclable office equipment. During the Year, we continued to recycle the original office furniture and purchased environmentally friendly and suitable second-hand furniture in the process of comprehensive renovation of workplace furniture. For projects such as the new construction and relocation of the headquarters building in Shanghai and other regional offices, we have always adopted this principle of recycling green procurement, and have successfully realized the conservation and reuse of resource.

Case study:

Green procurement with recycling concept

Adhering to the concept of recycling, we have made full use of office furniture in the original workplace after the Company's headquarters in Shanghai settled in Yixin Building, and prioritized the use of second-hand recyclable furniture when replenishing procurement.

▲Purchasing recyclable office equipment

During the Year, we made significant adjustments to our procurement policy for event gifts, placing more emphasis on the use of environmentally-friendly biodegradable materials. This initiative is part of the Company's commitment to environmental protection, aiming to minimize its impact on the environment.

Case study:

Green gifts: coffee cups made from coffee grounds

Aiming to follow the principle of recycling application and rational use of green materials, we purchased coffee cups made from coffee grounds for the supply of event gifts.

▲Purchasing coffee cups made from coffee grounds

Sunshine procurement

The Company always adheres to the principle of sunshine procurement, and regards fairness and openness as the core requirements of procurement activities to ensure that all procurement activities are in compliance with the applicable laws and regulations and the Company's rules and regulations. To this end, we resolutely prevent possible moral hazards between procurement employees and business partners, and formulate and implement strict prevention and control measures, aiming to build an honest, self-disciplined, loyal and reliable procurement team. During the Year, on the basis of strictly implementing the "Administrative Measures for Sunshine Procurement Conduct of Yixin", we further optimized the sunshine procurement plan and implementation methods. We require all suppliers that have won the bid to sign the "Sunshine Purchasing Code for Suppliers of Yixin Group". At the same time, we clearly set out a description of prohibitions and reporting channels for violations of laws and regulations in the sunshine procurement agreement. The supervising department is responsible for the monitoring of the entire procurement process, and the auditing department regularly conducts random inspections of the procurement items to ensure the compliance of the relevant supply items.

Based on the sunshine procurement policy, the Company is committed to implementing transparent, compliant and refined procurement management. In order to achieve a more intuitive supervision and control of procurement, we have introduced the "E-Procurement System" to display all procurement process information in a visual manner. The system not only helps business managers to easily make enquiries about procurement data reports, but also plays a key role in obtaining accurate information such as the procurement amount by each department, procurement quantity, supplier sourcing and amounts saved. During the Year, the "E-Procurement System" also gradually integrated the order and acceptance data from other business systems to further enhance the visibility and comprehensiveness of the data.

5. 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. We have formulated a series of internal management systems such as the "Office Power Usage Management System" and the "Administrative Measures for Yixin Building" to ensure full compliance with environmental laws and regulations. We have incorporated the concept of low-carbon environmental protection and sustainable development into our daily operation and management, and we are not only committed to identifying and responding to possible climate change, but also to contributing to environmental protection and low-carbon development by carrying out energy saving and emission reduction work and optimizing green operations.

(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. We actively respond to the concerns of stakeholders such as the government, customers, investors and the market, refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB). We continue to improve risk management system on this basis and formulated a series of response measures in respect of low-carbon operations, environmental changes and natural disasters and support to the development of clean sources, in order to better adapt to and mitigate the impact of climate change on our business.

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 Company and formulating response strategies; An ESG Working Group is set up under the ESG Committee, responsible for implementing the ESG related work of the Company.
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 countermeasures with reference to domestic and international climate change information and the TCFD's risk analysis framework.
Indicator and goal	In 2023, 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 of risks	Description of climate risks	Potential financial impact	Counter-measures
Physical 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;
Physical 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	• 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; • 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.
Transformation risk	<u>Introduction of climate-related policies</u> 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.

Types of risks	Description of climate risks	Potential financial impact	Counter-measures
Transformation risk (Continued)	Changes in market demand 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, multidimensional and diversified marketing system.
	Technology transformation trends 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.
	Increased stakeholders' concerns 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.

Climate change opportunities, potential financial impacts and counter-measures

While responding to climate-related risks, the Company has been exploring the opportunities brought about by climate change in conjunction with its own principal business and operational processes, and has identified the following development opportunities to further promote the sustainable development of the industry.

Types of opportunities	Description of climate 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.
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) Optimizing resource utilization

The Company emphasizes the influence of unconscious publicity in the management of the utilization of resources, and at the same time strengthens publicity and the formulation of rules and regulations to ensure effective management. 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. To enhance employees' awareness of ESG, we have set up a platform called "Xin Newspaper" within the Company, which aims to promote ESG knowledge and integrate it into employees' daily life and office, so as to enhance the exposure of ESG.

▲Semi-monthly big events by our "Xin Newspaper"

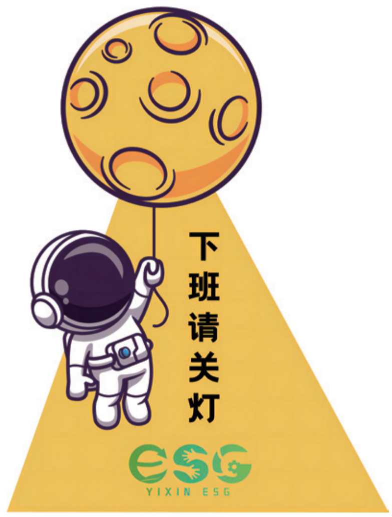
In addition, by strengthening the publicity of ESG and low carbon and energy saving, we have integrated these concepts into the upgrading of soft furnishings in office areas, sign upgrading, YIXIN-ESG logo design, festive activities in the workplace, newspaper and magazine publicity and official account, etc., so as to publicize these concepts in an all-round way.

▲YIXIN-ESG logo

▲Save Water sign

▲Save Paper sign

In terms of electricity saving, the Company reduces electricity consumption through measures such as 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 actively 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.



▲"Looking for the Moon in the Workplace" as the electricity saving sign

In terms of water conservation, 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 sourcing water that is fit for purpose in the Year.

In terms of saving paper, the Company pays great attention to reducing unnecessary waste and promoting saving paper. Through the online application of some processes and the promotion of paperless office, we have continued the reform of the way of application for office consumables this year from the original offline registration to online system registration, and formulated the relevant rules and regulations. These include more clear and effective management and control over the use of documents, which requires each employee can apply and receive no more than two packs of A4 paper for each quarter. In addition, in order to further reduce the consumption of documents, in addition to promoting the paperless office of the OA system, we also bind employees' ID information with printers to cultivate employees' good habit in printing by means of real-name printing.

Case study:

Paperless operation of express delivery service

During the Year, we launched a brand new OA system for express delivery service, which realized the online express delivery service and successfully achieved paperless operation to further reduce the waste of resources.

▲Express e-station business leaflet

In terms of waste sorting, the Company upholds the concept of environmental protection and sustainable development, and comprehensively implements waste sorting in the workplace. To ensure smooth operation of waste sorting, the Company has purchased waste sorting bins and other hardware facilities to provide employees with convenient waste sorting conditions, thereby further enhancing their awareness and participation in waste sorting.

Case study:

Carry out waste sorting in workplace and raise awareness of waste sorting

During the Year, the Company installed waste sorting bins in the office building to ensure that employees actively cooperate with the call for waste sorting and guide them to develop a low-carbon and environmentally-friendly lifestyle.

▲Waste sorting bins in the office building

At the same time, 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 also formulated the "Corporate Vehicle Usage Management System of Yixin Group" to strictly approve and standardize the manner and scope of the usage of corporate vehicles and gradually reduce the use of corporate vehicles. During the Year, we have replaced most of our traditional corporate fuel vehicles with new energy electric vehicles, thereby effectively reducing carbon emissions.

(3) Environmental performance

Emissions[2]

Indicator	2023	2022
Total greenhouse gas emissions (Scope 1 and Scope 2) (ton)	1,273.67	1,165.17
GHG emissions per capita (ton/person)	0.28	0.28
Direct GHG emissions (Scope 1) (ton)	13.94	41.52
Bus fuel consumption	13.94	41.52
Indirect GHG emissions (Scope 2) (ton)	1,259.73	1,123.65
Purchased electricity	1,259.73	1,123.65
Total nitrogen oxides emissions from motor vehicles (kg)	0.72	2.56
Total SOx emissions from motor vehicles (kg)	0.09	0.27
Hazardous waste (ton)[3]	0.00	0.00
Hazardous waste per capita (ton/person)	0.00	0.00
Non-hazardous waste (ton)[4]	361.06	326.40
Non-hazardous waste per capita (ton/person)	0.08	0.08

Notes:

① Due to its business nature, the gas emissions of the Company are mainly derived from the use of purchased electricity.

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 2023. Since the warranty of lead-acid batteries remained valid, there was no waste of lead-acid battery in 2023.

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 paper waste and electronic equipment waste were generated in 2023.

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

Energy consumption

Indicator	2023	2022
Total energy consumption (MW·h)	2,129.95	2,002.61
Energy consumption per square meter of gross floor area (MW·h/m^2)	0.08	0.09
Direct energy consumption (MW·h)	54.48	162.23
Petrol	54.48	162.23
Indirect energy consumption (MW·h)	2,075.47	1,840.38
Purchased electricity[2]	2,075.47	1,840.38
Per capita electricity consumption (MW·h/person)	0.45	0.44
Water consumption (ton)[3]	8,297	7,514
Per capita water consumption (ton/person)	5.84	7.56

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, 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.

(4) Environmental targets

As an automobile financing transaction service provider on the internet, the Company develops its business on the basis of internet, therefore water, electricity and office paper are the main resources consumed in the Company's daily operations. 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 environmental targets in line with the actual development of the Company and have regularly reviewed and examined the progress of achieving the targets during the Year.

Indicator	Target for 2023	Status of achievement	Specific measures	Target for 2024
Per capita water consumption	Reduce 4% as compared with 2022	Achieved	During the Year, Yixin Building, where our Shanghai headquarters is situated, replaced bottled water with a direct drinking water system, effectively reducing the water resources.	Reduce 3% as compared with 2023
Per capita electricity consumption	Reduce 4% as compared with 2022	Not yet achieved	In 2022, affected by the epidemic, most of the Company's employees worked from home. In 2023, the Company has fully resumed work. As a result, the per capita electricity consumption has increased by 2.3% compared with that of last year, and the per capita greenhouse gas emissions have not yet decreased.	Reduce 3% as compared with 2023
Per capita greenhouse gas emissions	Reduce 4% as compared with 2022	Not yet achieved		Reduce 3% as compared with 2023
Waste sorting coverage	Reach 100%	Achieved	The Company has set up locations for dry and wet waste classification in the workplace, and conducts strict daily inspection.	Reach 100%
Per capita office paper consumption	Reduce 4% as compared with 2022	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. At the same time, the Company binds employees' ID information with printers to cultivate employees' good habit in printing by means of real-name printing.	Reduce 3% as compared with 2023

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 target:

- 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

6. UPHOLDING THE CONCEPT OF PUTTING PEOPLE FIRST

The Company cares about the growth and development of employees, and it has been committed to providing employees with a fair, respectful, inclusive and diversified working environment. The Company keeps adhering to the principle of protecting the rights and interests of its employees, and it strives to become an outstanding enterprise in the field of automobile financial transactions on the internet to attract outstanding talents.

(1) Employment and benefits

The Company always pays attention to the rights and interests of employees and is committed to providing a fair and equitable working environment. We strictly abide by the relevant 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 ensure that employees' rights and interests are properly safeguarded and to regulate the management of employees' recruitment, induction and other related matters. We proactively create a diverse and inclusive working environment and provide fair and equitable treatment for employees of different genders, ages, ethnicities, races and religious beliefs in terms of recruitment, promotion, salary and benefits. In addition, we have covered specific aspects of protecting the rights and interests of employees in the Employee Handbook, and strictly followed the principle of non-discrimination in the recruitment process. In respect of resigned employees' rights and interests, we have formulated internal labor contracts in compliance with relevant national laws and regulations, and specified the employment period and termination conditions, so as to properly handle employees' resignation matters and fully protect the rights and interests of resigned employees.

The Company actively recruits talents who meet the needs of the Company's development through online recruitment, staff referrals and internal applications, and complies 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". In addition to eliminating the occurrence of child and forced labor according to such laws and regulation, we have established recruitment review mechanism to avoid the possibility of non-compliant employment. If job applicants under legal working age were detected by automatic identification of the age information on the identity card, we shall terminate the employment, check the system bug and check the information of such job applicants. In 2023, there were no incidents of child labor or forced labor.

Case study:

Empowering the future and boosting growth

The Company continues to strengthen communication with college graduates and warmly welcomes outstanding fresh graduates to join us. During the Year, we planned to recruit more fresh graduates and interns, and held 8 job fairs specifically for fresh graduates in ECUPL and other universities located in Changning district of Shanghai.

