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

2024 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Man Wah Cheng

AUTHORISED REPRESENTATIVES

Mr. Andy Xuan Zhang
Mr. Man Wah Cheng

AUDITOR

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

LEGAL ADVISERS

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Shanghai, China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG SHARE REGISTRAR

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17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
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 am delighted to present the interim report of the Group for the Reporting Period.

In the first half of 2024, the recovery of China's economy has shown a divergence in supply and demand dynamics. Production has shown robust recovery, while demand has lagged. This period was marked by a surge in manufacturing investment and net exports, propelled by equipment renewal policies and rising overseas restocking demand. However, the real estate sector has continued to face challenges, with local fiscal expansion hampered by concerns over hidden debts and domestic consumption remaining subdued. According to data from the National Bureau of Statistics of the PRC, China's GDP in the first half of 2024 grew by 5.0% as compared to the same period last year.

In the first half of 2024, while the automotive market struggled with lackluster domestic demand, price adjustment and supportive policies provided some stimulus. At the same time, the industry witnessed structural strategic opportunities unfold, with NEV consumption and the overseas expansion of Chinese brands delivering impressive performance. In recent years, as the automotive industry has gradually become saturated, it has faced the tension between surplus production capacity and lagging demand, a situation that persisted through the first half of 2024. According to data from the China Association of Automobile Manufacturers (CAAM) and the China Automobile Dealers Association (CADA), the total number of passenger cars sold in China (including new and used vehicles) increased by 6.5% year-on-year in the first half of 2024. We also observed that the NEV market continued to grow rapidly. According to data from the China Passenger Car Association (CPCA), retail sales of new energy passenger vehicles increased by 33.1% year-on-year in the first half of 2024, and the penetration rate of NEVs in domestic new car retail sales hit 48% in June 2024. Additionally, the expansion of automotive exports has emerged as a significant growth driver for the industry. According to the CAAM, China exported 2.8 million vehicles in the first half of 2024, representing a year-on-year increase of 30.5%.

In the first half of 2024, Yixin Group achieved steady growth. We realized a total of 329 thousand financing transactions (including both new and used vehicles) during the Reporting Period, representing a 5.3% growth as compared to the same period last year. The financing amount was RMB31.5 billion, representing a 3.5% growth as compared to the same period last year. As one of the Company's key strategic focuses, the NEV financing business continued its rapid growth, with financing amount reaching RMB7.1 billion, representing a year-on-year increase of 63.1%.

During the Reporting Period, the Group's revenue reached RMB4.5 billion, representing a year-on-year increase of 57%. The Group's net profit for the Reporting Period reached RMB410 million, which increased by 54% as compared to RMB266 million for the same period last year.

In recent years, the Group's asset management scale has steadily expanded. As of June 30, 2024, the automotive financial assets under our management had reached RMB99.6 billion. Despite the evolving competitive dynamics within the automotive finance industry, Yixin has successfully reinforced its leading market position. The Group's asset quality has been commendably resilient, with the 90+ days past due ratio standing at 1.86% as of June 30, 2024.

In terms of financing, the Group has continued to drive down funding costs. The coupon rate of the senior tranche of the Asset-Backed Note (ABN) issued in June 2024 reached a historic low of 2.97%. Additionally, the Group has secured seamless access to various financing channels, leveraging instruments such as Private Placement Note (PPN), Super and Short-term Commercial Paper (SCP), and other credit debt instruments.

As for value-added services, the Group realized an income of RMB123 million during the Reporting Period, representing a year-on-year increase of 18%. Our battery GAP product, which was introduced to consumers in May 2023, has been widely recognized by the market. In 2024, we have also expanded the battery GAP product offering to the used car sector.

The Group has consistently focused on two key strategic areas: new energy and financial technology. In the first half of 2024, these two major business continued to achieve notable progress:

NEV (ELECTRIC VEHICLE):

The Group's new energy business growth is anchored in its unique market positioning and abundant industry resources. Yixin's profound experience in lower-tier markets is particularly well-aligned with the surging trend of new energy vehicle (NEV) adoption in these areas, significantly amplifying our growth prospects. Additionally, the Group continues to strengthen its partnerships with leading new energy vehicle brands. As of June 30, 2024, the Group has established partnerships with approximately 40 manufacturers in the new energy sector. During the Reporting Period, the Group's financing transactions for NEV (encompassing both new and used vehicles) increased to 70 thousand units, representing a robust year-on-year growth of 77.8%. Capitalizing on the swift ascent of the second-hand NEV market, Yixin has taken significant strides to address the needs of this burgeoning segment. In the first half of 2024, the proportion of financing transactions for used cars in our new energy business reached 12.4%.

FINTECH (SAAS):

The Group's FinTech business organically integrates with our technological capabilities and industry experience to deliver comprehensive FinTech solutions. By leveraging cutting-edge technologies like AI, we offer multi-tiered software products to empower industry partners. In the first half of 2024, the Group's FinTech revenue reached RMB835 million, representing a year-on-year increase of 867.3%. The Group expanded its network of industrial partnerships by launching 7 new projects in the first half of 2024. By June 30, 2024, we have established cooperation with over 50 institutions. We have established collaborations with premium brands such as Porsche and provided services to more regional banks like Bank of Nanjing. During the Reporting Period, financing transactions facilitated under the FinTech model amounted to RMB9.7 billion, representing a year-on-year growth of 264.1%. We anticipate that the financing amount facilitated by our FinTech platform will exceed RMB20 billion for 2024.

Yixin Group continuously enhances its technological innovation capabilities by embracing intelligent and digital methods to drive operating efficiency. Through the internally developed Titan-AI cloud platform, we apply AI technology across various business scenarios, empowering the entire business procedure including telemarketing, video audit, loan collection, and customer service. Robust risk control technology, as one of Yixin's core competitive advantages, also evolves with the support of AI. In the first half of 2024, we launched an automatic public opinion monitoring and warning system to mitigate fraud risks stemming from inflated vehicle prices. This project enabled real-time feedback, preventing fraud-related losses estimated to be over RMB302 million. Thanks to this anti-fraud project, Yixin Group was awarded the "Innovation Team Award" in Changning District, Shanghai in May 2024.

Looking forward to the second half of 2024, with the domestic rollout of large-scale equipment renewal and trade-in deals for consumer goods, it is anticipated that the economy's internal momentum will be bolstered, providing some support for automotive-related consumption. In light of the complex and volatile environment, Yixin will maintain its competitive advantage in our core business and proactively promote innovation in the FinTech area. While safeguarding asset quality, the Group remains agile in its approach, strategically adjusting and nurturing growth across its diverse business segments.

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
August 15, 2024

MACROECONOMIC ENVIRONMENT

In the first half of 2024, China's economy operated smoothly, kicking off with a robust first quarter and a modestly decelerated growth in the second quarter. The National Statistics Bureau of the PRC reports that the real GDP in the first half of 2024 grew by 5.0% year-on-year. However, the microeconomic perception among the populace suggests a lingering sense of economic weakness. This perception is partly attributed to a divergence between real and nominal growth rates, with the GDP deflator for the first half of 2024 at -0.9%, signaling considerable deflationary pressures. Structural economic issues persist, with insufficient domestic demand and the downturn in the national real estate sector remaining a significant drag. Infrastructure investment is further hampered by the risks associated with local governments' underlying debt. Moreover, the retail sales growth rate has experienced a notable decline. Conversely, the external demand has been robust, propelling an uptick in the manufacturing sector's production and investment, with exports emerging as a vital underpinning for economic growth. Currently, the Chinese economy is grappling with challenges such as the need for a shift in growth dynamics, an expansion in income inequality, and subdued public expectations. In the long run, by fostering the development of new quality productive forces, establishing a unified market with substantial potential, advancing fiscal and tax system reforms, and bolstering social welfare, China's economy is anticipated to sustain its path toward high-quality development.

Amidst the current economic landscape, the automotive industry stands as a cornerstone of the national economy, experiencing a strategic transformation and upgrade on the supply side, while witnessing a dynamic diversification of trends on the demand side. It has emerged as a pivotal sector for rejuvenating economic vitality and stimulating an expansion in domestic demand. In 2024, the automotive sector's policies have remained potent, with the successful implementation of supportive initiatives like 'consumer goods trade-in' and the 'new energy vehicles in rural areas' programs. These policies are not only underpinning China's economic growth but are also instrumental in fostering a trajectory of high-quality development.

INDUSTRY OVERVIEW

China's automotive market has entered a buyer-centric era that is driven by consumer demand and the industry's advancements in intelligence and electrification, showcasing global competitiveness. However, the domestic market's growth remains sluggish showcasing intensifying industry competition. According to the CAAM and the CADA, the total sales volume of new and used passenger vehicles in China increased by 6.5% year-on-year during the Reporting Period.

In terms of new vehicles, while improvements have been noted, the strategy of trading price for volume has exerted pressure across various segments of the automotive supply chain. According to the CAAM, the sales volume of new passenger vehicles in China reached 11.9 million units in the first half of 2024, representing a year-on-year increase of 6.3%. The used vehicle market has been invigorated by the 'trade-in' policy, boosting consumer interest in upgrading. However, successive price reductions on new vehicles have accelerated the depreciation of used vehicles, placing a significant strain on car dealers. In the first half of 2024, the transaction volume of used passenger cars in China was 7.5 million units, representing a year-on-year increase of 6.9%.

