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**易鑫集团**

**YIXIN GROUP**

**YIXIN GROUP LIMITED**

易鑫集团有限公司

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

**(Stock Code: 2858)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2022 ANNUAL REPORT**

Reference is made to the annual report of Yixin Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 (the “**Annual Report**”). Unless otherwise defined herein, capitalised terms shall have the same meanings as those defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the Company hereby provides the following supplemental information as follows:

### **Credit Impairment Losses**

As stated in the Annual Report, the increase in the credit impairment losses from RMB286 million for the year ended December 31, 2021 to RMB790 million for the Reporting Period was primarily resulted from:

- (i) the increase in the provision for expected credit losses of finance receivables

The provision for expected credit losses of finance receivables increased to RMB475 million for the Reporting Period, compared to RMB121 million for the year ended December 31, 2021, which was mainly attributable to:

- (a) the increase in the provision for impairment from RMB379 million for the year ended December 31, 2021 to RMB584 million for the Reporting Period. Such increase was primarily due to (1) the increase in the Company’s auto self-operated financing assets. The outstanding balance of finance receivables from self-operated financing lease increased from RMB11.5 billion as at December 31, 2021 to RMB14.4 billion as at December 31, 2022. Such increase was attributable to the fact that there were more new finance lease agreements entered into as compared to the number of agreements which expired during the Reporting Period (given that the finance lease agreements of the Group generally have terms of more than one year and an average term of more than three years); (2) the increase in Loss Given Default in the expected credit loss model (the “**ECL model**”) which was resulted from the difficulties and delays in the collection of the receivables under the existing receivable collection mechanisms given the stricter nationwide COVID-19 control measures; and (3) the unbiased forward-looking factors built in the ECL model, the assessment of which was affected by the changes in the macroeconomic environment,

- (b) the reversal of impairment generated by recoveries of finance receivables previously written off has decreased from RMB259 million to RMB109 million, which was primarily caused by the delayed recovery and litigation process affected by the COVID-19 pandemic, and
- (ii) the increase in the provision for expected credit losses of risk assurance liabilities to RMB228 million for the Reporting Period, compared to RMB10 million for the year ended December 31, 2021, was mainly due to, (a) the increase in the outstanding balance of loans with potential repurchase obligations as at December 31, 2022, which amounted to RMB44.6 billion; (b) the increase in proportion of used car transactions in all the Group's facilitated transactions from 41% for 2021 to 55% for the Reporting Period, given that the Group had deployed more resources for used cars in 2022 and the credit risk for used cars customers, in general, is comparatively higher; and (c) the unbiased forward-looking factors built in the ECL model as discussed above.

In addition to the above, the impairment assessments of the finance receivables and the write-offs of RMB371 million for the Reporting Period were made based on the ECL model, the accounting principle under IFRS 9 and the Group's impairment policy on loss recovery (the "**Impairment Policy**"). The Impairment Policy provides that the Company may consider writing-off the finance receivables which have been overdue for 180 days, and in accordance with the ECL model, when there is no reasonable expectation of recovery of such financial receivables after taking into account of indicators including, amongst others, the failure of a debtor to engage in a repayment plan after the completion of legal proceedings and execution, and failure to make contractual payments for a certain period of time past due. Details of the above ECL model, the accounting principle and the Impairment Policy are disclosed in the Annual Report. The audit committee of the Board has conducted independent assessment on the impairment and write-offs and concluded that the Company's assessment is consistent with the applicable accounting principles and policy.

## Share Schemes

The number of share awards available for issue under the scheme mandate of the First Share Award Scheme was 49,270,685 Shares, representing 0.76% of the issued Shares as at the date of the Annual Report.

The supplemental information set out above does not affect the information disclosed in the Annual Report. Save as disclosed above, all other information in the Annual Report remains unchanged.

By Order of the Board  
**Yixin Group Limited**  
易鑫集团有限公司  
**Andy Xuan Zhang**  
*Chairman*

Hong Kong, October 25, 2023

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

### Executive Directors

Mr. Andy Xuan Zhang and Mr. Dong Jiang

### Non-executive Directors

Mr. Qing Hua Xie, Mr. Qin Miao  
and Ms. Amanda Chi Yan Chau

### Independent non-executive Directors

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