▲Job fair held in ECUPL

▲Special job fair held in Changning district

The Company attaches great importance to employee communication and feedback. In addition to conducting democratic communication and meeting elections through the labor union via the original channels, we also provide various feedback and whistle-blowing channels for employees. For employee feedback, we provide our employees with special hotline and email as well as the smart system called "Xiaoxinxin", which is available for submitting problem feedback or complaint. In this system, some questions can be answered directly. For whistle-blowing by employees, we set up anonymous reporting channels including anonymous reporting hotline and email, while non-anonymous reporting shall be put forwarded via WeChat or personal email. We have established information handling standards corresponding to relevant communication channels, in which it has specified the time limit to handling such information. For internal administration of non-compliance and disciplinary violations, it is the duty of the safety supervision department to handle the reported information.

The Company strives to ensure that our employees can fully enjoy their life after work and maintain a balance between working hours and vacation time. We strictly abide by the statutory working hours to ensure that employees are entitled to basic vacation rights. In order to improve the quality of life of our employees, we limit overtime hours to allow them to have more time to spend on their life.

We conduct anonymous employee satisfaction survey on a regular basis, which is an important measure for us to have a profound understanding of employees' satisfaction and happiness in the workplace and mainly includes talent pool checking and organizational investigation. For talent pool checking, we randomly select employees to communicate with the junior management to discuss on-site issues. The checking is open to all regular employees and the participants of each month shall be different. Meanwhile, we prepare systematic questionnaire for organizational investigation, and from the employees' scores on remuneration, position and responsibilities, superior management and team atmosphere, etc., we could fully understand their feelings and views on various aspects of the Company.

Key performance indicators related to employment of staff

Indicator	Number of employees (person)	2023 Percentage (%)
Total number of employees	4,252	
Number of employees by gender		
Male employees	2,701	63.52%
Female employees	1,551	36.48%
Number of employees by age		
30 years old and below	1,242	29.21%
31-50 years old	2,986	70.23%
Over 50 years old	24	0.56%
Number of employees by region		
Eastern China	1,365	32.10%
Southern China	388	9.13%
Northern China	638	15.00%
Central China	580	13.64%
Northeastern China	449	10.56%
Southwestern China	493	11.59%
Northwestern China	320	7.53%
Hong Kong, Macau, Taiwan and overseas regions	19	0.45%
Number of employees by employment category		
Full-time contract employees	4,231	99.51%
Interns	21	0.49%

Key performance indicators related to employee turnover

Indicator	2023
Total employee turnover rate	15.55%
Employee turnover rate by gender	
Male employees	14.91%
Female employees	16.69%
Employee turnover rate by age	
30 years old and below	18.45%
31-50 years old	14.55%
Over 50 years old	8.89%
Employee turnover rate by region	
Eastern China	16.26%
Southern China	15.01%
Northern China	12.64%
Central China	14.02%
Northeastern China	16.94%
Southwestern China	18.20%
Northwestern China	14.88%
Hong Kong, Macau, Taiwan and overseas regions	26.67%

(2) Employee benefits and care

The Company continuously improves its salary incentive and welfare system which is fair internally and competitive in the market, so as to provide employees with more benefits and care. We comply with 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" to safeguard the legitimate interests and rights of our employees and regulate operation of the Company. On top of paying various social insurances for all employees and fully safeguarding their vacation rights, we provide employees with additional benefits including meal allowance, transportation allowance, travel allowance and communication allowance.

We are dedicated to create a congenial workplace with positive atmosphere for our employees, and provide comprehensive infrastructure, catering options and diversified care services. In order to provide a comfortable working environment, each office building is equipped with basic facilities such as pantry and telephone booths. In addition, the Company is equipped with massage rooms, shower rooms, employee activity rooms, user-friendly public space and baby care rooms for new mothers to relieve work pressure of our employees and provide more intimate care. In order to meet the catering needs of our employees, we cooperate with service providers to set up breakfast cabinets on each floor. We also cooperate with surrounding catering outlets, which allows our employees to enjoy exclusive discounts via their ID badges and enriches their catering options. We also regularly held induction celebrations, employee birthday parties, sports competitions and other activities, aiming to provide employees with diversified leisure methods, create a healthy, safe and caring working environment, and enhance employees' sense of belonging. The Company deeply cares about mental health of employees. During the Year, the Company launched the employee care project and employee assistance program to provide free professional psychological counseling services, which helps employees release stress and establish a positive attitude.

Case study:

Caring for mental health of employees, and creating a harmonious workplace environment in Yixin

During the Year, we provided a set of systematic and long-term employee assistance programs (EAP) for employees to help them identify, prevent and answer psychological or behavioral problems, which provides intensive care for employees and enhances their sense of happiness.

▲Poster of the EAP

We also invite professionals with national second-level psychological counseling qualifications to provide high-level psychological counseling courses to employees, so as to create a positive and healthy workplace psychological atmosphere.

▲Poster of the psychological counseling courses

Case study:

Employee Health Week: consultation by Chinese medicine practitioners event

We held a four-day consultation by Chinese medicine practitioners in the workplace from March 20 to March 24, 2023, hoping that such event could improve our employees' health condition and awareness and enable them to have better mastery of health care skills and knowledge.

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

(3) Employee training and development

In the course of pursuing long-term sustainable development by the Company, the cultivation of the ability of employees is essential as it provides critical support. We have formulated rules and regulations such as the "Administrative Measures for Daily Promotion" and the "Administrative Measures for Transfer" to help employees clearly understand the Company's internal transfer and promotion process and further plan their career paths. With the core concept of "application skills" and "employee experience", we provide a variety of career development channels, including promotion channels for both positions and ranks. In addition, a job rotation mechanism has also been introduced to help employees conduct multi-dimensional learning and meet the needs of the Company.

The Company designed and organized a number of diversified training activities, covering new employee induction training, professional skills training and leadership training for all employees, aiming to fully support employees' career planning and development and professional skills improvement. The induction trainings we provided for all new employees cover 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, which could help them quickly adapt to the working environment. In general, new employees shall be mentored by experienced colleagues for 1 to 3 months and shall be subject to preliminary departmental assessment at the end of the probation period, and they will become regular employees after passing the assessment.

To support our employees in achieving their personal career goals, we provide a wealth of learning resources to facilitate their improvement. All employees can use our online learning platform "Yixin University" to broaden their professional knowledge reserve and visions, thereby obtaining more career development and promotion opportunities and laying a solid foundation for future career development. At the same time, in order to promote communication among various departments, we have organized functional manager trainings, with training contents covering sharpening management style, application of talent inventory results, data analysis, project management, new-generation employee management and knowledge on financial industry. In addition, we have established a professional skills training program to provide diversified online and offline training courses according to the needs of employees. The training program has been certified for Six Sigma since its launch last year.

Case study:

Skill trainings for employees to learn new skills

During the Year, we offered skill training courses for employees for voluntary participation. Such courses cover various professional skills, including "poster production", "image processing" and "video editing".

▲Poster of skill training courses for employees

Key performance indicators related to employee trainings

Indicator	2023 Training rate (%)
Percentage of employees trained by gender	
Male employees	99%
Female employees	99%
Percentage of employees trained by ranking	
Senior management	87%
Middle-level management	92%
Entry level employees	99%

Indicator	2023 Training hours (hours/person)
Average training hours of employees	30.8
Training hours of employees by gender	
Male employees	30.9
Female employees	30.6
Training hours of employees by ranking	
Senior management	1.2
Middle-level management	8.3
Entry level employees	30.7

(4) Health and safety of employees

With high concern over health and safety of employees, we strictly comply with relevant laws and regulations such as the "Labor Law of the PRC" and the "Regulations on Work-related Injury Insurance", and have formulated internal rules and regulations such as the "Management Measures on Yixin Building", so as to maintain a safe and comfortable working environment for employees. To further show our care for employees' health and workplace safety, we launched a series of health and safety services, training and drills during the Year, including annual check-up, automated external defibrillator (AED) cardiac first aid training, safety first aid course, fire training course and drills to provide employees with comprehensive health protection and safety response capabilities. We will continue to make unremitting efforts to ensure that employees are always in good health and that safety is maintained at work.

Case study:

Comprehensive induction check-up and annual check-up services

The Company pays great attention to the health and well-being of its employees and is committed to providing comprehensive check-up services to employees. Employees can enjoy comprehensive check-up when they join the Company, and one annual check-up each year, which ensure that employees maintain good physical condition and health level during work.

▲Poster of Yixin Group's 2023 annual health check-up

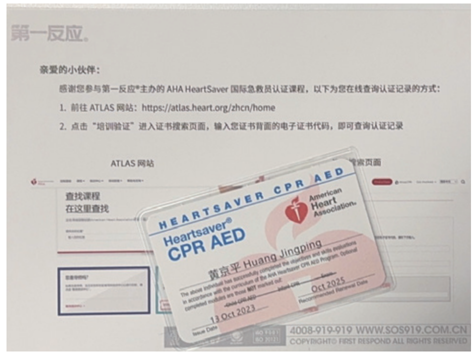
Case study:

Comprehensive safety escort to improve employees' first aid skills

During the Year, we cooperated with a number of third-party professional organizations to carry out a number of safety awareness trainings. We and the American Heart Association (AHA) jointly organized AED emergency rescue trainings to enhance employees' first aid and rescue capabilities. Employees who completed the trainings and passed the appraisal received certificates issued by AHA.

▲Poster of the 2023 training courses

▲Picture of class of the trainings



▲Certificate for staff training and appraisal

On top of our existing AED trainings, we also customized a series of first aid courses, which covers emergency evacuation measures, personal safety protection and self-rescue as well as accidental trauma handling, so as to help improve employees' emergency safety awareness.

安全急救培训课程表

开展时间	课程主题	讲师
4月	心脏急救复苏培训	内部已认证急救员员工
5月	紧急事件的逃生措施	外部讲师
6月	人身安全防范与自救	外部讲师
7月	常见意外创伤及突发疾病处理	外部讲师
8月	心脏急救复苏培训	AED供应商
9月	危机防御	外部讲师
10月	心脏急救复苏培训	内部已认证急救员员工
11月	心脏急救复苏培训（含认证）	外部讲师

▲Class schedules of first aid trainings

▲First aid training class

During the Year, we placed AED equipment at our service center and established a volunteer team of Yixin safety officers, all of which have obtained AED training certifications. In addition, we have also set up a team of emergency volunteers for floor safety and security led by CPC Party members to ensure the safety of employees in emergency situations.

▲AED equipment at our service center

▲Emergency safety volunteers

▲Use instruction tip of AED

Case study:

Improving employees' awareness of fire safety

During the Year, we attached great importance to fire safety and organized professional fire safety training activities. The event mainly included two parts. Firstly, we invited professional lecturers on fire safety to offer training courses, which covers causes of fire, evacuation skills, equipment use methods and emergency plan formulation; secondly, we organized on-site drills to simulate fire emergencies, during which our employees are required to evacuate in an orderly manner. The combination of training and drills has effectively raised employees' risk awareness and enhanced confidence in fire prevention and hazard reduction.

▲On-site fire safety education

▲On-site fire safety drill

▲On-site fire safety training

In order to ensure the personal safety of our employees, we have applied facial recognition technology in access control system of our smart building, so that only authorized employees can enter the office area. For visitors, they need to make an appointment and register information in advance, and they are only allowed to enter the office area with the accompany of receptionist designated by the reservation department. By strictly controlling outside visitors, we have effectively safeguarded the safety of our employees. In addition, we have established a 24-hour security team to provide round-the-clock security services to the building. At the same time, the team is responsible for daily environmental maintenance work, including regular disinfection and cleaning of carpets and seats, disinfestation of workplaces during mosquito-prone seasons, and regular cleaning of refrigerators to ensure food hygiene and safety.

▲Daily maintenance by our security team

Key performance indicators related to work-related injuries and fatalities

Primary indicators	Secondary indicators	Unit	2023
Number and rate of work-related fatalities in the past three years (including the reporting year)	Number of work-related fatalities in 2021	Person	0
	Number of work-related fatalities in 2022	Person	0
	Number of work-related fatalities in 2023	Person	0
Lost days due to work-related injury	Number of work-related injuries in 2023	Case	0
	Lost days due to work-related injuries in 2023	Day	0

7. BUILDING A HARMONIOUS AND BEAUTIFUL SOCIETY

The Company integrates sustainable social support into the public welfare philosophy with social welfare as the core of its corporate culture, and motivates its employees to actively participate in public welfare activities by spreading such philosophy internally. We strive to make the Company's public welfare activities more meaningful and motivate our employees to the full to participate in public welfare activities.

During the Year, the Company continued to focus on the fulfillment of its social responsibilities, regarded the enhancement of overall social benefits as the driving force of corporate development, and adhered to the principle of giving back to community and assuming responsibilities. We attached great importance to the harmonious development between man and nature, supported the local neighborhood communities and listened to the voices of disadvantaged groups. We actively promoted and performed various public welfare activities in environmental protection, inclusive finance, rural revitalization, charitable assistance and charitable education programs, thereby rewarding society with sincere love. Meanwhile, we actively cooperated with several charity foundations to jointly support the development of public welfare initiatives.

Environmental protection

Afforestation and greening will benefit not only this generation, but many more to come. The Company actively participates in the afforestation activities of local communities and encourages its employees to do the same, thereby contributing to the greening of ecological environment and the building of a beautiful home.

Case study:

Participating in the afforestation activities together for a bright future

In April 2023, our team in Xinjiang organized key members to participate in the tree planting activities for sandstorm protecting shelterbelts in the local communities of Urumqi, through which we built more sandstorm protecting shelterbelts for the local communities and contributed to the environmental protection.