New energy vehicles (NEVs) continue to be a significant driving force for the automotive industry, maintaining strong growth during the Reporting Period. According to the CPCA, retail sales of NEVs in the first half of 2024 amounted to 4.1 million units, representing a year-on-year increase of 33.1%. Domestic brands performed particularly well, offering high-quality options with strong product capabilities and price advantages. With the ongoing enhancements to charging infrastructure and the expanding reach of NEV sales into lower-tier cities, the penetration rate of NEV products nationwide continues to rise. According to the CPCA, the penetration rate of NEVs in domestic new car sales hit 48% in June 2024.

Despite external instability, China's auto exports have maintained an upward trend. According to CAAM, China's auto export volume reached 2.8 million units in the first half of 2024. Over the past few years, Chinese manufacturers have cultivated a competitive edge in overseas markets. As Chinese car companies increasingly localize their channels, production and R&D, their overseas ecosystem is rapidly maturing.

Automotive finance plays a crucial role in the automotive industry, profoundly driving car consumption and hastening industry transformation. According to third-party data, the financial penetration rate for new cars in the Chinese market was 56%[1] in 2023, while the penetration rate for used cars was 38%[2]. As favorable policies continue to be rolled out, the standardization and diversification of automotive finance shows remarkable improvements. The domestic market for automotive finance is revealing considerable growth potential. Moreover, capitalizing on the prevailing trend of industry chain globalization, automotive finance services are also demonstrating immense potential in international markets. The integration of globalized operations and the expansion of services beyond domestic borders are positioning automotive finance as a key growth area, both within China and on the world stage.

POLICY SUPPORT

Since the beginning of 2024, both central and local governments have successively introduced a series of supportive policies to stimulate car consumption and promote the high-quality development of the auto market. Notably, the implementation of favorable policies in the areas of auto finance and auto exports has considerably bolstered upgrades within the industry.

The 'trade-in' policy initiatives have played a pivotal role in revitalizing the overall auto market. In March 2024, the State Council issued the 'Action Plan for Promoting Large-scale Equipment Renewal and Trade-In of Consumer Goods' (《推動大規模設備更新和消費品以舊換新行動方案》), specifically endorsing nationwide trade-in car transactions and guiding orderly competition in the industry. Subsequently, fourteen departments, including the Ministry of Commerce, jointly released the "Action Plan for Trade-In of Consumer Goods" (《推動消費品以舊換新行動方案》), emphasizing promotion within the automotive sector. In April 2024, seven departments, including the Ministry of Commerce and the Ministry of Finance, issued the "Implementation Details of Trade-In Subsidy for Cars" (《汽車以舊換新補貼實施細則》), marking the official implementation phase of the automotive trade-in policy. Throughout this process, multiple local governments have proactively driven the implementation of these supportive policies.

Notes:

1. Roland Berger "2024 China Automotive Finance Report"

2. 21st Century Automotive Research Institute "2023 China Automotive (Finance) Yearbook"

The development of the NEV industry is crucial for strengthening China's automotive industry. In April 2024, five departments, including the Ministry of Industry and Information Technology, jointly launched the 2024 NEV Rural Outreach Campaign to accelerate the filling of gaps in NEV consumption and usage in rural areas. In May 2024, the State Council issued the "2024-2025 Energy-saving and Carbon Reduction Action Plan" (《2024-2025年節能降碳行動方案》). This blueprint proposed several key measures, including accelerating the phase-out of older vehicles, gradually removing local purchase restrictions on NEVs, and implementing supportive policies to facilitate NEV usage. These initiatives aim to further unleash consumption potential within the NEV market. Support policies in regard of promoting the construction of automotive recycling and reuse ecosystems have also been introduced. In February 2024, the State Council issued the "Opinions on Accelerating the Construction of a Waste Recycling System" (《關於加快構建廢棄物循環利用體系的意見》), in which it was mentioned that the traceability management of NEV power batteries will be strengthened and automotive companies will be encouraged to incorporate the use of recycled materials in their corporate social responsibility initiatives.

The development of the financial service sector provides fundamental support to the economy. The provision of automotive finance services is a crucial component of the automotive industry system. In April 2024, the People's Bank of China and the National Financial Regulatory Administration jointly issued the "Notice on Adjusting Policies Related to Automobile Loans" (《關於調整汽車貸款有關政策的通知》), optimizing the maximum loan-to-value ratio for automobile loans and encouraging financial institutions to integrate scenarios such as car trade-in to enhance financial product and service innovation. Furthermore, the automotive finance sector benefits from the rapid development of the broader digital finance industry. In recent years, China's policies promoting digital finance development have emphasized financial technology as a key driver. In March 2024, the "Government Work Report" (《政府工作報告》) emphasized enhancing the financial system's risk resistance capabilities, leveraging financial technology and data elements to improve financial institutions' risk-monitoring and fraud-prevention abilities.

The internationalization of the automotive industry chain continues to receive policy support. In the first half of 2024, supportive policies were introduced for the export of used cars and new energy vehicles. In February 2024, the Ministry of Commerce and five other departments issued the "Notice on Further Improving the Export of Used Cars" (《關於進一步做好二手車出口工作的通知》), fully supporting the used car export business to expand its scale and improve its quality. In the same month, the Ministry of Commerce, the National Development and Reform Commission, the General Administration of Customs, and six other departments jointly issued the "Opinions on Supporting the Healthy Development of New Energy Vehicle Trade Cooperation" (《關於支持新能源汽車貿易合作健康發展的意見》), proposing eighteen measures across six aspects to guide the healthy development of new energy vehicle trade cooperation, encouraging new energy vehicles and their supply chain enterprises to efficiently utilize global innovation resources and adaptively strengthen cooperation with overseas companies.

BUSINESS REVIEW

Despite the complex macro environment and intense industry competition, the Group has achieved steady business development and maintained stable asset quality due to our extensive industry experience and resource accumulation. The NEV business has become one of the core growth drivers for the Group, with the FinTech sector sustaining strong growth. Additionally, the expansion of value-added services has enabled us to provide more comprehensive lifecycle services to our customers. Overall, Yixin Group has maintained a steady development trajectory, and we are committed to further strengthening this positive momentum. We will proactively tackle challenges and capitalize on opportunities to drive future growth.

AUTO FINANCING TRANSACTIONS

	Six months ended June 30,					
	2024		**2023**		**Year-on-year**	
	Number of Financing transactions	**Financing amount**	Number of Financing transactions	Financing amount	Number of Financing transactions	Financing amount
	’000	***’000***	*’000*	*’000*	*%*	*%*
	Unaudited	***Unaudited***	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
New vehicles	**175**	**17,526,579**	180	18,101,694	-3%	-3%
Used vehicles	**154**	**13,930,507**	132	12,282,978	16%	13%
Total	**329**	**31,457,086**	312	30,384,672	5%	4%
NEV[(1)]	**70**	**7,098,784**	39	4,351,414	78%	63%

Note:

(1) NEV encompasses both new and used vehicles

Our total financing transactions increased by 5.3% year-on-year to 329 thousand for the Reporting Period, compared to 312 thousand for the same period last year. The total financing amount increased by 3.5% year-on-year to RMB31.5 billion for the Reporting Period, compared to RMB30.4 billion for the same period last year.

Our new vehicle financing transactions decreased by 2.7% year-on-year to 175 thousand for the Reporting Period, compared to 180 thousand for the same period last year. The financing amount decreased by 3.2% year-on-year to RMB17.5 billion for the Reporting Period, compared to RMB18.1 billion for the same period last year.

Our used vehicle financing transactions increased by 16.2% year-on-year to 154 thousand for the Reporting Period, compared to 132 thousand for the same period last year. While maintaining asset quality, the Group has refined its business structure, adhering to a balanced business development strategy. As a result, the proportion of our used vehicle financing business in our total vehicle financing transactions increased to 46.7%.

Our NEV financing transactions (encompassing both new and used vehicles) significantly increased by 77.8% year-on-year to 70 thousand for the Reporting Period, compared to 39 thousand for the same period last year. The NEV financing amount increased by 63.1% year-on-year to RMB7.1 billion for the Reporting Period, compared to RMB4.4 billion for the same period last year. The Group continues to make significant inroads in the NEVs business. We are expanding and deepening our cooperation with OEMs, particularly emerging NEV manufacturers like AITO and XIAOPENG, etc. As of June 30, 2024, the Group has established partnerships with approximately 40 manufacturers in the new energy sector. In the Reporting Period, our NEV financing amount accounted for 34.9% of our total new vehicle financing amount. Moreover, the Group has also expanded the offering of financial service to used car business in this emerging area. In the first half of 2024, the proportion of financing transactions for used cars in our new energy business reached 12.4%.

SAAS SERVICES (FINTECH)

Our FinTech business model continues to prove its scalability, achieving a revenue of RMB835 million during the Reporting Period, representing a year-on-year increase of 867.3%.