▲The afforestation activities

Inclusive finance

The Company actively responds to the call of "empower the real economy". In order to meet the needs of users in border regions such as Xinjiang, Inner Mongolia and Yunnan, we go deep into mountainous and pastoral areas to provide customized solutions for customers to purchase automobiles by installments and offer diverse products and services. In the meantime, we take flexible measures to solve users' practical difficulties, thus providing users with inclusive, high-quality and efficient automobile financing services.

Case study:

Supporting border guards in border regions to purchase automobiles

In order to provide better automobile financing services to people in Kashgar Prefecture, Yixin's team went deep into the local communities to conduct several researches on border guards. We closely cooperated with local automobile dealers to launch inclusive financial products with low down payment, in a bid to support border guards in Kashgar Prefecture to purchase automobiles more conveniently. Such efforts aim to promote the sustainable development of local automobile finance and offer more diverse financial support and convenient services to residents in border regions.

▲An employee of Yixin went to a village to serve customers

Case study:

Supporting tobacco farmers in Yunnan Province to solve the difficulties in automobile purchase

The income of tobacco leaf growers in Qujing City, Yunnan Province is subject to great fluctuation, resulting in difficulties in automobile purchase with financial support. In active response to the needs of farmers, Yixin's financial consultants cooperated with the local automobile OEMs to launch products with low down payment and long-term repayment schedule, with the aim to support tobacco farmers to purchase automobiles for transportation and solve the difficulties in transportation of tobacco leaves.

▲Yixin's customers were picking tobacco leaves in the field

Case study:

Special videos on "Frontline of Yixin (鑫一線)"

We produced four sessions of special videos on "Frontline of Yixin (鑫一線)", which elaborated that Yixin's frontline consultants in different regions provided comprehensive services to local automobile users and proactively promoted the development of small and micro enterprises in the automobile industry and the real economy amidst the backdrop of greater governmental efforts in facilitating automobile consumption in rural areas and inclusive finance, so as to support the inclusive values of achieving common prosperity for the agriculture, rural areas and rural people, and demonstrate the Company's commitment to social responsibilities.

▲Promotional photos for special videos on "Frontline of Yixin (鑫一線)"

Rural revitalization

The Company attaches great importance to rural revitalization strategies and considers rural revitalization as its long-term project, so as to drive the economic development of rural areas and social progress with active promotion of rural revitalization.

Case study:

"Changxing Island Tangerine" public welfare activity

We continued to carry out volunteer activities for helping and benefiting farmers in Changxing Island, where we picked tangerines with local farmers to gain an in-depth understanding of and experience their great hardship before good harvest. During the Year, a total of five volunteers participated in the activities, each with an average service period of three hours, and we purchased 800 catties of fruits from the local farmers.

▲Examples of helping and benefiting farmers

Case study:

Supporting the development of teaching talents in rural areas

On September 9, 2023, Xin lecturers (鑫講師) from Yixin Group conducted a whole-day course training with teachers in rural areas, during which they also held an exchange meeting at lunch to share their teaching experience. By offering professional trainings as well as exchange and sharing opportunities, we aim to improve the professional skills and comprehensive quality of teaching talents in rural areas and promote all-around development of talented personnel in rural areas.

▲Course training for teachers in rural areas

Charitable assistance

Caring much about community residents and concerning about socially disadvantaged groups, the Company's employees actively organize volunteers to participate in charity and donation activities, through which we not only let more people understand our corporate values, but also contribute to creating a harmonious and beautiful society.

Case study:

Supporting Sunshine Home with every donation

Since April 2023, we have been raising donations for "Shanghai Sunshine Home (上海市陽光之家)" through "Yibei Coffee" public welfare activities every month. A total of RMB8,501.33 has been raised by now, which will be fully used to purchase "Sunshine Babies (陽光寶寶)" handicrafts and holiday gifts. On June 13, 2023, 14 volunteers from different departments of the Company visited Sunshine Home to learn how to make handicrafts with Sunshine Babies, and gave customized gifts to them as companion, during which a profound friendship was built.

* Method of charitable donations: via the official platform of Changning Charity Foundation of Shanghai (上海市長寧區慈善基金會).

▲Sunshine Home event

▲Raising donations for "Shanghai Sunshine Home (上海市陽光之家)"

Case study:

Helping “Orphans Who Are Not Alone (不是孤兒的孤兒)” with love

Since September 2023, we have been raising donations for the “Orphans Who Are Not Alone (不是孤兒的孤兒)” project in Yunnan Province through “Yibei Coffee” public welfare activities every month. A total of RMB3,416 has been raised by now, which will be fully used to support children in rural areas of Yunnan Province. Meanwhile, we organized our employees to donate over 20 extracurricular books which were suitable for children to read to the “Orphans Who Are Not Alone (不是孤兒的孤兒)” project.

* Method of charitable donations: via the official platform of Changning Charity Foundation of Shanghai (上海市長寧區慈善基金會).

▲Promotional poster for the “Orphans Who Are Not Alone (不是孤兒的孤兒)” event

▲Introduction of the “Orphans Who Are Not Alone (不是孤兒的孤兒)” event

▲Group photo of the “Orphans Who Are Not Alone (不是孤兒的孤兒)” event

Case study:

Visiting communities on the Dragon Boat Festival

In June 2023, Xinjiang team of Yixin organized visits to veterans and families of military personnel and martyrs in communities with the neighborhood committees of the communities, during which they celebrated the Dragon Boat Festival by gathering together and wrapping Zongzi, which created a heartwarming and harmonious atmosphere in the communities.

▲Visiting event on the Dragon Boat Festival

Case study:

Visiting elderly people who lived alone

On November 11, 2023, Xinjiang team of Yixin worked with the Party committee of local communities to visit elderly people who lived alone in the local senior apartments while holding a gathering together. Through such event, we aimed to express our sincere care to the elderly and our concern about disadvantaged groups, and spared no efforts to create a more heartwarming and caring environment for the communities.

▲Visiting elderly people who lived alone

Case study:

Facilitating the digitalization of the public reading room of Jiugang Village

On September 22, 2023, we donated ten computer equipment to the public e-reading room of Jiugang Village to support its construction. Immediately before completion of the construction of the reading room, representatives from Yixin went to Jiugang Village to help install digital devices, and participated in the joint contribution activities with the elderly in the village. Such donation aimed to provide better study and reading conditions for the villagers and promote the community spirit of joint contribution for shared benefits.

▲Construction activities of the e-reading room for the elderly

Case study:

Jointly establishing friendship between the army and the people

The Company arranged for employees to visit an army force stationed in Shanghai before the Army Day in 2023. We visited with fruits reaped from our agricultural assistance activities, and jointly convened a basketball friendly match at the army base, so as to enforce the close connection and deep friendship between the army and the people.

▲The Army Day activities in 2023

Case study:

Stray animal rescue activity in the Baoen Temple

During the Year, we organized a volunteer activity in the Baoen Temple with the theme of paying attention to stray animal rescue, and a total of five employees of the Company participated in the activity as volunteers. Such activity targeted to create more public awareness of the plight of stray animals and offer them help and support.


▲The stray animal rescue activity

Charitable education programs

Case study:

Awarded with the honour of "Caring Enterprise" for supporting the education of children in the rural area

The Company actively responded to the call from the government to donate a total of 500 sets of "children's safety schoolbag packages" to the Jiangxi Women and Children Development Foundation as the educational materials for children in the rural area, with a total donation amount of RMB1 billion. In December 2023, we were awarded with the honour of "Caring Enterprise" by the Jiangxi Women and Children Development Foundation.

▲The "Caring Enterprise" honor from Jiangxi Women and Children Development Foundation

Case study:

Supporting the study tour of students to the Company during the summer vacation

On August 15, 2023, we invited the primary and secondary school students and lead teachers from Fenxi County, Shanxi Province to visit Yixin Group, and arranged a study tour for a day. By way of teaching through lively activities such as introduction during visits and course explanation, the students were able to gain a profound understanding of financial related knowledge and its application in the daily life and social practice. A total of 12 employees of the Company participated in such activity as volunteers. Besides, we offered a law class to the children for popularization of laws related to information dissemination and arranged activities such as "Public Welfare Coffee (公益咖啡)", with the aim to share with the children the happiness and meaning brought by contribution to the society, enrich their social experience and enhance the comprehensive quality of primary and secondary school students.

▲The study tour of students to the Company during the summer vacation

APPENDIX HONG KONG STOCK EXCHANGE'S ESG INDEX

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
Governance Structure	–	A statement from the board containing the following elements: (1) a disclosure of the board's oversight of ESG issues; (2) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (3) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainability Management – Board statement
Reporting Principles	–	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: (1) **Materiality**: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. (2) **Quantitative**: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (3) **Consistency**: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Boundaries	–	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
Environmental	A1 Emissions	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Promoting Green Operations – Optimizing resource utilization
		A1.1 The types of emissions and respective emissions data.	Promoting Green Operations – Environmental performance
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Promoting Green Operations – Environmental performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Promoting Green Operations – Environmental performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Promoting Green Operations – Environmental performance
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	Promoting Green Operations – Environmental targets
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Promoting Green Operations – Environmental targets

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
	A2 Use of Resources	General disclosure: policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Green Operations – Optimizing resource utilization
		A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Promoting Green Operations – Optimizing resource utilization
		A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Promoting Green Operations – Optimizing resource utilization
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Promoting Green Operations – Optimizing resource utilization
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Promoting Green Operations – Optimizing resource utilization
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company's operations do not involve the production of physical products, therefore KPI A2.5 is not applicable.

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
	A3 The Environment and Natural Resources	General disclosure: policies on minimising the issuer's significant impacts on the environment and natural resources.	Promoting Green Operations – Optimizing resource utilization
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promoting Green Operations – Optimizing resource utilization Promoting Green Operations – Environmental performance
	A4 Climate Change	General disclosure: policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Promoting Green Operations – Responding to climate change
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Promoting Green Operations – Responding to climate change
Societal	B1 Employment	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Upholding the concept of putting people first – Employment and benefits
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Upholding the concept of putting people first – Employment and benefits
		B1.2 Employee turnover rate by gender, age group and geographical region.	Upholding the concept of putting people first – Employment and benefits

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
	B2 Health and Safety	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Upholding the concept of putting people first – Health and safety of employees
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Upholding the concept of putting people first – Health and safety of employees
		B2.2 Lost days due to work injury.	Upholding the concept of putting people first – Health and safety of employees
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Upholding the concept of putting people first – Health and safety of employees
	B3 Development and Training	General disclosure: policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding the concept of putting people first – Employee training and development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Upholding the concept of putting people first – Employee training and development
		B3.2 The average training hours completed per employee by gender and employee category.	Upholding the concept of putting people first – Employee training and development

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
	B4 Labour Standards	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Upholding the concept of putting people first – Employment and benefits
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Upholding the concept of putting people first – Employment and benefits
		B4.2 Description of steps taken to eliminate such practices when discovered.	Upholding the concept of putting people first – Employment and benefits
	B5 Supply Chain Management	General disclosure: policies on managing environmental and social risks of the supply chain.	Strengthening Management and Standardizing Operation – Sustainable supply chain
		B5.1 Number of suppliers by geographical region.	Strengthening Management and Standardizing Operation – Sustainable supply chain
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening Management and Standardizing Operation – Sustainable supply chain

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening Management and Standardizing Operation – Sustainable supply chain
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening Management and Standardizing Operation – Sustainable supply chain
	B6 Product Responsibility	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Ensuring the Quality of Products and Services – Elevating service standards, Responding to customer complaints Strengthening Management and Standardizing Operation – Safeguarding information security, Protecting intellectual property
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our operations do not involve the production of physical products, therefore KPI B6.1 is not applicable.
		B6.2 Number of products and service related complaints received and how they are dealt with.	Ensuring the Quality of Products and Services – Elevating service standards

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Strengthening Management and Standardizing Operation – Protecting intellectual property
		B6.4 Description of quality assurance process and recall procedures.	Ensuring the Quality of Products and Services – Elevating service standards
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strengthening Management and Standardizing Operation – Safeguarding information security
	B7 Anti-corruption	General disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Management and Standardizing Operation – Adhering to business integrity
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Strengthening Management and Standardizing Operation – Adhering to business integrity
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening Management and Standardizing Operation – Adhering to business integrity
		B7.3 Description of anti-corruption training provided to directors and staff.	Strengthening Management and Standardizing Operation – Adhering to business integrity

Aspects	Subjects	Disclosure Requirement	Corresponding Sections
	B8 Community Investment	General disclosure: policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building a Harmonious and Beautiful Society
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Harmonious and Beautiful Society
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Building a Harmonious and Beautiful Society

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 172 to 273, comprise:

- the consolidated balance sheet as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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

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<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
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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 2023, 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 RMB754,303,000 and RMB97,181,000 respectively, and the ECL allowance of risk assurance liabilities amounted to approximately RMB872,295,000.

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").