In the first half of 2024, our FinTech business facilitated financing amount of RMB9.7 billion, with the penetration rate of NEVs in new car business reaching 45.7%. The contribution of our FinTech business to the Group's total financing amount increased from approximately 8.7% in the first half of 2023 to approximately 30.7% in the first half of 2024.

We have been expanding and deepening our cooperation with institutional customers. As of June 30, 2024, we have entered into contracts with over 50 institutions under our FinTech model. During the Reporting Period, 7 new cooperative projects have been launched. We have made progress in the following areas:

(i) Strengthening our collaboration with regional commercial banks. In the first half of 2024, we reached a cooperation agreement with Nanjing Bank.

(ii) Establishing strategic partnerships with well-known OEMs. In the first half of 2024, we entered into a technological cooperation agreement with the leasing arm of Porsche, enhancing our influence in the premium market.

In response to market changes, we flexibly adjusted our solution to meet the needs of financial institution customers. Our FinTech model can support zero down payment financing solutions, showcasing the Group's keen responsiveness to market dynamics and our rapid iteration capability to meet evolving customer needs.

VALUE-ADDED SERVICES

In the first half of 2024, value-added services have realized a revenue of RMB123 million, an increase of 18.1% as compared to the same period last year. Our battery GAP insurance, which was launched in May 2023, has been thoroughly tested in the market for over a year. During the Reporting Period, the number of battery GAP transactions reached approximately 22 thousand, covering about 35.5% of our NEV new cars. Moreover, in the first half of 2024, we introduced battery GAP products specially designed for NEV used cars. This initiative may help more NEV owners address their concerns about battery depreciation and residual value. Moving forward, we will continue to leverage our accumulated data assets and advanced big data analysis capabilities to drive product innovation to meet customer needs and explore the full-lifecycle value of our customers.

NON-IFRSs FINANCIAL MEASURES

To supplement the interim condensed consolidated financial information of the Group prepared in accordance with the IFRSs, certain additional non-IFRSs financial measures (in terms of adjusted operating profit and adjusted net profit) have been presented in this interim report. These unaudited non-IFRSs financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRSs. We believe that these non-IFRSs measures provide additional information to investors and others in understanding and evaluating our interim condensed consolidated financial information of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our peer companies. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

Adjusted operating profit eliminates the effect of certain non-cash items and one-time events, namely fair value changes arising from investee companies, amortization of intangible assets resulting from asset and business acquisitions, impairment loss on investment associates, gain on recognition of negative goodwill resulting from the business acquisition 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.

	Six months ended June 30,	
	2024 ***RMB'000*** ***Unaudited***	2023 *RMB'000* *Unaudited*
Operating profit	**576,522**	253,962
Add:		
Fair value changes arising from investee companies	**21,321**	107,673
Amortization of intangible assets resulting from asset and business acquisitions	**148,047**	25,849
Gain on recognition of negative goodwill resulting from the business acquisition	**(100,992)**	–
Impairment loss on investment in an associate	**12,031**	–
Share-based compensation expenses	**26,020**	43,597
Adjusted operating profit	**682,949**	431,081

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Net profit	**409,676**	266,395
Add:		
Fair value changes arising from investee companies	**17,019**	85,458
Amortization of intangible assets resulting from asset and business acquisitions	**148,001**	25,803
Gain on recognition of negative goodwill resulting from the business acquisition	**(100,992)**	–
Impairment loss on investment in an associate	**12,031**	–
Share-based compensation expenses	**21,742**	35,261
Adjusted net profit	**507,477**	412,917

ADJUSTED OPERATING PROFIT

Our adjusted operating profit was RMB683 million for the Reporting Period, compared to RMB431 million for the same period last year. The increase was mainly due to the increase in revenue.

ADJUSTED NET PROFIT

Our adjusted net profit was RMB507 million for the Reporting Period, compared to RMB413 million for the same period last year. The increase was mainly due to the increase in revenue.

SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

The following table sets forth the comparative figures for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,		
	2024 ***RMB'000*** ***Unaudited***	2023 *RMB'000* *Unaudited*	Year-on-year *%*
Revenues	**4,467,853**	2,844,190	57%
Cost of revenues	**(2,338,916)**	(1,420,736)	65%
Gross profit	**2,128,937**	1,423,454	50%
Selling and marketing expenses	**(673,906)**	(513,896)	31%
Administrative expenses	**(199,323)**	(201,624)	-1%
Research and development expenses	**(107,647)**	(93,343)	15%
Credit impairment losses	**(657,769)**	(332,654)	98%
Other income and other gains/(losses), net	**86,230**	(27,975)	-408%
Operating profit	**576,522**	253,962	127%
Finance cost, net	**(14,507)**	(1,375)	955%
Share of (losses)/profits of investments accounted for using the equity method	**(21,270)**	26,271	-181%
Profit before income tax	**540,745**	278,858	94%
Income tax expense	**(131,069)**	(12,463)	952%
Profit for the period	**409,676**	266,395	54%
Non-IFRSs measure			
Adjusted operating profit	**682,949**	431,081	58%
Adjusted net profit	**507,477**	412,917	23%

REVENUES

Our total revenues increased by 57% year-on-year to RMB4,468 million for the Reporting Period, compared to RMB2,844 million for the same period last year. 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 financing lease transactions facilitated by us during the Reporting Period, increased by 59% year-on-year to RMB2,888 million, compared to RMB1,821 million for the same period last year. The following table sets forth the comparative figures for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,				
	2024			2023	
	RMB'000 Unaudited	***% of total revenues***	***Year-on-year***	*RMB'000 Unaudited*	*% of total revenues*
Revenues					
Transaction platform business					
Loan facilitation services	**1,863,681**	**42%**	**21%**	1,539,863	54%
SaaS services	**834,561**	**19%**	**867%**	86,277	3%
Other platform services	**812,217**	**18%**	**57%**	518,285	18%
Guarantee services	**689,201**	**15%**	**66%**	414,147	14%
Value-added services	**123,016**	**3%**	**18%**	104,138	4%
Subtotal	**3,510,459**	**79%**	**64%**	2,144,425	75%
Self-operated financing business					
Financing lease services	**945,615**	**21%**	**35%**	699,540	25%
From new transactions during the period	**189,438**	**4%**	**-3%**	194,500	7%
From existing transactions in prior periods	**756,177**	**17%**	**50%**	505,040	18%
Other self-operated services[1]	**11,779**	**0%**	**5,135%**	225	0%
Subtotal	**957,394**	**21%**	**37%**	699,765	25%
Total	**4,467,853**	**100%**	**57%**	2,844,190	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 64% year-on-year to RMB3,510 million for the Reporting Period, compared to RMB2,144 million for the same period last year, mainly due to the increase in revenue of our SaaS services and guarantee services. Our transaction platform business contributed 79% of total revenues for the Reporting Period, compared to 75% for the same period last year.

Revenues from our loan facilitation services increased by 21% year-on-year to RMB1,864 million for the Reporting Period, compared to RMB1,540 million for the same period last year, mainly attributed to the growth of the higher-yielding used car business.

Revenues from our SaaS services increased by 867% year-on-year to RMB835 million for the Reporting Period compared to RMB86 million for the same period last year, and contributed 19% of our total revenue. 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 RMB9.7 billion through SaaS model for the Reporting Period.

Revenues from our other platform services increased by 57% to RMB812 million for the Reporting Period, compared to RMB518 million for the same period last year, mainly due to the increase in revenue from guarantee services. Our revenue from guarantee services was RMB689 million for the Reporting Period and increased by 66% from RMB414 million for the same period last year, mainly due to the increase in the number of customers with guarantees. During the Reporting Period, the revenue generated from value-added services reached RMB123 million, representing a 18% increase from RMB104 million for the same period last year.

Self-operated financing business

Revenues from our self-operated financing business increased by 37% year-on-year to RMB957 million for the Reporting Period, compared to RMB700 million for the same period last year, primarily due to the increase in revenues from financing lease services.

Revenues from our financing lease services increased by 35% year-on-year to RMB946 million for the Reporting Period, compared to RMB700 million for the same period last year, due to the increase in finance receivables. The average yield of our net finance receivables(1) was 7.5% for the Reporting Period, compared to 8.4% for the same period last year. The Group conducted more new vehicle transactions in our self-operated financing business, which were generally from 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 RMB2,339 million, representing an increase of 65% compared to the same period last year of RMB1,421 million, primarily due to the increase in commissions associated with transaction platform business, and funding costs associated with self-operated financing services. Commissions increased to RMB1,780 million from RMB1,026 million in the same period last year, mainly due to the rising competition in the industry. Funding costs increased to RMB506 million from RMB340 million in the same period last year, 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 periods indicated below:

	Six months ended June 30,				
	2024			2023	
	RMB'000	*% of total cost*	*Year-on-year*	*RMB'000*	*% of total cost*
	Unaudited			*Unaudited*	
Cost of revenues:					
Transaction platform business	**1,813,870**	**78%**	**71%**	1,061,030	75%
Self-operated financing business	**525,046**	**22%**	**46%**	359,706	25%
Total	**2,338,916**	**100%**	**65%**	1,420,736	100%

GROSS PROFIT AND MARGIN

	Six months ended June 30,			
	2024		2023	
	RMB'000	*Margin*	*RMB'000*	*Margin*
	Unaudited		*Unaudited*	
Segment gross profit and gross profit margins				
Transaction platform business	**1,696,589**	**48%**	1,083,395	51%
Self-operated financing business	**432,348**	**45%**	340,059	49%
Total	**2,128,937**	**48%**	1,423,454	50%

For the Reporting Period, the Group's gross profit was RMB2,129 million, representing an increase of RMB706 million compared to RMB1,423 million in the same period last year. For the Reporting Period and the first half of 2023, the Group's gross profit margin was 48% and 50% respectively.