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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 allowance 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;

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<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
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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 allowance. For measuring ECL allowance, 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 allowance 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 allowance 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.
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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 allowance 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 ECL allowance 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.
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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(b) 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 RMB3,451,461,000 as at 31 December 2023. 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 supportable 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 February 2024

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenues	5		
Transaction Platform Business		**5,096,571**	3,984,259
Self-operated Financing Business		**1,589,400**	1,217,249
		6,685,971	5,201,508
Cost of revenues	7	**(3,438,823)**	(2,313,137)
Gross profit		**3,247,148**	2,888,371
Selling and marketing expenses	7	**(1,329,357)**	(1,218,335)
Administrative expenses	7	**(351,506)**	(430,061)
Research and development expenses	7	**(193,858)**	(192,045)
Credit impairment losses	7	**(728,733)**	(790,296)
Other income and other gains, net	6	**45,564**	142,390
Operating profit		**689,258**	400,024
Finance cost, net	9	**(15,175)**	(9,769)
Share of profits of investments accounted for using equity method	15	**34,741**	15,236
Profit before income tax		**708,824**	405,491
Income tax expense	10	**(153,866)**	(34,677)
Profit for the year		**554,958**	370,814
Profit attributable to:			
– Owners of the Company		**554,958**	370,814
– Non-controlling interests		**–**	–
		554,958	370,814
Profit per share attributable to owners of the Company for the year (expressed in RMB per share)	11		
– Basic		**0.086**	0.058
– Diluted		**0.083**	0.056

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	**554,958**	370,814
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**8,177**	194,116
Total comprehensive income for the year	**563,135**	564,930
Attributable to:		
– Owners of the Company	**563,135**	564,930
– Non-controlling interests	**–**	–
	563,135	564,930

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property and equipment	12	**444,073**	450,305
Right-of-use assets	13	**27,603**	18,463
Intangible assets	14	**911,155**	1,160,102
Associates and joint ventures using equity method	15(a)	**390,353**	660,155
Associates measured at fair value through profit or loss	15(b)	**110,000**	56,000
Financial assets at fair value through profit or loss	16	**3,459,575**	3,204,387
Deferred income tax assets	29	**561,351**	708,558
Prepayments, deposits and other assets	20	**506,293**	292,121
Finance receivables	18	**14,712,242**	7,359,576
Trade receivables	19	**1,153,042**	1,288,399
Restricted cash	21	**33,156**	114,110
		22,308,843	15,312,176
Current assets			
Finance receivables	18	**9,172,637**	6,382,437
Trade receivables	19	**3,641,289**	2,948,923
Prepayments, deposits and other assets	20	**2,621,365**	2,071,940
Restricted cash	21	**2,083,808**	2,015,734
Cash and cash equivalents	21	**3,479,550**	3,433,182
		20,998,649	16,852,216
A joint venture classified as held for sale	15(c)	**267,610**	–
		21,266,259	16,852,216
Total assets		**43,575,102**	32,164,392
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	**4,262**	4,238
Share premium	22	**34,964,305**	35,080,671
Other reserves	23	**1,296,382**	1,195,082
Accumulated losses		**(20,499,779)**	(20,953,778)
Total equity		**15,765,170**	15,326,213

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	28	**10,851,621**	4,686,125
Lease liabilities	13	**9,609**	5,985
Deferred income tax liabilities	29	**76,420**	89,594
Other non-current liabilities	30	**881,865**	940,125
		11,819,515	5,721,829
Current liabilities			
Trade payables	25	**901,487**	841,351
Risk assurance liabilities	26	**1,602,733**	1,150,498
Other payables and accruals	27	**1,014,614**	1,143,024
Current income tax liabilities		**152,946**	145,697
Borrowings	28	**12,304,161**	7,826,147
Lease liabilities	13	**14,476**	9,633
		15,990,417	11,116,350
Total liabilities		**27,809,932**	16,838,179
Total equity and liabilities		**43,575,102**	32,164,392

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

The consolidated financial statements on pages 172 to 273 were approved by the Board of Directors on 29 February 2024 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 2023		4,238	35,080,671	1,195,082	(20,953,778)	15,326,213
Comprehensive income						
Profit for the year		–	–	–	554,958	554,958
Currency translation differences	23	–	–	8,177	–	8,177
Total comprehensive income for the year		–	–	8,177	554,958	563,135
Transactions with owners in their capacity as owners						
Share-based compensation	8, 23, 24	–	–	74,750	–	74,750
Appropriation to statutory surplus reserve	23	–	–	100,959	(100,959)	–
Shares issued upon exercise of employee share options	22, 23, 24	–	690	(688)	–	2
Vesting of restricted awarded shares	22, 23, 24	24	70,400	(70,424)	–	–
Purchase of restricted shares under share award scheme	23, 24	–	–	(11,474)	–	(11,474)
Dividends declared	22	–	(187,456)	–	–	(187,456)
Total transactions with owners in their capacity as owners		24	(116,366)	93,123	(100,959)	(124,178)
Balance at 31 December 2023		4,262	34,964,305	1,296,382	(20,499,779)	15,765,170

	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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash used in operations	31	**(8,638,409)**	(2,035,414)
Income tax paid		**(12,581)**	(2,730)
Net cash used in operating activities		**(8,650,990)**	(2,038,144)
Cash flows from investing activities			
Interest received		**39,161**	14,763
Proceeds from disposal of property and equipment and intangible assets		**3,988**	3,720
Purchase of property and equipment and other non-current assets		**(30,184)**	(33,576)
Purchase of intangible assets		**(611)**	(3,024)
Loans to third parties and related parties		**(206,000)**	(297,000)
Collection of loans to third parties and related parties		**419,000**	84,727
Investments in financial assets at fair value through profit or loss		**(226,790)**	(12,500)
Proceeds from financial assets		**20,216**	2,938
Investment in an associate	15	**(54,000)**	–
Prepayment for equity transactions	20	**(384,000)**	(80,000)
Dividends from a joint venture		**14,470**	–
Placements of restricted cash		**(440,257)**	(63,626)
Maturity of restricted cash		**62,483**	254,267
Net cash used in investing activities		**(782,524)**	(129,311)
Cash flows from financing activities			
Proceeds from borrowings		**22,698,401**	15,051,378
Repayment of borrowings		**(12,137,996)**	(11,963,897)
(Payment)/Release of deposits for borrowings		**(18,846)**	26,410
Principal elements of lease payments		**(15,501)**	(14,462)
Proceeds from exercise of share options		**2**	7
Purchase of restricted shares under share award scheme	23	**(11,474)**	(15,469)
Dividends paid to company's shareholders		**(191,963)**	–
Interest paid		**(836,188)**	(564,620)
Net cash generated from financing activities		**9,486,435**	2,519,347
Net increase in cash and cash equivalents		**52,921**	351,892
Cash and cash equivalents at beginning of year		**3,433,182**	3,051,720
Exchange (losses)/gains on cash and cash equivalents		**(6,553)**	29,570
Cash and cash equivalents at end of year		**3,479,550**	3,433,182

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

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, value-added services and software-as-a-service ("SaaS") services ("Transaction Platform Business"); and (ii) the provision of financing lease services and other self-operated services ("Self-operated Financing Business") substantially in the People's Republic of China (the "PRC").

As at the date of these consolidated financial statements, there is no ultimate parent of the Company. Tencent Holdings Limited ("Tencent", collectively with its subsidiaries, the "Tencent Group") is the largest shareholder of the Company (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 2023, 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", Singapore Dollars are defined as "SGD", Japanese Yen is defined as "JPY" and Macau Pataca is defined as "MOP".

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS 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 financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). 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 and associates measured at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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 its annual reporting period commencing 1 January 2023:

Standards and amendments	Effective for annual periods beginning on or after
Disclosure of Accounting Policies – Amendments to International Accounting Standards (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
International Tax Reform – Pillar Two Model Rules – amendments to IAS 12	1 January 2023

The above amendments to IFRS effective for the financial year beginning on 1 January 2023 do not have a material impact on the Group's consolidated financial statements.

(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 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	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

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.

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy, the key terms of the forwards must align with the hedged items.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

The changes in the forward element of the foreign currency forwards that relate to hedged items are deferred in the costs of hedging reserve.

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 2023 and 2022 would have been approximately RMB1,589,301 lower/higher and RMB7,404,631 lower/higher, respectively, as a result of net foreign exchange (losses)/gains on translation of net monetary assets denominated in USD.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(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. Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

The exposure of the Group's borrowings to interest rate changes and fixed rate borrowings at the end of the Reporting Period are as follows:

	2023 RMB'000	**% of total loans**	2022 RMB'000	% of total loans
Variable rate borrowings	3,440,980	14.86%	3,127,477	25.00%
Fixed rate borrowings				
Within 1 year	9,568,245	41.32%	4,698,670	37.55%
Between 1 and 2 years	5,230,055	22.59%	3,119,517	24.93%
Between 2 and 5 years	4,905,302	21.18%	1,532,208	12.25%
Over 5 years	11,200	0.05%	34,400	0.27%
	23,155,782	100.00%	12,512,272	100.00%

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 2023 and 2022 would have been approximately RMB25,309,000 lower/higher and RMB18,994,000 lower/higher, respectively.

Swaps currently in place cover approximately 0.4% (2022: nil) of the variable loan principal outstanding. The fixed interest rate of the swaps is 5.25% (2022: nil).

The swap contracts require settlement of net interest receivable or payable upon the due date of the borrowings. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

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 substantially all 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 2023				
	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	3,479,550	–	–	–	3,479,550
Restricted cash	2,116,964	–	–	–	2,116,964
Finance receivables	24,069,864	86,586	482,732	–	24,639,182
Trade receivables	–	–	–	4,817,902	4,817,902
Other receivables	1,416,561	52,000	884,436	–	2,352,997
Gross balance	31,082,939	138,586	1,367,168	4,817,902	37,406,595
Allowance for impairment losses	(481,112)	(48,920)	(422,898)	(23,571)	(976,501)
Net balance	30,601,827	89,666	944,270	4,794,331	36,430,094
Off balance-sheet items	47,348,178	810,761	–	–	48,158,939
Risk assurance liabilities	(1,481,940)	(120,793)	–	–	(1,602,733)

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 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)

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 2023 and 2022 was determined as follows for finance receivables:

31 December 2023	**Stage I RMB'000**	**Stage II RMB'000**	**Stage III RMB'000**	**Total RMB'000**
Expected loss rate	**1.92%**	**49.12%**	**51.77%**	**3.06%**
Gross carrying amount (Note 18)	**24,069,864**	**86,586**	**482,732**	**24,639,182**
Provision for expected credit losses	**461,847**	**42,527**	**249,929**	**754,303**

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

The most significant assumptions used for the ECL estimate as at 31 December 2023 are M2 and Producer Price Index ("PPI") (31 December 2022: Consumer Price Index ("CPI") and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables. 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	2023	2022
	Base	**1.10%**	N/A
M2	Upside	**1.11%**	N/A
	Downside	**1.09%**	N/A
	Base	**1.00%**	0.38%
PPI	Upside	**1.02%**	2.49%
	Downside	**0.98%**	-1.73%
	Base	**N/A**	2.34%
CPI	Upside	**N/A**	2.91%
	Downside	**N/A**	1.77%

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 2023 and 2022 were as follows:

Key economic variable	Scenario	2023	2022
	Base	**85%**	N/A
M2	Upside	**10%**	N/A
	Downside	**5%**	N/A
	Base	**85%**	85%
PPI	Upside	**10%**	10%
	Downside	**5%**	5%
	Base	**N/A**	85%
CPI	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 M2 and PPI. Set out below are the changes to the ECL as at 31 December 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

			M2	
		-5%	**No Change**	**5%**
		RMB'000	**RMB'000**	**RMB'000**
	-5%	66,775	174	(58,395)
PPI	No Change	66,579	–	(58,549)
	5%	66,382	(174)	(58,703)

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 Total Retail Sales of Consumer Goods (Retail) 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 other than 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 with the Group.

Provision for impairment of trade receivables and other receivables other than 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.

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 2023, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB47,554 million (2022: RMB44,638 million). As at 31 December 2023, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,589.1 million (2022: RMB1,137.8 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 2023 are M2 and PPI (31 December 2022: CPI and PPI). Due to the fluctuation of the macroeconomic environment, the Group used historical data to refit the prospective regression model to determine key economic variables. 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	2023	2022
	Base	**1.10%**	N/A
M2	Upside	**1.11%**	N/A
	Downside	**1.09%**	N/A
	Base	**1.00%**	0.38%
PPI	Upside	**1.02%**	2.49%
	Downside	**0.98%**	-1.73%
	Base	**N/A**	2.34%
CPI	Upside	**N/A**	2.91%
	Downside	**N/A**	1.77%

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 2023 and 2022 were as follows:

Key economic variable	Scenario	2023	2022
	Base	**85%**	N/A
M2	Upside	**10%**	N/A
	Downside	**5%**	N/A
	Base	**85%**	85%
PPI	Upside	**10%**	10%
	Downside	**5%**	5%
	Base	**N/A**	85%
CPI	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 M2 and PPI. Set out below are the changes to the ECL as at 31 December 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

			M2	
		-5%	**No Change**	**5%**
		RMB'000	**RMB'000**	**RMB'000**
	-5%	27,414	2,316	(20,576)
PPI	No Change	24,904	–	(22,780)
	5%	22,410	(2,301)	(24,970)

Under the guarantee agreement with a certain third party, Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), an indirectly wholly-owned subsidiary of the Company, is required to pay the redemption price on behalf of the third party upon certain events. As of 31 December 2023, the total outstanding redemption price under the guarantee agreement was RMB605 million (2022: RMB605 million). As at 31 December 2023, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB13.6 million (2022: RMB12.7 million).

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 2023				
Financial assets				
Finance receivables		10,743,975	16,064,154	26,808,129
Trade receivables	19	3,641,289	1,253,305	4,894,594
Deposits and other financial assets		2,454,774	86,169	2,540,943
Restricted cash		2,083,808	33,156	2,116,964
Cash and cash equivalents	21	3,479,550	–	3,479,550
		22,403,396	17,436,784	39,840,180
Financial liabilities				
Borrowings		16,583,306	10,408,719	26,992,025
Trade payables	25	901,487	–	901,487
Lease liabilities		15,363	10,527	25,890
Other financial liabilities		2,097,882	1,389	2,099,271
		19,598,038	10,420,635	30,018,673
Net		2,805,358	7,016,149	9,821,507

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 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		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

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 gearing ratio and net position of the Group as at 31 December 2023 and 2022 was as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Borrowings (Note 28)	**23,155,782**	12,512,272
Lease liabilities (Note 13)	**24,085**	15,618
Less: cash and cash equivalents and restricted cash (Note 21)	**(5,596,514)**	(5,563,026)
Net debt	**17,583,353**	6,964,864
Total equity	**15,765,170**	15,326,213
Total capital	**33,348,523**	22,291,077
Gearing ratio	**53%**	31%

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 2023 and 2022, 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 2023:

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

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

(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 2023 and 2022.

	Financial assets at fair value through profit or loss	
	2023	2022
	RMB'000	RMB'000
At 1 January	**3,198,001**	2,995,871
Additions	**306,790**	12,500
Disposals	**(9,170)**	–
Change in fair value	**(84,190)**	(9,927)
Currency translation differences	**40,030**	199,557
At 31 December	**3,451,461**	3,198,001
Total unrealized gains and change in fair value for the year	**(84,190)**	(9,927)

There is no transfer from level 1 and level 2 instruments to level 3 for the year ended 31 December 2023 (2022: 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 2023 RMB'000	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Relationship of unobservable inputs to fair value
Unlisted securities	**227,558**	Discounted cash flow model	WACC (Weighted Average Cost of Capital)	14%-30%	The higher the expected WACC, the lower the fair value.
			Terminal growth rate	2.0%-2.2%	The higher the expected terminal growth rate, the higher the fair value.
	700,812	Market approach	LOMD (Lack of Marketability Discount)	15.7%-20.5%	The higher the expected LOMD, the lower the fair value.
Debt instruments	**2,523,091**	Market approach	LOMD	20.5%	The higher the expected LOMD, the lower the fair value.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, profit for the years ended 31 December 2023 and 2022 would have been approximately RMB319,397,000 higher/lower and RMB299,277,000 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) 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)

(c) 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 2023 and 2022, 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.

(d) 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

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.

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 the Transaction Platform Business segment is primarily comprised of commission fees and other direct service costs. Cost of revenues for the 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 2023 are as follows:

	Year ended 31 December 2023		
	Transaction Platform Business RMB'000	Self-operated Financing Business RMB'000	Total RMB'000
Revenues	5,096,571	1,589,400	6,685,971
– Recognized at a point in time	4,133,355	–	4,133,355
– Recognized over time	963,216	1,589,400	2,552,616
Gross profit	2,480,337	766,811	3,247,148
Operating profit/(loss)	834,530	(145,272)	689,258

5 SEGMENT INFORMATION (CONTINUED)

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

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 2023 and 2022, 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 2023 and 2022 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 2023			Year ended 31 December 2022		
	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	**3,445,250**	**–**	**3,445,250**	3,153,649	–	3,153,649
– Guarantee services	**–**	**963,216**	**963,216**	–	525,192	525,192
– SaaS services	**462,679**	**–**	**462,679**	121,614	–	121,614
– Value-added services	**225,426**	**–**	**225,426**	183,804	–	183,804
	4,133,355	**963,216**	**5,096,571**	3,459,067	525,192	3,984,259
Self-operated Financing Business						
– Financing lease services	**–**	**1,570,398**	**1,570,398**	–	1,188,496	1,188,496
– Operating lease services and others	**–**	**19,002**	**19,002**	9,827	18,926	28,753
	–	**1,589,400**	**1,589,400**	9,827	1,207,422	1,217,249
Total	**4,133,355**	**2,552,616**	**6,685,971**	3,468,894	1,732,614	5,201,508

5 SEGMENT INFORMATION (CONTINUED)

Accounting policies of 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) SaaS services, and (iv) value-added 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.

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 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.

The Group provides value-added services to car buyers which includes insurance facilitation services. Insurance facilitation services mainly involve facilitating vehicle replacement service binding to related liability insurance provided by insurance companies. Value-added service revenue is recognized at the point of time the insurance facilitation services are performed.

Financing components

Other than loan facilitation services, guarantee services and SaaS 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.

5 SEGMENT INFORMATION (CONTINUED)

(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.

6 OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Other income from business cooperation arrangements with Yusheng Holdings Limited ("Yusheng") (Note 30(a))	**64,791**	107,765
Fair value losses on financial assets (Note 16)	**(82,462)**	(3,541)
Government grants	**32,793**	24,893
Bank fees and charges	**(11,594)**	(7,522)
Investment income/(losses)	**11,046**	(4,072)
Foreign exchange losses, net	**(8,707)**	(16,319)
Others, net	**39,697**	41,186
Total	**45,564**	142,390

Accounting policies of government grants

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.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Commission fees incurred for transaction platform business	**2,545,006**	1,711,063
Employee benefit expenses	**945,227**	1,014,251
Funding costs	**781,629**	492,397
Provision for expected credit losses:		
– Finance receivables	**293,710**	474,753
– Other receivables	**276,981**	76,041
– Risk assurance liabilities	**158,059**	228,310
– Trade receivables	**(17)**	11,192
Depreciation and amortization charges	**295,934**	262,559
Expenses incurred for self-operated financing lease business	**250,382**	211,197
Marketing and advertising expenditures	**202,913**	85,205
Office and administrative expenses	**170,082**	105,415
Auditors' remuneration		
– Audit services	**6,980**	6,850
– Non-audit services	**580**	627
Provision for impairment of other non-current assets	**(2,354)**	60,895
Other expenses	**117,165**	203,119
Total	**6,042,277**	4,943,874

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**678,959**	687,498
Pension and benefits	**191,518**	192,219
Share-based compensation expenses (Note 24)	**74,750**	134,534
Total employee benefit expenses	**945,227**	1,014,251

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(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	
	2023 RMB'000	2022 RMB'000
Wages and salaries	12,003	6,935
Bonuses	3,252	2,088
Pension and benefits	659	590
Share-based compensation expenses	27,222	47,335
	43,136	56,948

The emoluments fell within the following bands:

	Numbers of individuals Year ended 31 December	
	2023	2022
HKD3,000,001 to HKD3,500,000	–	1
HKD4,000,001 to HKD4,500,000	1	–
HKD5,500,001 to HKD6,000,000	1	–
HKD7,500,001 to HKD8,000,000	–	1
HKD9,000,001 to HKD9,500,000	1	–
HKD13,000,001 to HKD13,500,000	–	1
HKD14,000,001 to HKD14,500,000	2	–
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 2023 include 1 director (2022: 1) 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 2023 (2022: 4) are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages and salaries	**6,929**	3,933
Bonuses	**3,192**	2,186
Pension and benefits	**409**	370
Share-based compensation expenses	**24,257**	39,086
	34,787	45,575

The emoluments fell within the following bands:

	Numbers of individuals Year ended 31 December	
	2023	2022
HKD5,500,001 to HKD6,000,000	**1**	–
HKD7,500,001 to HKD8,000,000	**–**	1
HKD9,000,001 to HKD9,500,000	**2**	–
HKD12,000,001 to HKD12,500,000	**–**	1
HKD13,000,001 to HKD13,500,000	**–**	1
HKD14,000,001 to HKD14,500,000	**1**	–
HKD20,000,001 to HKD20,500,000	**–**	1
	4	4

For the years ended 31 December 2023 and 2022, 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.

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Accounting policies of 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.

(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.

9 FINANCE COST, NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income:		
– Interest income	**71,854**	74,408
Finance expenses:		
– Interest expenses	**(87,029)**	(84,177)
Net finance cost	**(15,175)**	(9,769)

10 INCOME TAX EXPENSE

Income tax expense of the Group for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax expense	**20,007**	1,158
Deferred income tax (Note 29)	**133,859**	33,519
Income tax expense	**153,866**	34,677

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	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**708,824**	405,491
Tax calculated at PRC statutory income tax rate of 25%	**177,206**	101,373
Tax effects of:		
– Differential income tax rates applicable to certain entities comprising the Group (Note (a), (b), (d))	**31,366**	29,257
– Tax effect of preferential tax treatments (Note (c))	**(197,726)**	(208,247)
– Expenses not deductible for tax purposes	**59,502**	61,806
– Tax losses and temporary differences for which no deferred income tax asset was recognized	**14,244**	11,654
– Utilization of previously unrecognized tax losses	**(13,478)**	(10,452)
– Additional deduction of research and development expense	**(2,250)**	–
– Withholding tax on earnings remitted/expected to be remitted by subsidiaries (Note (e))	**67,417**	–
– Reversal of previously recognised deferred tax assets	**4,880**	29,887
Others	**12,705**	19,399
Income tax expense	**153,866**	34,677

(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.

(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 2023 and 2022.

10 INCOME TAX EXPENSE (CONTINUED)

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the years ended 31 December 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof.

Shanghai Lanshu Information Technology Co., Ltd. ("Shanghai Lanshu") was accredited as a "software enterprise" under the relevant PRC laws and regulations in 2017. Therefore, Shanghai Lanshu is exempted from EIT for two years starting from the year ended 31 December 2017, followed by a 50% reduction in the applicable tax rates for the next three years. Effective for 3 years commencing from the year ended 31 December 2022, Shanghai Lanshu was accredited as a "High-tech enterprise", and is entitled to a preferential corporate income tax rate of 15% according to relevant existing PRC laws since 2022.

In accordance with relevant PRC laws and regulations, Xinjiang Wanhong Information Technology Co., Ltd. ("Xinjiang Wanhong") is exempted from EIT for five years, commencing from the first operation income-generating year. Exempted from the local-sharing part of EIT for five years, commencing from the 6th operation income-generating year, Xinjiang Wanxing Information Technology Co., Ltd. ("Xinjiang Wanxing") is eligible to enjoy a reduced EIT rate of 9% in the year ended 31 December 2023. Exempted from the local-sharing part of EIT for five years, commencing from the 6th operation income-generating year, Xinjiang Yin'an Information Technology Co., Ltd. ("Xinjiang Yin'an") is subject to an EIT tax rate of 15% in the year ended 31 December 2023.

(d) Enterprise income tax in other jurisdictions

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

(e) PRC Withholding Tax ("WHT")

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

Deferred income tax liability on WHT is accrued based on the best estimation when the Group has a plan to require its PRC subsidiaries to distribute their retained earnings. For the year ended 31 December 2023, the Group had a plan to require its PRC subsidiary to distribute its retained earnings to overseas-incorporated immediate holding company. Accordingly, the Group is liable to deferred income tax liability on WHT of 10% on dividends distributed by those subsidiaries, joint venture and associates established in Mainland China in respect of earnings generated.

Accounting policies of 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.

10 INCOME TAX EXPENSE (CONTINUED)

Accounting policies of current and deferred income tax (Continued)

(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.

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.

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	
	2023	2022
	RMB'000	RMB'000
Weighted average number of issued ordinary shares	**6,422,972,470**	6,382,033,854
Less: shares held for restricted share scheme	**(3,080,468)**	(4,628,099)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,419,892,002**	6,377,405,755
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**554,958**	370,814
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**554,958**	370,814
Numbers of restricted shares with potential dilutive effect (Note (b))	**285,762,087**	276,433,928
Weighted average number of issued ordinary shares for calculating diluted earnings per share (Note (b))	**6,705,654,089**	6,653,839,683
Earnings per share		
–Basic (RMB per share)	**0.086**	0.058
–Diluted (RMB per share)	**0.083**	0.056

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 2023 and 2022, 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 2023, 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 2023					
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
For the year ended 31 December 2023					
Opening net book amount	411,606	12,972	19,965	5,762	450,305
Additions	–	14,472	12,681	1,163	28,316
Disposals	–	(93)	(2,990)	(363)	(3,446)
Depreciation charge	(14,379)	(8,004)	(6,572)	(2,178)	(31,133)
Currency translation differences	–	4	7	20	31
Closing net book amount	397,227	19,351	23,091	4,404	444,073
As at 31 December 2023					
Cost	454,219	82,485	37,612	7,284	581,600
Accumulated depreciation	(56,992)	(63,138)	(14,528)	(2,900)	(137,558)
Currency translation differences	–	4	7	20	31
Net book amount	397,227	19,351	23,091	4,404	444,073

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 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

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of revenues	**–**	416
Selling and marketing expenses	**13,094**	11,901
Administrative expenses	**15,674**	17,452
Research and development expenses	**2,365**	1,850
	31,133	31,619

Accounting policies of property and equipment

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

See note 37.4 for the other accounting policies relevant to property and equipment.