Transaction platform business

For the Reporting Period, the gross profit margin of our transaction platform business was 48%, which decreased from 51% in the same period last year, 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:

	2024 *Unaudited*	2023 *Unaudited*	*Change %*
Interest income	**945,615**	699,540	35%
Funding costs	**505,922**	340,151	49%
Net interest income	**439,693**	359,389	22%
Net interest margin[1]	**3.5%**	4.3%	-19%

For the Reporting Period, the net interest margin of the Group's self-operated financing business decreased to 3.5%, compared to 4.3% 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 4.6% for the Reporting Period, compared to 5.0% for the same period last year, mainly due to an upgrade in the Group's credit rating attributed 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 31% year-on-year to RMB674 million for the Reporting Period, compared to RMB514 million for the same period last year, primarily due to the increase in amortization of intangible assets resulting from asset and business acquisitions, salaries and professional service fees, being partially offset by the decrease in share-based compensation expenses. Share-based compensation expenses for our sales and marketing personnel were RMB8 million for the Reporting Period, compared to RMB15 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the selling and marketing expenses increased by 9% year-on-year to RMB518 million for the Reporting Period, compared to RMB474 million for the same period last year, which was in line with the increase in the number of financing transactions.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by 1% year-on-year to RMB199 million for the Reporting Period, compared to RMB202 million for the same period last year, primarily due to the decrease in provision for impairment of vehicles collected from financing lease customers, being partially offset by the increase in salaries. Share-based compensation expenses for our administrative personnel were RMB12 million for the Reporting Period, compared to RMB18 million for the same period last year. By eliminating the effect of certain non-cash items, namely amortization of intangible assets resulting from asset and business acquisitions and share-based compensation expenses, the administrative expenses increased by 2% year-on-year to RMB187 million for the Reporting Period, compared to RMB183 million for the same period last year.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 15% year-on-year to RMB108 million for the Reporting Period, compared to RMB93 million for the same period last year, primarily due to the increase in salaries and professional service fees, and being partially offset by the decrease in share-based compensation expenses. Share-based compensation expenses for our research and development personnel were RMB5 million for the Reporting Period, compared to RMB11 million for the same period last year. By eliminating the effect of certain non-cash item, namely share-based compensation expenses, the research and development expenses increased by 24% year-on-year to RMB102 million for the Reporting Period, compared to RMB83 million for the same period last year, primarily due to the increase of research and development input in respect of the FinTech team.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses include: (i) provision for expected credit losses of finance receivables; (ii) provision for expected credit losses of risk assurance liabilities and loans recognized as a result of payment under risk assurance; and (iii) provision for impairment losses of trade receivables and other receivables. Credit impairment losses increased by approximately 98% year-on-year to RMB658 million for the Reporting Period, compared to RMB333 million for the same period last year, which 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 RMB200 million for the Reporting Period, compared to RMB109 million for the same period last year, which was mainly attributable to: (a) the increase in the provision for impairment from RMB144 million for the same period last year to RMB243 million for the Reporting Period, which was primarily due to the increase in the amount of finance receivables, which has resulted in a higher volume of write-offs; and (b) partially offset by the increase of the reversal of impairment generated by recoveries of finance receivables previously written off from RMB34 million to RMB42 million, which was primarily caused by the recovery of the Group's collection methods which is attributed to the decreasing impact of the COVID-19 pandemic in 2024;

(ii) the increase in the provision for expected credit losses of risk assurance liabilities to RMB362 million for the Reporting Period, compared to RMB37 million for the same period last year, which was mainly due to the increase of the outstanding balance of loans funded by financial institutions under financial guarantee contracts, as well as the increase of the proportion of used car business.

OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Our other income and other gains, net was RMB86 million for the Reporting Period, compared to other income and other losses, net of RMB28 million for the same period last year. The change was primarily due to the gain on recognition of negative goodwill resulting from the business acquisition.

OPERATING PROFIT

Our operating profit for the Reporting Period increased by 127% year-on-year to RMB577 million for the Reporting Period, compared to RMB254 million for the same period last year, mainly due to the increase in gross profit and the increase in other income and other gains.

FINANCE COST, NET

Our finance cost, net for the Reporting Period was RMB15 million, compared to RMB1 million for the same period last year, mainly due to the increase in operational borrowings which attributed to the expansion of the company's business activities.

INCOME TAX EXPENSE

Our income tax expense was RMB131 million for the Reporting Period, compared to RMB12 million for the same period last year, primarily attributed to the rise in profit before income tax and the incurrence of certain expenses during the Reporting Period that are not eligible for recognition as deferred tax assets.

PROFIT FOR THE PERIOD

Our profit increased by 54% year-on-year to RMB410 million for the Reporting Period, compared to RMB266 million for the same period last year, mainly due to the increase in gross profit and the increase in other income and other gains.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (2023: nil).

SELECTED FINANCIAL INFORMATION FROM OUR CONSOLIDATED BALANCE SHEET

	As at		
	June 30, 2024 ***RMB'000*** ***Unaudited***	December 31, 2023 *RMB'000* *Audited*	Year-on-year change *%*
Carrying amount of finance receivables	**24,659,008**	23,884,879	3%
Cash and cash equivalents	**4,450,853**	3,479,550	28%
Total borrowings	**24,218,134**	23,155,782	5%
Current assets	**22,448,186**	21,266,259	6%
Current liabilities	**16,427,148**	15,990,417	3%
Net current assets	**6,021,038**	5,275,842	14%
Total equity	**16,029,549**	15,765,170	2%

FINANCE RECEIVABLES

We provide financing lease services in our self-operated financing business segment, and in return, customers pay us interest and principal on a monthly basis. Our carrying amount of finance receivables increased to RMB24.7 billion as at June 30, 2024, compared to RMB23.9 billion as at December 31, 2023.

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

	As at	
	June 30, 2024	December 31, 2023
	(RMB'000, except for percentage)	
Finance receivables, net (ending balance)	**25,469,170**	24,639,182
Provision for expected credit losses (ending balance)	**(810,162)**	(754,303)
Provision to net finance receivables ratio[1]	**3.18%**	3.06%

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:

	June 30, 2024		December 31, 2023	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Maturity date				
Within 1 year	**9,761,620**	**38.33%**	9,618,946	39.04%
1 to 2 years	**7,119,419**	**27.95%**	6,665,509	27.05%
2 to 3 years	**4,494,696**	**17.65%**	4,530,717	18.39%
3 to 7 years	**4,093,435**	**16.07%**	3,824,010	15.52%
Total	**25,469,170**	**100.00%**	24,639,182	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 June 30, 2024, net finance receivables due within one year as set forth in the table above represented 38.33% 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 69 thousand financed transactions through self-operated financing business for the Reporting Period, 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 in our transaction platform business, the Group is obligated to purchase the relevant loans upon certain specified events of default by car buyers. The total outstanding balance of loans funded by financial institutions under such arrangements increased to RMB67.8 billion as at June 30, 2024, compared to RMB47.6 billion as at December 31, 2023. As of June 30, 2024, the risk assurance liabilities recognized by the Group under such financial guarantee contracts was RMB1.97 billion (including the impact of acquisition of Dalian Rongxin, Note 14), compared to RMB1.59 billion as at December 31, 2023.

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 affect customer income status. The quality of the portfolio as well as the expected market volatility ahead have been taken into consideration 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 business and our transaction platform business to assess the overall quality of our financed transactions:

	As at	
	June 30, 2024	December 31, 2023
Past due ratio:		
180+ days[(1)]	**1.47%**	1.49%
90+ days (including 180+ days)[(2)]	**1.86%**	1.89%

Notes:

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

As at June 30, 2024, 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 business and transaction platform business were 1.47% and 1.86%, respectively (December 31, 2023: 1.49% and 1.89%, respectively).

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.

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 anticipation and the relevance of risk prevention to improve the ability to control asset risks.

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

Credit Assessment and Approval Procedures

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

Assessment and Approval

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

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

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

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

Request of 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 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 risk of delinquency.

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

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

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

- Our customer service team or outsourced call center team will remind the consumer of the repayment and send a collection notice to the said consumer within 10 days after the due date;
- Our outsourced local collection specialists may conduct an on-site collection if there is any further delay;
- In the case of serious delinquency, based on the terms of the contract, we may investigate, monitor and track the automobile to re-possess the automobile directly and implement other necessary measures within the legal boundaries; and
- Ultimately, we reserve the right to take legal action against the delinquent consumer.

Loss Recovery

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

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

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

CASH AND CASH EQUIVALENTS

As at June 30, 2024, our cash and cash equivalents amounted to RMB4,451 million, compared to RMB3,480 million as at December 31, 2023. The increase in cash and cash equivalents was mainly due to the improvement of profitability and working capital management.