13 LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Properties	**27,603**	18,463
Lease liabilities		
Current	**14,476**	9,633
Non-current	**9,609**	5,985
	24,085	15,618

Additions to the right-of-use assets during the year ended 31 December 2023 were RMB23,967,000 (2022: RMB11,383,000).

(b) Amounts recognised in the income statement

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Properties	**14,827**	13,306
Interest expenses (included in finance expenses)	**887**	1,296
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	**12,613**	11,090

The total cash outflow for leases in 2023 was RMB29,001,000 (2022: RMB26,965,000).

13 LEASES (CONTINUED)

Accounting policies of 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.

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.

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.

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 RMB40,000 or less.

See note 37.4 for the other accounting policies relevant to leases.

14 INTANGIBLE ASSETS

	Goodwill (a) RMB'000	Trademarks and licenses (d) RMB'000	Domain names (d) RMB'000	Computer software and technology (d) RMB'000	Business Cooperation Agreements (c) RMB'000	Total RMB'000
As at 1 January 2023						
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
For the year ended 31 December 2023						
Opening net book amount	105,631	24,141	4,508	13,522	1,012,300	1,160,102
Additions	–	–	–	1,305	–	1,305
Disposal	–	–	–	(278)	–	(278)
Amortization charge	–	(3,525)	(1,295)	(2,825)	(242,329)	(249,974)
Closing net book amount	105,631	20,616	3,213	11,724	769,971	911,155
As at 31 December 2023						
Cost	105,631	45,899	12,828	29,342	2,344,363	2,538,063
Accumulated amortization	–	(25,283)	(9,615)	(17,618)	(1,574,392)	(1,626,908)
Net book amount	105,631	20,616	3,213	11,724	769,971	911,155

14 INTANGIBLE ASSETS (CONTINUED)

	Goodwill (a) RMB'000	Trademarks and licenses (d) RMB'000	Domain names (d) RMB'000	Computer software and technology (d) RMB'000	Business Cooperation Agreements (c) 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

Notes:

(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 2023, 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	
	2023 RMB'000	2022 RMB'000
Transaction Platform Business		
– KKC Holdings Limited	**104,263**	104,263
– Others	**1,368**	1,368
	105,631	105,631

14 INTANGIBLE ASSETS (CONTINUED)

Notes: (continued)

(a) Impairment test for goodwill (continued)

As at 31 December 2023, 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 4.9% (2022: 6.1%) for a five-year period, and (ii) discount rate, which is 21.9% (2022: 25.2%). The estimated growth rate used in the value-in-use calculations for period beyond the five-year period is 2.2% (2022: 2.3%).

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 2023, the directors are of the view that there was no impairment on the goodwill.

(b) Impairment test for intangible assets other than goodwill

As at 31 December 2023, 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	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	**3,070**	2,622
Selling and marketing expenses	**242,512**	210,480
Administrative expenses	**3,665**	3,834
Research and development expenses	**727**	698
	249,974	217,634

14 INTANGIBLE ASSETS (CONTINUED)

Notes: (continued)

(c) 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.

(d) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

– Trademarks and licenses	5-10 years
– Domain names	10 years
– Computer software and technology	5 years

See note 37.5 for the other accounting policies relevant to intangible assets.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Investments in associates and joint ventures:		
Associates and joint ventures using equity method (a)	**390,353**	660,155
Associates measured at fair value through profit or loss (b)	**110,000**	56,000
	500,353	716,155
Assets classified as held for sale (c)	**267,610**	–
	767,963	716,155

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Associates and joint ventures using equity method

	Year ended 31 December 2023 RMB'000	2022 RMB'000
At beginning of the year	660,155	605,103
Additions	–	17,500
Classified as held for sale (c)	(267,610)	–
Share of gains of associates and joint ventures	34,741	15,236
Dividend distribution	(14,470)	–
Currency translation differences	(22,463)	22,316
At end of the year	390,353	660,155

As at 31 December 2023, the Group invested in three associates and joint ventures using equity method. 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 2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial associates and joint ventures	390,353	660,155
Aggregate amounts of the Group's share of:		
Gains from continuing operations	34,741	15,236
Post-tax profit or loss from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	34,741	15,236

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

	Year ended 31 December 2023 RMB'000	2022 RMB'000
At beginning of the year	56,000	56,000
Addition	54,000	–
At end of the year	110,000	56,000

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Assets classified as held for sale

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. The investment was accounted for using equity method. On 27 December 2023, the board of Directors agreed to sell the entire equity interest in Qingdao Caitong Yixin held by the Group. The Group reclassified the investment in joint venture as asset held for sale as of the reporting date. Details of the transaction are disclosed in Note 35.

The investment in joint venture classified as asset held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value less costs to sell of the joint venture was carried out by the Group using certain key valuation assumptions including the selection of comparable companies and recent market transactions. As a result, the carrying amount of investment in Qingdao Caitong Yixin is lower than the fair value less costs to sell.

Accounting policies of 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.

(a) Equity method of accounting

Investments in associates and joint ventures in the form of ordinary shares are accounted for using 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.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Accounting policies of associates and joint arrangements (Continued)

(a) Equity method of accounting (Continued)

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.

(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 37.8 and 16).

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At beginning of the year (a)	**3,204,387**	2,995,871
Additions	**306,790**	12,500
Disposals	**(9,170)**	–
Fair value losses	**(82,462)**	(3,541)
Currency translation differences	**40,030**	199,557
At end of the year (a)	**3,459,575**	3,204,387

Note:

(a) The Company and Yusheng Holdings Limited ("Yusheng") entered into the convertible note purchase agreements in relation to the Company's investments in Yusheng by way of subscription of the convertible notes.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Subscription date	Principal amount	Conversion Right	Number of shares convertible into
13 June 2018	USD260,000,000	Convertible into non-voting Series	13,000,000
15 November 2019	USD43,000,000	pre-A preferred shares	2,150,000
18 December 2020	RMB80,000,000	Convertible into non-voting Series B preferred shares	549,000
5 July 2023	USD12,000,000	Convertible into non-voting Series C-2 preferred shares	463,000

For the year ended 31 December 2023, the Group recognised fair value loss RMB82,462,000 (2022: fair value loss RMB3,541,000) 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	
	2023	2022
	RMB'000	RMB'000
Assets as per balance sheet		
Financial assets at fair value through profit or loss:		
– Long-term investments (Note 16)	**3,459,575**	3,204,387
Financial assets at amortized cost:		
– Finance receivables (Note 18)	**23,884,879**	13,742,013
– Trade receivables (Note 19)	**4,794,331**	4,237,322
– Deposits and other receivables	**2,540,943**	2,032,531
– Restricted cash (Note 21(b))	**2,116,964**	2,129,844
– Cash and cash equivalents (Note 21(a))	**3,479,550**	3,433,182
	40,276,242	28,779,279

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Liabilities as per balance sheet		
Financial liabilities at amortized cost:		
– Borrowings (Note 28)	**23,155,782**	12,512,272
– Trade payables (Note 25)	**901,487**	841,351
– Other payables (excluding advance from customers, staff costs and welfare accruals, tax payable, deferred revenue and other accruals)	**495,149**	661,106
– Other non-current liabilities (excluding deferred revenue) (Note 30)	**1,389**	10,294
Risk assurance liabilities (Note 26)	**1,602,733**	1,150,498
Lease liabilities (Note 13)	**24,085**	15,618
	26,180,625	15,191,139

18 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 31 December 2023 and 2022 are as below:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Finance receivables		
– Finance receivables, gross	**27,562,432**	15,851,025
– Unearned finance income	**(2,923,250)**	(1,494,602)
Finance receivables, net	**24,639,182**	14,356,423
Less: provision for expected credit losses	**(754,303)**	(614,410)
Carrying amount of finance receivables	**23,884,879**	13,742,013
Finance receivables, gross		
– Within one year	**11,190,283**	7,633,651
– After one year but not more than two years	**7,511,427**	5,220,387
– After two years but not more than three years	**4,890,207**	2,190,251
– After three years but not more than seven years	**3,970,515**	806,736
	27,562,432	15,851,025
Finance receivables, net		
– Within one year	**9,618,946**	6,688,699
– After one year but not more than two years	**6,665,509**	4,783,210
– After two years but not more than three years	**4,530,717**	2,109,692
– After three years but not more than seven years	**3,824,010**	774,822
Total	**24,639,182**	14,356,423

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Finance receivables:		
– Individual customers	**23,537,198**	13,358,163
– Auto dealers	**347,681**	383,850
	23,884,879	13,742,013

18 FINANCE RECEIVABLES (CONTINUED)

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

	Year ended 31 December 2023			
	Stage I RMB'000	**Stage II RMB'000**	**Stage III RMB'000**	**Total RMB'000**
Opening balance at 1 January 2023	**303,249**	**65,291**	**245,870**	**614,410**
Provision for impairment	**290,566**	**(7,081)**	**159,022**	**442,507**
Reversal of impairment	**–**	**–**	**(148,797)**	**(148,797)**
Transfer for the period:				
Conversion to Stage I	***340***	***(310)***	***(30)***	**–**
Conversion to Stage II	***(26,075)***	***26,113***	***(38)***	**–**
Conversion to Stage III	***(106,233)***	***(41,486)***	***147,719***	**–**
Asset derecognised (including final repayment)	**–**	**–**	**148,797**	**148,797**
Write-off	**–**	**–**	**(302,614)**	**(302,614)**
Ending balance at 31 December 2023	**461,847**	**42,527**	**249,929**	**754,303**

	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

19 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	**4,817,902**	4,276,820
Less: provision for impairment	**(23,571)**	(39,498)
Trade receivables, net	**4,794,331**	4,237,322
Trade receivables, net	**4,794,331**	4,237,322
– Within one year	**3,641,289**	2,948,923
– After one year but not more than five years	**1,153,042**	1,288,399

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	**4,783,946**	4,171,063
3 to 6 months	**187**	7,800
Over 6 months	**10,198**	58,459
	4,794,331	4,237,322

As at 31 December 2023 and 2022, 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	
	2023	2022
	RMB'000	RMB'000
At 1 January	**39,498**	132,820
Charge for the year	**13**	16,493
Reverse	**–**	(1,220)
Recovery of write-off	**30**	4,081
Reversal of provision provided in relation to the recovery of write-off	**(30)**	(4,081)
Write-off	**(15,940)**	(108,595)
At 31 December	**23,571**	39,498

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Included in non-current assets:		
Prepayment for equity transactions (a)	**384,000**	80,000
Vehicles collected from financing lease customers	**120,702**	186,417
Deposits	**76,620**	163,225
Long-term prepaid expense	**452**	1,851
Others	**9,549**	4,305
	591,323	435,798
Less: provision for impairment of vehicles collected from financing lease customers	**(85,030)**	(143,677)
	506,293	292,121
Included in current assets:		
Other receivables from third parties	**858,608**	527,231
Loans recognized as a result of payment under the guarantee	**742,517**	540,112
Deposits	**570,039**	393,894
Loans to third parties (b)	**271,400**	384,451
Prepaid taxes	**142,069**	103,190
Other receivables from disposal of assets	**122,752**	128,942
Prepayments	**24,221**	23,368
Loans to related parties	**20,000**	59,000
Other receivables from related parties	**6,613**	3,022
Others	**61,773**	135,675
	2,819,992	2,298,885
Less: provision for impairment of other receivables	**(198,627)**	(226,945)
	2,621,365	2,071,940
Total	**3,127,658**	2,364,061

Notes:

(a) The prepayment for an acquisition transaction amounted to RMB384 million was paid in accordance with the equity transfer agreement entered into by Xinche, Beijing Bitauto Internet Information Company Limited ("Beijing Bitauto") and Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin") on 29 May 2023 in regard to the acquisition of the remaining equity interests in Dalian Rongxin with a total consideration of RMB640 million. The transaction has been approved by the extraordinary general meeting of the Company held on 17 July 2023.

(b) The loans to third parties are arranged to be recovered by the end of December 2024 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% (2022: 7.00% to 10.00%) per annum.

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS (CONTINUED)

As at 31 December 2023 and 2022, 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 2023 and 2022, 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	
	2023 **RMB'000**	2022 RMB'000
As at 1 January	**370,622**	286,521
Provision for impairment	**293,705**	140,539
Recovery of write-off	**19,078**	3,603
Reversal of provision provided in relation to the recovery of write-off	**(19,078)**	(3,603)
Write-off	**(380,670)**	(56,438)
As at 31 December	**283,657**	370,622

As at 31 December 2023, the ECL allowance of loans recognized as a result of payment under risk assurance amounted to approximately RMB97,181,000 (2022: RMB52,289,000).