As at June 30, 2024, RMB3,674 million of our cash and cash equivalents were denominated in RMB, compared to RMB3,115 million as at December 31, 2023.

Our net cash generated in operating activities was RMB634 million for the Reporting Period, compared to net cash used in operating activities of RMB4,332 million for the same period last year, mainly due to the acceleration in the turnover rate of accounts receivable as well as the decreased disbursement amount 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 June 30, 2024, our total borrowings were RMB24.2 billion, compared to RMB23.2 billion, as at December 31, 2023. The increase was mainly due to the increase in scale of business. Total borrowings were comprised of: (i) asset-backed securities and asset-backed notes of RMB6.1 billion as at June 30, 2024; and (ii) bank loans and borrowings from other institutions of RMB18.1 billion. Asset-backed securities and asset-backed notes as a percentage of our total borrowings was 25% as at June 30, 2024.

Details of the currencies, maturities and interest rates of the borrowings are set out in Note 26 to the interim condensed consolidated financial statements.

As at June 30, 2024, Yixin, as the original owner and sponsor, has issued in aggregate 56 standardized products, totaling RMB54.0 billion, on the Shanghai Stock Exchange, National Association of Financial Market Institutional Investors, and Shanghai Insurance Exchange, etc. Notable achievements for the Reporting Period include:

(1) The issuance of our first medium to long-term principal credit bond PPN; and

(2) Achieving a historic low in ABN issuance rates, with the priority A-level issuance rate at 2.97%.

NET CURRENT ASSETS

Our net current assets increased by 14% to RMB6,021 million as at June 30, 2024, compared to RMB5,276 million as at December 31, 2023. Our current assets were RMB22.4 billion as at June 30, 2024, compared to RMB21.3 billion as at December 31, 2023, primarily due to the increase of cash and cash equivalents and current portion of finance receivables. Our current liabilities were RMB16.4 billion as at June 30, 2024, compared to RMB16.0 billion as at December 31, 2023, primarily due to the new borrowings.

TOTAL EQUITY

Our total equity increased to RMB16.0 billion as at June 30, 2024, compared to RMB15.8 billion as at December 31, 2023, primarily due to the net profit incurred during the Reporting Period.

	As at	
	June 30, 2024	December 31, 2023
Current ratio (times)(1)	**1.37**	1.33
Gearing ratio(2)	**51%**	53%
Debt to equity ratio (times)(3)	**1.51**	1.47

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 increased to 1.37 as at June 30, 2024, compared to 1.33 as at December 31, 2023, mainly due to the increase in the current assets of the Group.

Gearing Ratio

Our gearing ratio decreased to 51% as at June 30, 2024, compared to 53% as at December 31, 2023, mainly due to the decrease in the net debt of the Group.

Debt to Equity Ratio

Our debt to equity ratio increased to 1.51 as at June 30, 2024, compared to 1.47 as at December 31, 2023, mainly due to the increase in total borrowings. The Group continues to maintain a good debt-paying ability, and has further improved financial leverage while raising the return on assets.

CAPITAL EXPENDITURE AND INVESTMENTS

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Purchase of property and equipment and non-current assets	**37,729**	6,513
Purchase of intangible assets	**1,028**	2,079
Investments in financial assets at fair value through profit or loss	**–**	90,000
Investments in associates measured at fair value through profit or loss	**24,000**	24,000
Investments in associates in the form of ordinary shares	**20,280**	–
Total	**83,037**	122,592

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 being committed to receiving foreign currencies from, or when paying or being committed to pay foreign currencies to, overseas business partners. A forward contract was put in place 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 20 and Note 26 to the interim condensed consolidated financial statements, respectively.

SIGNIFICANT INVESTMENTS HELD

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

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

In November 2019 and December 2020, the Company subscribed for additional convertible note issued by Yusheng with a cash consideration of US$43 million (equivalent to approximately HK$335 million) and a cash consideration of US$12 million (equivalent to approximately HK$95 million), respectively, to further strength our cooperation relationship with Yusheng in used automobile business.

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.

Despite the intensive competition in the new car market, which led to periodical pricing adjustment on the used car market, Yusheng managed to achieve sustainable year-on-year growth in transaction volume during the Reporting Period, owing to its solid market leadership and continuous investment in providing customers with reliable and convenient car purchase and sale experience. Yusheng continued to expand its national sales network and partnership with NEV manufacturers. As of June 30, 2024, Yusheng operated a total of 76 stores, keeping Yusheng as the largest used car operator in terms of self-operated retail stores in China.

As at June 30, 2024, the fair value of our investment in Yusheng was RMB2,538,801,000 (December 31, 2023: RMB2,523,091,000) which constituted 5.7% of the total assets of the Group (December 31, 2023: 5.8%). The Company did not recognize any realized or unrealized gain or loss from the investment in Yusheng, nor did the Company receive any dividend in respect thereof for the six months ended June 30, 2024 and 2023.

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 interim report, as at June 30, 2024, we did not have any plans for material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICY

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

As at June 30, 2024, we had 4,303 full-time employees (December 31, 2023: 4,231). 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, the Second Share Award Scheme and the 2024 Share Scheme, the details of which are set out in the Prospectus, Note 22 to the interim condensed consolidated financial statements and the circular of the Company dated June 11, 2024.

The Board has determined that, conditional upon and with effect from the 2024 Share Scheme taking effect, the First Share Award Scheme shall be terminated. After the termination of the First Share Award Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest. The 2024 Share Scheme was duly approved by the shareholders at the EGM on June 27, 2024, and the Listing Committee granted approval for the listing of, and permission to deal in the Shares to be allotted and issued pursuant to share awards granted under the 2024 Share Scheme on July 9, 2024.

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 RMB507 million, compared to RMB470 million for the same period last year.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 14 to the interim condensed consolidated financial statements, 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 Notes 20 and 26 to the interim condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at June 30, 2024, we did not have any material contingent liabilities (December 31, 2023: nil).

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

As at June 30, 2024, 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(3)**	**Number of underlying Shares interested(3)**	**Total interests**	**Approximate percentage of issued Shares(4)**
Mr. Andy Xuan Zhang	–	350,466,189(L)(1)	350,466,189	5.37%
Mr. Dong Jiang	28,657,810(L)	15,000,000(L)(2)	43,657,810	0.67%

Notes:

(1) Mr. Andy Xuan Zhang's entitlement to receive up to 233,466,189 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, and 117,000,000 Shares pursuant to the exercise of options granted to him under the 2024 Share Scheme, subject to the conditions (including vesting conditions) of those options.

(2) Such interest represents the 5,000,000 award Shares granted to Mr. Dong Jiang under the Second Share Award Scheme and 10,000,000 Shares pursuant to the exercise of options granted to Mr. Dong Jiang under the 2024 Share Scheme, subject to the conditions (including vesting conditions) of those options.

(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 June 30, 2024.

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[3]**
Mr. Andy Xuan Zhang	–	–	1,680,000(L)[1]	1,680,000	2.24%
			2,950,000(L)[2]	2,950,000	3.93%

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 75,158,453 ordinary shares of Yiche Holding in issue as at June 30, 2024.

Save as disclosed above, as at June 30, 2024, so far as was known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to be interested under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2024, 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[7]	Approximate percentage of issued Shares[8]
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	528,769,320(L)	8.10%
JD.com Investment Limited[2]	Interest of controlled corporation	935,444,421(L)	14.34%
JD.com[2]	Interest of controlled corporation	935,444,421(L)	14.34%
Max Smart Limited[2]	Interest of controlled corporation	935,444,421(L)	14.34%
UBS Trustees (B.V.I.) Limited[2]	Trustee	935,444,421(L)	14.34%
Liu Qiangdong Richard[3]	Beneficiary of a trust	935,444,421(L)	14.34%
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],[6]	Interest of controlled corporation	520,174,844(L)	7.97%
Tsang Ling Kay Rodney[4],[5]	Beneficial owner	68,871,952(L)	1.06%
	Interest of controlled corporation	581,819,092(L)	8.92%

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

Notes:

(1) Tencent Mobility Limited which holds 489,922,607 Shares, THL H Limited which holds 931,604,940 Shares, and Morespark which holds 2,093,833,612 Shares in long position and 21,106,272 Shares in short position, are wholly-owned subsidiaries of Tencent. Accordingly, Tencent is deemed to be interested in the same number of Shares in which Tencent Mobility Limited, THL H Limited and Morespark are interested under the SFO. Tencent has granted a voting proxy to Proudview Limited in relation to 573,885,842 Shares, representing approximately 8.80% of the issued share capital of the Company as at June 30, 2024.

(2) JD.com Global Investment Limited which holds 406,675,101 Shares and JD Financial Investment Limited which holds 528,769,320 Shares are wholly-owned by JD.com Investment Limited, which in turn is wholly-owned by JD.com. JD.com is controlled in terms of voting power as to 66.7% by Max Smart Limited as of March 31, 2024. 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 935,444,421 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) Hammer Capital Ventures Limited, which holds 3,781,500 shares, is wholly-owned by Cheung Siu Fai. Accordingly, Cheung Siu Fai is deemed to be interested in the same number of Shares in which Hammer Capital Ventures Limited is interested under the SFO.

(7) The letter "L" and "S" denote the Substantial Shareholder's long position and short position in such Shares, respectively.

(8) The percentages are calculated on the basis of 6,524,065,512 Shares in issue as at June 30, 2024.

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 June 30, 2024, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

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

Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and the 2023 Annual Report of the Company. Details of the fair value of the options as at the date of grant and the accounting standard and policy adopted are set out in Note 24(a) to the consolidated financial statements of the 2023 Annual Report of the Company.

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

				Number of options					
Name or category of option holders	**Date of grant**	**Exercise period**	**Exercise price**	**Outstanding as at January 1, 2024**	**Exercised during the Reporting Period**	**Cancelled during the Reporting Period**	**Lapsed during the Reporting Period**	**Outstanding as at June 30, 2024**	**Weighted average closing price immediately before the exercise date during the Reporting Period (HK$)**
Director and senior management									
Mr. Andy Xuan Zhang	July 3, 2017	10 years from the date of grant	US$0.0014	168,464,000	–	–	–	168,464,000	N/A
	October 1, 2017	10 years from the 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 the date of grant	US$0.0014	700,000	–	–	–	700,000	N/A
Sub-total				234,166,189	–	–	–	234,166,189	N/A
Other grantees-Employees									
In aggregate	Between July 3, 2017 and October 1, 2017	10 years from the date of grant	US$0.0014	997,659	–	–	–	997,659	N/A
Total				**235,163,848**	**-**	**-**	**-**	**235,163,848**	N/A

SHARE AWARD SCHEMES

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

1. First Share Award Scheme

The First Share Award Scheme was adopted by written resolutions of the Shareholders on May 26, 2017, amended on September 1, 2017 and May 6, 2021, effective from the Listing Date. Following the approval of the 2024 Share Scheme at the EGM on June 27, 2024, the Listing Committee granted approval for the listing of, and permission to deal in the Shares to be allotted and issued pursuant to share awards granted under the 2024 Share Scheme on July 9, 2024 (the "**2024 Share Scheme Listing Approval**"), the termination of the First Share Award Scheme would take effect. The purpose of the First Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group.

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

As at June 30, 2024, 341,217,576 Shares had been granted or agreed to be granted under the First Share Award Scheme and the trustee has applied Shares held under the First Share Award Scheme which were unallocated or forfeited pursuant to the First Share Award Scheme to partly satisfy the awards granted.

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

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	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 Reporting Period (HK$)
Other grantees – Employees											
In aggregate	27-May-21	550,000	–	(550,000)	–	–	–	31-Mar-24	–	2.52	0.66
In aggregate	14-Sep-21	6,740,928	–	–	–	(132,500)	6,608,428	31-Aug-24	–	1.69	N/A
	14-Sep-21	6,740,928	–	–	–	(132,500)	6,608,428	31-Aug-25	–	1.69	N/A
Sub-total		13,481,856	–	–	–	(265,000)	13,216,856				N/A
In aggregate	22-Dec-21	557,859	–	–	–	–	557,859	31-Aug-24	–	1.24	N/A
	22-Dec-21	557,860	–	–	–	–	557,860	31-Aug-25	–	1.24	N/A
Sub-total		1,115,719	–	–	–	–	1,115,719				N/A

SHARE AWARD SCHEMES (CONTINUED)

1. First Share Award Scheme (Continued)

Name or category of share awardee	Date of grant	Number of Awards: Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	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 Reporting Period (HK$)
In aggregate	19-Apr-22	835,000	–	–	–	(165,000)	670,000	31-Aug-24	–	0.82	N/A
	19-Apr-22	835,000	–	–	–	(165,000)	670,000	31-Aug-25	–	0.82	N/A
Sub-total		1,670,000	–	–	–	(330,000)	1,340,000				N/A
In aggregate	20-Sep-22	21,400,000	–	(21,400,000)	–	–	–	31-Mar-24	–	0.92	0.66
	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-25	–	0.92	N/A
	20-Sep-22	827,500	–	–	–	–	827,500	31-Aug-25	–	0.92	N/A
Sub-total		45,005,000	–	(21,400,000)	–	–	23,605,000				0.66
In aggregate	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		3,300,000	–	–	–	–	3,300,000				N/A
In aggregate	9-May-24	–	520,000	–	–	–	520,000	31-Aug-24	–	0.68	N/A
		–	520,000	–	–	–	520,000	31-Aug-25	–	0.68	N/A
		–	520,000	–	–	–	520,000	31-Aug-26	–	0.68	N/A
		–	520,000	–	–	–	520,000	31-Aug-27	–	0.68	N/A
Sub-total		–	2,080,000	–	–	–	2,080,000				N/A
Total		**65,122,575**	**2,080,000**	**(21,950,000)**	**-**	**(595,000)**	**44,657,575**				**0.66**

Details of the fair value of the awarded Shares granted under the First Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 22 to the interim condensed consolidated financial statements.

According to the terms of the First Share Award Scheme, the scheme may be early terminated as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participants thereunder (provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant as aforementioned refers solely to any change in the rights in respect of the award shares already granted to a selected participant thereunder).

SHARE AWARD SCHEMES (CONTINUED)

1. First Share Award Scheme (Continued)

The Board determined that, conditional upon and with effect from the 2024 Share Scheme taking effect on July 9, 2024, the First Share Award Scheme was terminated. After the termination of the First Share Award Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the First Share Award Scheme and the relevant award agreement.

Further details of the First Share Award Scheme are set out in the Prospectus, the 2023 Annual Report of the Company published on March 8, 2024 and the circular of the Company dated June 11, 2024.

2. Second Share Award Scheme

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

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

As at June 30, 2024, 87,976,956 Shares had been granted or agreed to be granted under the Second Share Award Scheme.

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

		Number of Awards									
Name or category of share awardee	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	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 Reporting Period (HK$)
Director											
Mr. Dong Jiang	20-Sep-22	5,000,000	–	(5,000,000)	–	–	–	31-Mar-24	–	0.92	0.66
	20-Sep-22	5,000,000	–	–	–	–	5,000,000	31-Mar-25	–	0.92	N/A
Sub-total		10,000,000	–	(5,000,000)	–	–	5,000,000				0.66

SHARE AWARD SCHEMES (CONTINUED)

2. Second Share Award Scheme (Continued)

Name or category of share awardee	Date of grant	Number of Awards: Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Forfeited during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	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 Reporting Period (HK$)
Other grantees – Employees											
In aggregate	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-24	–	1.69	N/A
	14-Sep-21	445,000	–	–	–	–	445,000	31-Aug-25	–	1.69	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-24	–	1.24	N/A
	22-Dec-21	1,000,000	–	–	–	–	1,000,000	31-Aug-25	–	1.24	N/A
	20-Sep-22	4,500,000	–	(4,500,000)	–	–	–	31-Mar-24	–	0.92	0.66
	20-Sep-22	4,500,000	–	–	–	–	4,500,000	31-Mar-25	–	0.92	N/A
Sub-total		11,890,000	–	(4,500,000)	–	–	7,390,000				0.66
Total		**21,890,000**	**-**	**(9,500,000)**	**-**	**-**	**12,390,000**				**0.66**

Details of the fair value of the awarded Shares granted under the Second Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 22 to the interim condensed consolidated financial statements.

Further details of the Second Share Award Scheme are set out in the Prospectus and the 2023 Annual Report of the Company published on March 8, 2024.

2024 SHARE SCHEME

The Company has adopted the 2024 Share Scheme pursuant to an ordinary resolution passed by the Shareholders at the EGM. The 2024 Share Scheme allows the Company to broaden the types of equity incentives it can utilize by allowing the grant of both share awards and share options. The purpose of the 2024 Share Scheme is (i) to provide the Company with flexible means of remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to Eligible Participants; (ii) to align the interests of Eligible Participants with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire shareholding interests in the Company; and (iii) to encourage Eligible Participants to contribute to the long-term growth and profitability of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

2024 SHARE SCHEME (CONTINUED)

Eligible Participants under the 2024 Share Scheme shall include: (i) Employee Participants, namely, any person who is an employee (whether full-time or part-time), director or officer of any member of the Group, including persons who are granted awards under the 2024 Share Scheme as an inducement to enter into employment contracts with any member of the Group; and (ii) Related Entity Participants, namely, any person who is an employee (whether full-time or part-time), director or officer of (a) a holding company of the Company, (b) subsidiaries of the holding company other than members of the Group, or (c) an associated company of the Company.

The term of the 2024 Share Scheme is 10 years commencing on the date on which the 2024 Share Scheme is approved by the Shareholders. An award may take the form of a share award or a share option, which shall be funded by award shares.

The scheme mandate limit, namely, the total number of award shares which may be issued pursuant to all awards to be granted under the 2024 Share Scheme together with the number of Shares which may be issued pursuant to all options and awards to be granted under any other share schemes of the Company: (i) shall initially be the number of Shares representing 10% of the total issued Shares (excluding any treasury Shares) as at the date on which the 2024 Share Scheme is first adopted by the Shareholders, being 652,406,551 Shares. The Company may seek separate approval of the Shareholders in general meeting to grant awards beyond the scheme mandate limit to Eligible Participants specifically identified by the Company before such approval is sought.