21 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2023 **RMB'000**	2022 RMB'000
Cash and cash equivalents	**3,479,550**	3,433,182

As at 31 December 2023 and 2022, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2023 **RMB'000**	2022 RMB'000
RMB	**3,114,859**	2,792,535
USD	**211,354**	378,296
HKD	**109,851**	252,755
SGD	**42,558**	9,596
JPY	**608**	–
MOP	**320**	–
	3,479,550	3,433,182

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	
	2023	2022
	RMB'000	RMB'000
Cash deposited for loan facilitation services (a)	**1,514,887**	1,765,723
Cash deposited for borrowings (b)	**422,653**	65,228
Term deposits pledged for bank borrowings (c)	**168,407**	102,328
Others	**11,017**	196,565
	2,116,964	2,129,844
Of which are:		
Current restricted cash	**2,083,808**	2,015,734
Non-current restricted cash	**33,156**	114,110

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 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.

(c) The balance represents the term deposits placed with banks and used as pledged assets for the Group's bank borrowings (Note 28).

21 CASH AND BANK BALANCES (CONTINUED)

(b) Restricted cash (Continued)

As at 31 December 2023 and 2022, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	2,036,019	2,040,517
MOP	35,348	–
USD	34,951	–
SGD	10,646	–
HKD	–	89,327
	2,116,964	2,129,844

As at 31 December 2023, the applicable interest rates per annum on restricted cash ranged from 0.00% to 5.20% (2022: 0.00% to 2.10%).

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 2023	15,000,000,000	1,500	–	–
As at 1 January and 31 December 2022	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 2023		**6,523,873,012**	**636**	**4,238**	**35,080,671**
Newly issued ordinary shares		–	–	–	–
Shares issued upon exercise of employee share options	(b)	192,500	–	–	690
Vesting of restricted awarded shares	(c)	–	3	24	70,400
Dividend declared	(d)	–	–	–	(187,456)
As at 31 December 2023		**6,524,065,512**	**639**	**4,262**	**34,964,305**
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

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 2023, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834 (2022: 111,700,834), after giving effect to the Capitalization Issue. 110,650,834 (2022: 110,650,834) ordinary shares held by Share Scheme Trusts are issued and outstanding.

(b) During the year ended 31 December 2023, 192,500 pre-IPO share options with exercise price of USD0.0014 were exercised.

(c) During the year ended 31 December 2023, 45,326,787 (2022: 63,785,375) ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares (Note 24).

(d) Following the declaration on Annual General Meeting of the Company dated 10 May 2023, the final and special dividends amounting to HKD212.0 million (equivalent to RMB187.5 million) were declared during the year ended 31 December 2023 and amounting to HKD212.0 million (equivalent to RMB192.0 million) were paid on 1 June 2023.

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 2023		(431,554)	117,543	1,175,591	(1,489)	334,991	1,195,082
Currency translation differences		–	–	–	–	8,177	8,177
Share-based compensation	24	–	–	74,750	–	–	74,750
Shares issued upon exercise of employee share options		–	–	(688)	–	–	(688)
Vesting of restricted awarded shares		–	–	(81,340)	10,916	–	(70,424)
Purchase of restricted shares under share award scheme	24	–	–	–	(11,474)	–	(11,474)
Appropriation to statutory reserves		–	100,959	–	–	–	100,959
At 31 December 2023		(431,554)	218,502	1,168,313	(2,047)	343,168	1,296,382
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

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 RMB74,750,000 for the year ended 31 December 2023 (2022: RMB134,534,000).

(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	
	2023	2022
Outstanding as at 1 January	**235,356,348**	236,079,348
Exercised during the year	**(192,500)**	(723,000)
Outstanding as at 31 December	**235,163,848**	235,356,348
Exercisable as at 31 December	**235,163,848**	235,356,348

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	3.5 years	3.75 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.

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 2023	**131,279,360**	**USD0.30**
Granted during the year	**4,400,000**	**USD0.14**
Vested and sold during the year	**(45,326,787)**	**USD0.28**
Forfeited during the year	**(3,340,000)**	**USD0.15**
Outstanding as at 31 December 2023	**87,012,573**	**USD0.28**
Vested as at 31 December 2023	**183,818,087**	**USD0.29**
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

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 2023, the Expected Retention Rate for the Group's directors, senior management members, and other employees was assessed to be 100%, 100% and 95%, respectively (31 December 2022: 100%, 100% and 91%).

25 TRADE PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables	**901,487**	841,351

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	**791,244**	785,384
3 to 6 months	**3,874**	15,870
6 months to 1 year	**78,414**	15,355
Over 1 year	**27,955**	24,742
	901,487	841,351

26 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the years ended 31 December 2023 and 2022 is presented below:

	2023	2022
	RMB'000	RMB'000
As at 1 January	**1,150,498**	651,958
Addition arising from new business	**1,695,585**	1,136,708
Gains from risk assurance liabilities	**(1,021,009)**	(556,703)
ECL	**158,059**	228,310
Payouts during the year, net	**(380,400)**	(309,775)
As at 31 December	**1,602,733**	1,150,498

As at 31 December 2023, the ECL allowance of risk assurance liabilities amounted to approximately RMB872,295,000 (2022: RMB997,240,000).

27 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Other payables to related parties	295,437	340,945
Accrued expenses	139,358	147,186
Deposits payable	136,290	144,796
Advances from customers	135,664	93,855
Staff costs and welfare accruals	119,476	117,813
Deferred other income – current (Note 30(a))	76,101	75,509
Tax payable	48,866	47,555
Others	63,422	175,365
	1,014,614	1,143,024

As at 31 December 2023 and 2022, 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	
	2023 RMB'000	2022 RMB'000
Included in non-current liabilities:		
Unsecured borrowings (a)	6,444,408	863,681
Asset-backed securitization debt (b)	2,784,331	1,585,582
Other secured borrowings (c)	837,710	953,987
Pledge borrowings (d)	785,172	1,282,875
	10,851,621	4,686,125
Included in current liabilities:		
Unsecured borrowings (a)	5,111,983	1,648,549
Asset-backed securitization debt (b)	3,380,268	2,383,527
Other secured borrowings (c)	3,457,204	3,633,791
Pledge borrowings (d)	354,706	160,280
	12,304,161	7,826,147
Total borrowings	23,155,782	12,512,272

28 BORROWINGS (CONTINUED)

Notes:

(a) As at 31 December 2023, borrowings amounting to RMB2,024,755,000 (2022: RMB1,112,300,000) are guaranteed by the Company and its certain subsidiaries; and borrowings amounting to RMB9,531,636,000 (2022: RMB1,399,930,000) are unsecured loans.

(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 2023, the carrying amount of finance receivables that were collateralized in securitization transactions was RMB7,000,473,000 (2022: RMB4,478,749,000).

(c) As at 31 December 2023, borrowings amounting to RMB4,294,914,000 (2022: RMB4,587,778,000) are secured by the cash proceeds of certain of the Group's finance receivables and trade receivables. As at 31 December 2023, the finance receivables and trade receivables amounting to RMB4,176,870,000 (2022: RMB4,804,767,000) and 168,000,000 (2022: nil) are used as pledge for such borrowings.

(d) The pledge borrowings are collateralized by a pledge of term deposits with carrying values of RMB168,407,000 (2022: RMB102,328,000) and the Group's finance receivables amounting to RMB965,818,000 (2022: RMB1,246,106,000) as at 31 December 2023.

The borrowings are repayable as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**12,304,161**	7,826,147
Between 1 and 2 years	**5,779,465**	3,119,517
Between 2 and 5 years	**5,060,956**	1,532,208
Over 5 years	**11,200**	34,400
	23,155,782	12,512,272

As at 31 December 2023, the applicable interest rates on long-term borrowings range from 3.10% to 6.50% (2022: 3.01% to 7.50%) per annum.

As at 31 December 2023, the applicable interest rates on short-term borrowings range from 3.30% to 7.50% (2022: 3.65% to 8.70%) per annum.

As at 31 December 2023 and 2022, 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	
	2023	2022
	RMB'000	RMB'000
Deferred income tax assets:		
– To be recovered within 12 months	**598,432**	708,558
Set-off of deferred income tax assets	**(37,081)**	–
Net deferred income tax assets	**561,351**	708,558
Deferred income tax liabilities:		
– To be recovered after 12 months	**(113,410)**	(89,503)
– To be recovered within 12 months	**(91)**	(91)
	(113,501)	(89,594)
Set-off of deferred income tax liabilities	**37,081**	–
Net deferred income tax liabilities	**(76,420)**	(89,594)

The gross movements on the deferred income tax account are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At 1 January	**618,964**	652,483
Credited to consolidated income statement	**(133,859)**	(33,519)
Currency translation differences	**(174)**	–
At the end of the year	**484,931**	618,964

29 DEFERRED INCOME TAX (CONTINUED)

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 loss on financial assets RMB'000	Withholding tax on the earnings expected to be remitted by subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	**(88,896)**	**–**	**(698)**	**(89,594)**
Credited/(Charged) to consolidated income statement	**32,354**	**(56,066)**	**91**	**(23,621)**
Currency translation differences	**–**	**(286)**	**–**	**(286)**
At 31 December 2023	**(56,542)**	**(56,352)**	**(607)**	**(113,501)**
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)

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 2023	**292,336**	**22,544**	**209,222**	**184,456**	**708,558**
(Charged)/Credited to consolidated income statement	**(66,589)**	**(6,565)**	**(59,716)**	**22,632**	**(110,238)**
Currency translation differences	**7**	**–**	**105**	**–**	**112**
At 31 December 2023	**225,754**	**15,979**	**149,611**	**207,088**	**598,432**
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

29 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets (Continued)

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 2023, the Group did not recognize deferred income tax assets of RMB23,200,000 (2022: RMB40,951,000) in respect of cumulative tax losses amounting to RMB110,765,000 (2022: RMB178,304,000) that can be carried forward against future taxable income. The tax losses applicable to Hong Kong tax law can be carried forward indefinitely, and the remaining tax losses will expire from 2024 to 2028.

30 OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred other income (a)	**880,476**	929,831
Long-term deposits payable	**680**	9,302
Other liabilities	**709**	992
	881,865	940,125

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 operations

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**708,824**	405,491
Adjustments for:		
– Provision for impairment of trade receivables (Note 19)	**(17)**	11,192
– Provision for expected credit losses of finance receivables (Note 18)	**293,710**	474,753
– Provision for impairment of other receivables (Note 20)	**276,981**	76,041
– Provision for impairment of other non-current assets (Note 20)	**(2,354)**	60,895
– Provision for impairment losses of risk assurance (Note 26)	**158,059**	228,310
– Depreciation of property and equipment (Note 12)	**31,133**	31,619
– Amortization of intangible assets (Note 14)	**249,974**	217,634
– Amortization of right-of-use assets (Note 13)	**14,827**	13,306
– Gains on disposals of non-current assets	**(330)**	(590)
– Share-based compensations (Note 24)	**74,750**	134,534
– Fair value losses of financial assets at fair value through profit or loss (Note 16)	**82,462**	3,541
– Share of profits of investments accounted for using equity method and other investment incomes	**(45,787)**	(18,174)
– Interest income	**(36,926)**	(38,447)
– Interest expenses (Note 9)	**87,029**	84,177
– Funding costs (Note 7)	**781,629**	492,397
– Foreign exchange losses, net (Note 6)	**8,707**	16,319
– Increase in trade receivables	**(548,864)**	(1,615,949)
– Increase in finance receivables	**(10,435,439)**	(3,107,568)
– Increase in prepayments, deposits and other assets	**(923,873)**	(201,576)
– Decrease in other operational restricted cash	**390,652**	162,909
– Increase in trade payables	**56,370**	301,554
– Increase in risk assurance liabilities	**294,175**	270,229
– (Decrease)/Increase in other payables and accruals	**(80,405)**	65,474
– Decrease in other non-current liabilities	**(73,696)**	(103,485)
Cash used in operations	**(8,638,409)**	(2,035,414)

31 CASH FLOW INFORMATION (CONTINUED)

(b) Major non-cash transactions

Other than those disclosed elsewhere in the financial statements, there were no material non-cash transactions for the year ended 31 December 2023 (2022: nil).