There is no specific maximum entitlement for each Eligible Participant under the 2024 Share Scheme. Unless approved by the Shareholders in the manner set out in the rules relating to the 2024 Share Scheme, the total number of Shares issued and to be issued upon exercise of awards granted and to be granted under the 2024 Share Scheme and any other share schemes of the Company to each Eligible Participant (including both exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding any treasury Shares). Any grant of awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the Remuneration Committee (excluding any proposed recipient of the grant) and the independent non-executive Directors of the Company (excluding any proposed recipient of the grant).

Subject to the vesting of the Share Options, the exercise period for Share Options shall not be longer than 10 years from the grant date. A Share Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the tenth anniversary from the grant date.

The vesting date in respect of any award shall be not less than 12 months from the grant date. The consideration for the grant of Share Options is nil.

The scheme administrator may in respect of each award and subject to all applicable laws, rules and regulations determine such performance targets or other criteria or conditions for vesting of awards in its sole and absolute discretion.

The issue price for awards which take the form of share awards shall be such price determined by the scheme administrator and notified to the grantee in the award letter. For the avoidance of doubt, the scheme administrator may determine the issue price to be at nil consideration. The scheme administrator shall determine the exercise price for such Share Options in which it shall in any event be no less than the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date.

2024 SHARE SCHEME (CONTINUED)

Details of the Share Options granted under the 2024 Share Scheme and their movements during the Reporting Period are as follows:

Name or category of option holders	Date of conditional grant	Exercise period	Exercise price (HK$)	Number of options: Granted during the Reporting Period	Number of options: Exercised during the Reporting Period	Number of options: Cancelled during the Reporting Period	Number of options: Lapsed during the Reporting Period	Number of options: Outstanding as at June 30, 2024	Closing price immediately before the date of conditional grant (HK$)	Weighted average closing price immediately before the exercise date during the Reporting Period (HK$)
Directors										
Mr. Andy Xuan Zhang	May 9, 2024	7 years from the date of the conditional grant	0.70	117,000,000(1) and (2)	–	–	–	117,000,000	0.68	N/A
Mr. Dong Jiang	May 9, 2024	10 years from the date of the conditional grant	0.70	10,000,000(1)	–	–	–	10,000,000	0.68	N/A
Sub-total				127,000,000	–	–	–	127,000,000		N/A
Other Employee Participants										
In aggregate	May 9, 2024	10 years from the date of the conditional grant	0.70	123,000,000(1)	–	–	–	123,000,000	0.68	N/A
Total				**250,000,000**	**-**	**-**	**-**	**250,000,000**		**N/A**

Note 1: On May 9, 2024, conditional upon the 2024 Share Scheme taking effect, the Company proposed to grant: (a) a total of 117,000,000 Share Options under the 2024 Share Scheme to Mr. Andy Xuan Zhang, which was also conditional upon the approval of Shareholders; (b) a total of 10,000,000 Share Options under the 2024 Share Scheme to Mr. Dong Jiang; and (c) a total of 123,000,000 Share Options under the 2024 Share Scheme to the Employee Participants. Following the approval of the 2024 Share Scheme at the EGM on June 27, 2024, the Listing Committee granted approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to share awards granted under the 2024 Share Scheme on July 9, 2024.

Note 2: Following the Director Conditional Grant to Mr. Zhang, the Shares issued and to be issued in respect of all options and awards granted to Mr. Andy Xuan Zhang (excluding any options and awards lapsed in accordance with the applicable share scheme) in the 12-month period up to and including the date of such grant exceeded the 1% individual limit under Rule 17.03D(1) of the Listing Rules. The Director Conditional Grant to Mr. Zhang was approved by the Shareholders at the EGM on June 27, 2024.

No share awards were granted under the 2024 Share Scheme during the Reporting Period. Details of the fair value of the options granted under the 2024 Share Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 22 to the interim condensed consolidated financial statements.

Further details of the 2024 Share Scheme are set out in the circular of the Company dated June 11, 2024.

ADDITIONAL INFORMATION OF THE SHARE SCHEMES

On the one hand, the grant of awards under the First Share Award Scheme may be satisfied by either new Shares or existing Shares, and the grant of awards (whether in the form of share awards or Share Options) under the 2024 Share Scheme may be satisfied by new Shares (including treasury Shares). On the other hand, the grant of awards under the Second Share Award Scheme may only be satisfied by existing Shares.

As of January 1, 2024, the First Share Award Scheme was the share scheme of the Company involving the issue of new Shares. As of June 30, 2024, following the approval of the 2024 Share Scheme at the EGM on June 27, 2024, and the 2024 Share Scheme Listing Approval, the termination of the First Share Award Scheme and the adoption of the 2024 Share Scheme would take effect. As a result, the 2024 Share Scheme has become the current share scheme of the Company involving the issue of new Shares. After the termination of the First Share Award Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the First Share Award Scheme and the relevant award agreement.

In respect of the First Share Award Scheme and the 2024 Share Scheme, the number of options and awards available for grant under the scheme mandate of the Company was 70,518,798 Shares as of January 1, 2024 and 402,406,551 Shares as of June 30, 2024.

The number of Shares that may be issued in respect of options and awards granted under the First Share Award Scheme and the 2024 Share Scheme during the Reporting Period divided by the weighted average number of the Shares in issue (excluding any treasury Shares) for the Reporting Period is approximately 3.86%.

As of January 1, 2024, 49,270,685 new Shares were available for issue under the scheme mandate of the First Share Award Scheme. As of June 30, 2024, 652,406,551 new Shares were available for issue under the scheme mandate of the 2024 Share Scheme. As of August 15, 2024 (the date of this interim report), 652,406,551 new Shares were available for issue under the scheme mandate of the 2024 Share Scheme, representing approximately 10% of the issued Shares as of August 15, 2024.

USE OF PROCEEDS FROM THE LISTING

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

As at June 30, 2024, the Group had utilized the proceeds in accordance with the intended use as set out in the Prospectus, as detailed in the table below:

	Net proceeds from the IPO		**Utilization up to June 30, 2024**		**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	1,301,519	1,105,016	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**	**6,507,595**	**5,525,077**	**36,351**	**30,863**	**–**	**–**

The net proceeds have been fully utilized during the Reporting Period.

QUALIFICATION REQUIREMENTS

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

Efforts and actions undertaken to comply with Certain Qualification Requirements

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

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

2. We have registered several trademarks outside the PRC for the promotion of our operation of mobile apps and the provision of online information services overseas;

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

QUALIFICATION REQUIREMENTS (CONTINUED)

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

4. Our Company has constructed its overseas website, www.yixincars.com, which is primarily for introducing our Group's business to users and investor relations purpose. The Company plans to utilize this website to help overseas investors to better understand our products and business, and our website will have links to re-direct the users to our domestic website. Through this overseas website, we can capture and analyze overseas user data in order to provide helpful insights for our overseas expansion plans; and

5. Our Company has commenced feasibility studies on the further development of marketing to overseas markets and potential investments or acquisitions in order to optimize its strategic plan for expanding its current businesses to overseas markets.

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

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

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

QUALIFICATION REQUIREMENTS (CONTINUED)

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

Subsequently, on 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 five 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.

QUALIFICATION REQUIREMENTS (CONTINUED)

Efforts and actions undertaken to comply with Certain Qualification Requirements (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 Measures also provide 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 January 31 each year. If the Draft Regulations are enacted in the current form eventually, we, as an overseas listed company, must carry out the above annual data security review and comply with the relevant reporting obligations. As the Measures were newly issued and Draft Regulations have not been adopted, it is uncertain how the foregoing regulations will be enacted (if not enacted yet), interpreted or implemented, whether such regulations may have retroactive effect and how they will affect us. Furthermore, if there would be any approval, filings and/or other administration procedures to be obtained from or completed with the CSRC, the CAC or other PRC regulatory authorities as required by any new laws and regulations, while we will use our best endeavors to comply with the requirements of such new laws and regulations and avoid or mitigate any related adverse effects, we cannot assure that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC, the CAC or other PRC regulatory authorities, which may have material adverse effect on our business, operation or financial conditions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

During the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, save and except for the following deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Andy Xuan Zhang is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Andy Xuan Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

RISK MANAGEMENT

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

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

- Business and functional departments identify, assess and respond to risks in the course of operation in a systematic manner, escalating concerns and communicating results to the senior management;

- The significant risks at the company level as well as the relevant risk response strategies and control measures will be reviewed by the 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 authorisations and approvals required for key actions of the Company. Policies and procedures are put in place for the key business processes. This information is also clearly conveyed to employees of the Company in practice and plays an important role in the internal control systems. All employees must strictly follow the policies which cover, amongst other things, financial, legal and operational issues that set the control standards for the management of each business process.

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

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The Board is of the view that throughout the Reporting Period, the risk management and internal control systems of the Group were 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 review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

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

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

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

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period in conjunction with the Company's auditor. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's unaudited interim condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2023 Annual Report of the Company and up to the date of this interim report are set out below:

Name of Director	Details of Change	Effective Date
Mr. Tin Fan Yuen	Redesignated from an independent non-executive deputy chairman to a deputy chairman, non-executive non-independent director of Pacific Century Regional Developments Limited, a company listed on the Singapore Exchange Limited (stock code: P15)	April 16, 2024

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

From July 1, 2024 and up to the date of this interim report, there was no important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders.