(c) Net Debt Reconciliation

	Liabilities from financing activities			Cash and cash equivalents and restricted cash	Total
	Borrowings RMB'000	Lease liabilities RMB'000	Subtotal RMB'000	RMB'000	RMB'000
As at 1 January 2023	**(12,512,272)**	**(15,618)**	**(12,527,890)**	**5,563,026**	**(6,964,864)**
Cash flows	**(10,603,103)**	**15,501**	**(10,587,602)**	**40,041**	**(10,547,561)**
Other non-cash movements	**(40,407)**	**(23,968)**	**(64,375)**	**–**	**(64,375)**
Foreign exchange adjustments	**–**	**–**	**–**	**(6,553)**	**(6,553)**
As at 31 December 2023	**(23,155,782)**	**(24,085)**	**(23,179,867)**	**5,596,514**	**(17,583,353)**
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)

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 2023	Ownership interest 2022
Tencent Group	Major shareholder	Cayman Islands and Hong Kong	**54.20%**	54.20%

(b) Names and relationships with related parties

Company	Relationship
Bitauto Holdings Limited and its subsidiaries (“Bitauto Group”)	Subsidiary of a major shareholder
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
Dalian Rongxin Financing Guarantees Company Ltd. (“Dalian Rongxin”)	Joint venture
Shanghai Shenlin Precision Advertising Co., Ltd.	Associate
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
Sichuan Jingbangda Logistics Technology Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group

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	
	2023	2022
	RMB'000	RMB'000
(i) Provision of business support services in accordance with business cooperation framework agreement		
Dalian Rongxin	**15,000**	25,000
(ii) Provision of technical support services to a related party		
Bitauto Group	**1,814**	–
(iii) Purchases of advertising and other services from related parties		
Shanghai Shenlin Precision Advertising Co., Ltd.	**19,189**	–
Bitauto Group	**47,251**	75,472
	66,440	75,472
(iv) Purchases of used car valuation services in accordance with used auto services agreements		
Bitauto Group	**21,929**	28,531
(v) Purchases of data services and traffic support services from related parties		
Suqian Yunhan Information Technology Co., Ltd.	**25,521**	39,554
Shenzhen Tencent Computer System Co., Ltd.	**6,125**	5,056
Tencent Cloud Computing (Beijing) Company Limited	**3,577**	2,795
Sichuan Jingbangda Logistics Technology Co., Ltd.	**1,637**	–
	36,860	47,405
(vi) Purchase of payment services in accordance with payment services framework agreements		
Tenpay Payment Technology Co., Ltd.	**2,146**	2,054
(vii) Purchase of promotional materials from a related party		
Beijing Jingdong Century Information Technology Co., Ltd.	**1,734**	–

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	
	2023	2022
	RMB'000	RMB'000
(i) Trade receivables due from related parties		
Bitauto Group	**1,923**	–
(ii) Other receivables due from related parties		
Dalian Rongxin	**6,038**	2,901
(iii) Trade and other payables due to related parties for goods and services		
Bitauto Group	**122,143**	89,059
Suqian Yunhan Information Technology Co., Ltd.	**2,002**	3,616
	124,145	92,675
(iv) Prepayment to related parties for equity transactions		
Bitauto Group	**384,000**	–

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	
	2023	2022
	RMB'000	RMB'000
Shanghai Shenlin Precision Advertising Co., Ltd.	**20,000**	40,000

33 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director for the year ended 31 December 2023 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	–	3,674	–	107	–	3,781
Dong Jiang	–	3,436	1,500	143	7,863	12,942
Non-executive Directors						
Amanda Chi Yan Chau	–	–	–	–	–	–
Qing Hua Xie	–	–	–	–	–	–
Qin Miao	–	–	–	–	–	–
Independent non-executive Directors						
Tin Fan Yuen	–	2,201	–	–	–	2,201
Chester Tun Ho Kwok	–	2,206	–	–	–	2,206
Lily Li Dong	–	1,289	–	–	–	1,289
	–	12,806	1,500	250	7,863	22,419

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

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 2023, closing price of the Group on Hong Kong Stock Exchange was HKD0.61 (USD0.08).

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

During the year ended 31 December 2023, there are no retirement or termination benefits that have been paid to the Company's directors (2022: nil).

During the year ended 31 December 2023, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2022: nil).

During the year ended 31 December 2023, none of the Company's directors received any emoluments as an inducement to join or upon joining the Group (2022: 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 (2022: nil).

34 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2023 (2022: nil).

35 SUBSEQUENT EVENTS

Since year end, the directors have recommended the payment of final dividend of HK3.00 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 3 June 2024 out of profit for the year ended 31 December 2023, but not recognised as a liability at year end, is HKD195.7 million (equivalent to RMB177.6 million).

On 27 December 2023, Yixin Holding Hong Kong Limited ("Yixin HK") entered into the Equity Transfer Agreements with Qingdao Caitong Group Co., Ltd. ("Caitong Group"), pursuant to which Yixin HK agreed to sell, and Caitong Group agreed to acquire, 49% of the equity interests in Qingdao Caitong Yixin (representing the entire equity interest in Qingdao Caitong Yixin held by the Group) at the consideration of up to RMB280 million. The transaction has been approved by the board of Directors of the Company and was expected to complete within 75 days from the date of the Equity Transfer Agreements. As at the date of this report, the transaction has been closed.

36 BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	**5,043,701**	4,898,466
Prepayments, deposits and other assets	**15,204,621**	16,182,820
	20,248,322	21,081,286
Current assets		
Cash and cash equivalents	**1,661**	14,592
Total assets	**20,249,983**	21,095,878
EQUITY AND LIABILITIES		
Equity		
Share capital	**4,262**	4,238
Share premium	**34,964,305**	35,080,671
Other reserves	**2,703,559**	2,404,893
Accumulated losses	**(19,154,154)**	(19,189,417)
Total equity	**18,517,972**	18,300,385
Liabilities		
Non-current liabilities		
Other non-current liabilities	**880,335**	929,831
Current liabilities		
Other payables and accruals	**851,676**	1,865,662
Total liabilities	**1,732,011**	2,795,493
Total equity and liabilities	**20,249,983**	21,095,878

The balance sheet of the Company was approved by the Board of Directors on 29 February 2024 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 2023	**(19,189,417)**	**2,404,893**
Profit for the year	**35,263**	**–**
Share-based compensation	**–**	**74,750**
Shares issued upon exercise of employee share options	**–**	**(688)**
Vesting of restricted awarded shares	**–**	**(70,424)**
Purchase of restricted shares under share award scheme	**–**	**(11,474)**
Currency translation differences	**–**	**306,502**
At 31 December 2023	**(19,154,154)**	**2,703,559**
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

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

37.1 Subsidiaries

37.1.1 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.1 Subsidiaries (Continued)

37.1.1 Consolidation (continued)

(a) Subsidiaries controlled through New Contractual Arrangements

The wholly-owned subsidiary of the Company, Tianjin Kars Information Technology Co., Ltd. ("Tianjin Kars"), has entered into the New Contractual Arrangements, 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.1 Subsidiaries (Continued)

37.1.1 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.1 Subsidiaries (Continued)

37.1.1 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.

37.1.2 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 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.

37.3 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.

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 37.6).

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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.4 Leases

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 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.5 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.

(c) Domain names

Domain names are initially recognized and measured at costs incurred to acquire and bring to use the domain names.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.5 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.

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 2023 (2022: 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.

37.6 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An Impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

37.8 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.8 Investments and other financial assets (Continued)

(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.

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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.8 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- 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.

(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.

37.9 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.10 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.

37.11 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.

37.12 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.

37.13 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.14 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.

37.15 Borrowing

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.

37.16 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.17 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.

37.18 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.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.18 Provisions (Continued)

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.

37.19 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

37.20 Dividend income

Dividend income is recognized when the right to receive payment is established.

37.21 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.

37.22 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.

38 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY

The following is a list of the principal subsidiaries and controlled structured entity at 31 December 2023:

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 2023	2022
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%
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%
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%
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%
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%

38 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 2023	2022
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%
Rising Champion International Limited	Hong Kong, 15 June 2018, limited liability company	Investment holding, Hong Kong	HKD1	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%
Eminent Success Holdings Group Limited	British Virgin Islands, 26 June 2018, limited liability company	Investment holding, British Virgin Islands	USD50,000	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%
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%

38 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 2023	2022
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%
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%
X STAR Technology PTE. LTD. (formerly known as YI STAR PTE. LTD.)	Singapore, 9 February 2022, Private Trading Enterprise Limited	Lease service, Singapore	SGD5,000,000	**100%**	100%

38 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 2023	2022
Hainan Shengxin Financing Guarantee Co., Ltd.	The PRC, 2 December 2022, limited liability company	Financial services, the PRC	RMB100,000,000	**100%**	100%
YISTAR Corporation	Japan, 29 March 2023, kabushiki kaisha	Lease service, Japan	JPY20,000,000	**100%**	–
Shanghai Yi Bang Tai Renewable Resources Co., LTD	The PRC, 8 August 2023, limited liability company	Recycling and utilization of renewable resources, the PRC	RMB10,000,000	**100%**	–
Beijing Yi Bang Tai Renewable Resources Co., LTD	The PRC, 29 August 2023, limited liability company	Recycling and utilization of renewable resources, the PRC	RMB10,000,000	**100%**	–
X STAR Financial Services PTE. LTD.	Singapore, 22 August 2023, Private Trading Enterprise Limited	Lease service, Singapore	SGD10,000,000	**100%**	–
Hangzhou Yi Bang Tai Renewable Resources Co., LTD	The PRC, 1 September 2023, limited liability company	Recycling and utilization of renewable resources, the PRC	RMB10,000,000	**100%**	–
Chengdu Yi Bang Tai Renewable Resources Co., LTD	The PRC, 18 September 2023, limited liability company	Recycling and utilization of renewable resources, the PRC	RMB10,000,000	**100%**	–
Nanjing Yi Bang Tai Renewable Resources Co., LTD	The PRC, 20 September 2023, limited liability company	Recycling and utilization of renewable resources, the PRC	RMB10,000,000	**100%**	–
Shanghai Luchang Information Technology Co., LTD	The PRC, 22 November 2023, limited liability company	Information technology, the PRC	RMB1,000,000	**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 the contractual arrangements entered into by the Company and Tianjin Jushen Information Technology Co., Ltd., Shenzhen Tencent Industry Investment Fund Co., Ltd. and Beijing Jiasheng Investment Management Co., Ltd. on 4 October, 2018 (the "New Contractual Arrangements").

FIVE-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Revenue	5,799,982	3,325,215	3,494,344	5,201,508	**6,685,971**
Gross profit	2,766,458	1,555,639	1,778,341	2,888,371	**3,247,148**
Profit/(Loss) for the year	30,936	(1,155,749)	28,953	370,814	**554,958**
Adjusted net profit/(loss) (unaudited)	439,452	(800,101)	273,219	688,338	**910,050**

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Assets					
Non-current assets	17,137,951	10,642,174	12,639,925	15,312,176	**22,308,843**
Current assets	22,409,003	16,883,448	14,897,268	16,852,216	**21,266,259**
Total assets	39,546,954	27,525,622	27,537,193	32,164,392	**43,575,102**
Equity and liabilities					
Equity attributable to owners of the Company	15,713,054	14,533,862	14,642,211	15,326,213	**15,765,170**
Non-controlling interests	–	–	–	–	**–**
Total equity	15,713,054	14,533,862	14,642,211	15,326,213	**15,765,170**
Liabilities					
Non-current liabilities	4,943,895	2,776,710	4,531,978	5,721,829	**11,819,515**
Current liabilities	18,890,005	10,215,050	8,363,004	11,116,350	**15,990,417**
Total liabilities	23,833,900	12,991,760	12,894,982	16,838,179	**27,809,932**
Total equity and liabilities	39,546,954	27,525,622	27,537,193	32,164,392	**43,575,102**
Earnings/(Loss) per share					
– Basic (RMB per share)	0.01	(0.18)	0.005	0.058	**0.086**
– Diluted (RMB per share)	0.01	(0.18)	0.004	0.056	**0.083**
Dividend per share					
– Final (HK cents per share)	N/A	N/A	N/A	1.95	**3.00**
– Special (HK cents per share)	N/A	N/A	N/A	1.30	**N/A**

"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 8, 2024
"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 subsidiary of Tencent
"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 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
"Beijing Tencent Cloud"	Tencent Cloud Computing (Beijing) Co., Ltd.* (騰訊雲計算(北京) 有限責任公司), a limited liability company established in the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and accounted for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements
"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 C1 of the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this 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
"FinTech"	the financial technology
"First Share Award Scheme"	the share award scheme of the Company, which was adopted on May 26, 2017 and amended on September 1, 2017 and May 6, 2021, further details of which are disclosed in the section headed "Statutory and General Information – Pre- IPO Share Option and Share Award Schemes – First Share Award Scheme" in Appendix IV to the Prospectus
"FITE Regulations"	the Provisions on Administration of Foreign Invested Telecommunications Enterprises《外商投資電信企業管理規定》promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, which stipulates that the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors
"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

"Hengyang Rongche"	Hengyang Rongche Information Technology Co., Ltd.* (衡陽融車資訊科技有限公司), a company incorporated in the PRC with limited liability
"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
"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 C3 of the Listing Rules
"Morespark"	Morespark Limited, a private company limited by shares incorporated under the laws of Hong Kong and wholly-owned by Tencent, and a Controlling Shareholder
"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, and amended on September 1, 2017, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme" of the Prospectus
"Prospectus"	the prospectus 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, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SaaS"	software-as-a-service
"Second Share Award Scheme"	the share award scheme conditionally approved and adopted by our Company on September 1, 2017 and effective from the Listing Date, the principal terms of which are set out in the section headed "Statutory and General Information – Pre-IPO Share Option and Share Award Schemes" 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
"Shanghai Yixin"	Shanghai Yixin Financing Lease Co., Ltd.* (上海易鑫融資租賃有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"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
"Singapore Tencent Cloud"	Tencent Cloud International Pte. Ltd., a limited company incorporated under the laws of Singapore and a wholly-owned subsidiary of Tencent
"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
"X Star"	X Star Technology Pte. Ltd, a company incorporated under the laws of Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
"Xinche Investment"	Xinche Investment (Shanghai) Co., Ltd.* (鑫車投資(上海)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"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 65.53% by Morespark
"Yixin HK"	Yixin Holding Hong Kong Limited (易鑫集團香港有限公司), a company incorporated under the laws of Hong Kong on November 27, 2014 and a 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
"Zhidao Beijing"	Zhidao Internet Technology (Beijing) Company Limited* (智道網聯科技(北京)有限公司), a company incorporated in the PRC 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.


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