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 52 to 95, which comprises the interim condensed consolidated balance sheet of Yixin Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 15 August 2024

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2024** **RMB'000** **Unaudited**	 2023 RMB'000 Unaudited
Revenues	6		
Transaction Platform Business		**3,510,459**	2,144,425
Self-operated Financing Business		**957,394**	699,765
		4,467,853	2,844,190
Cost of revenues	8	**(2,338,916)**	(1,420,736)
Gross profit		**2,128,937**	1,423,454
Selling and marketing expenses	8	**(673,906)**	(513,896)
Administrative expenses	8	**(199,323)**	(201,624)
Research and development expenses	8	**(107,647)**	(93,343)
Credit impairment losses	8	**(657,769)**	(332,654)
Other income and other gains/(losses), net	7	**86,230**	(27,975)
Operating profit		**576,522**	253,962
Finance cost, net	9	**(14,507)**	(1,375)
Share of (losses)/profits of investments accounted for using the equity method	15(a)	**(21,270)**	26,271
Profit before income tax		**540,745**	278,858
Income tax expense	10	**(131,069)**	(12,463)
Profit for the period		**409,676**	266,395
Profit attributable to:			
– Owners of the Company		**409,676**	266,395
– Non-controlling interests		**–**	–
		409,676	266,395
Profit per share from operations attributable to owners of the Company for the period (expressed in RMB per share)	11		
– Basic		**0.06**	0.04
– Diluted		**0.06**	0.04

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit for the period	**409,676**	266,395
Other comprehensive income, net of tax:		
Items that may not be reclassified to profit or loss		
Currency translation differences	**12,453**	80,116
Total comprehensive income for the period	**422,129**	346,511
Attributable to:		
– Owners of the Company	**422,129**	346,511
– Non-controlling interests	**–**	–
	422,129	346,511

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
ASSETS			
Non-current assets			
Property and equipment	12	**449,113**	444,073
Right-of-use assets	13	**21,857**	27,603
Intangible assets	12	**761,232**	911,155
Associates and joint ventures using equity accounting	15(a)	**25,361**	390,353
Associates measured at fair value through profit or loss	15(b)	**134,000**	110,000
Financial assets at fair value through profit or loss	5.2,16	**3,457,442**	3,459,575
Deferred income tax assets	27	**565,127**	561,351
Prepayments, deposits and other assets	19	**135,121**	506,293
Finance receivables	17	**15,344,643**	14,712,242
Trade receivables	18	**1,492,149**	1,153,042
Restricted cash	20(b)	**50,227**	33,156
		22,436,272	22,308,843
Current assets			
Finance receivables	17	**9,314,365**	9,172,637
Trade receivables	18	**3,861,638**	3,641,289
Prepayments, deposits and other assets	19	**2,049,714**	2,621,365
Restricted cash	20(b)	**2,771,616**	2,083,808
Cash and cash equivalents	20(a)	**4,450,853**	3,479,550
		22,448,186	20,998,649
A joint venture classified as held for sale		**–**	267,610
		22,448,186	21,266,259
Total assets		**44,884,458**	43,575,102
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	**4,278**	4,262
Share premium	21	**34,843,386**	34,964,305
Other reserves		**1,271,988**	1,296,382
Accumulated losses		**(20,090,103)**	(20,499,779)
Total equity		**16,029,549**	15,765,170

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Liabilities			
Non-current liabilities			
Borrowings	26	**11,509,043**	10,851,621
Lease liabilities	13	**7,565**	9,609
Deferred income tax liabilities	27	**54,286**	76,420
Other non-current liabilities	28	**856,867**	881,865
		12,427,761	11,819,515
Current liabilities			
Trade payables	23	**889,547**	901,487
Risk assurance liabilities	24	**1,987,380**	1,602,733
Other payables and accruals	25	**645,181**	1,014,614
Current income tax liabilities		**184,661**	152,946
Borrowings	26	**12,709,091**	12,304,161
Lease liabilities	13	**11,288**	14,476
		16,427,148	15,990,417
Total liabilities		**28,854,909**	27,809,932
Total equity and liabilities		**44,884,458**	43,575,102

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2024		**4,262**	**34,964,305**	**1,296,382**	**(20,499,779)**	**15,765,170**
Comprehensive income						
Profit for the period		–	–	–	409,676	409,676
Currency translation differences		–	–	12,453	–	12,453
Total comprehensive income for the period		–	–	12,453	409,676	422,129
Transactions with owners in their capacity as owners						
Share-based compensation	22	–	–	26,020	–	26,020
Vesting of restricted awarded shares	21, 22	16	56,773	(56,789)	–	–
Purchase of restricted shares under share award scheme		–	–	(6,078)	–	(6,078)
Dividends declared	21	–	(177,692)	–	–	(177,692)
Total transactions with owners in their capacity as owners		16	(120,919)	(36,847)	–	(157,750)
Balance at 30 June 2024		**4,278**	**34,843,386**	**1,271,988**	**(20,090,103)**	**16,029,549**

Unaudited	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2023		4,238	35,080,671	1,195,082	(20,953,778)	15,326,213
Comprehensive income						
Profit for the period		–	–	–	266,395	266,395
Currency translation differences		–	–	80,116	–	80,116
Total comprehensive income for the period		–	–	80,116	266,395	346,511
Transactions with owners in their capacity as owners						
Share-based compensation	22	–	–	43,597	–	43,597
Shares issued upon exercise of employee share options	21, 22	–	502	(501)	–	1
Vesting of restricted awarded shares	21, 22	15	53,951	(53,966)	–	–
Purchase of restricted shares under share award scheme		–	–	(11,474)	–	(11,474)
Dividends declared		–	(187,456)	–	–	(187,456)
Total transactions with owners in their capacity as owners		15	(133,003)	(22,344)	–	(155,332)
Balance at 30 June 2023		4,253	34,947,668	1,252,854	(20,687,383)	15,517,392

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Cash flows from operating activities			
Cash generated from/(used in) operations		**696,720**	(4,330,932)
Income tax paid		**(62,639)**	(595)
Net cash generated from/(used in) operating activities		**634,081**	(4,331,527)
Cash flows from investing activities			
Interest received		**19,252**	19,974
Proceeds from disposal of property and equipment and intangible assets		**6,266**	1,580
Purchase of property and equipment and other non-current assets		**(37,729)**	(6,513)
Purchase of intangible assets		**(1,028)**	(2,079)
Loans to third parties		**–**	(34,000)
Collection of loans to third parties and related parties		**40,480**	244,551
Investments in financial assets at fair value through profit or loss		**–**	(90,000)
Proceeds from financial assets		**6,196**	1,943
Investment in associates	15	**(44,280)**	(24,000)
Proceeds from disposal of a joint venture		**256,925**	–
Proceeds from cash acquired from acquisition of a subsidiary, net of payment of consideration		**59,688**	–
Placements of restricted cash		**(375,183)**	(573,053)
Maturity of restricted cash		**115,156**	1,141
Net cash generated from/(used in) investing activities		**45,743**	(460,456)
Cash flows from financing activities			
Proceeds from borrowings		**10,463,504**	14,314,413
Repayment of borrowings		**(9,411,827)**	(8,464,150)
Payment of deposits for borrowings		**(9,521)**	(6,862)
Principal elements of lease payments		**(7,979)**	(7,832)
Proceeds from exercise of share options		**–**	1
Purchase of restricted shares under share award scheme		**(6,078)**	(11,474)
Dividends paid to company's shareholders		**(177,678)**	(191,963)
Interest paid		**(543,118)**	(509,862)
Net cash generated from financing activities		**307,303**	5,122,271
Net increase in cash and cash equivalents		**987,127**	330,288
Cash and cash equivalents at beginning of the period		**3,479,550**	3,433,182
Exchange (losses)/gains on cash and cash equivalents		**(15,824)**	16,731
Cash and cash equivalents at end of the period		**4,450,853**	3,780,201

The above condensed 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 entity (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, factoring services and other automobile services ("Self-operated Financing Business") substantially in the People's Republic of China (the "PRC").

As at the date of the interim condensed consolidated financial information, there is no ultimate parent of the Company. Tencent Holdings Limited ("Tencent", collectively with its subsidiaries, the "Tencent Group") is the largest shareholder of the Company.

The interim condensed consolidated financial information is presented in RMB, unless otherwise stated. All companies comprising the Group have adopted 31 December as their financial year-end date.

United States Dollars are defined as "USD", Hong Kong Dollars are defined as "HKD", Singapore Dollars are defined as "SGD", Japanese Yen is defined as "JPY" and Macau Pataca is defined as "MOP".

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023 which have been prepared in accordance with IFRS Accounting Standards ("IFRS") by the Group.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of new and amended standards as set out below. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(a) New and amended standards adopted by the Group

The following amended standards are mandatory for the first time for the Group's financial year beginning on 1 January 2024 and are applicable for the Group:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

Amendments to IAS and IFRS effective for the financial year beginning on 1 January 2024 do not have a material impact on the Group's interim financial information.

(b) New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for 30 June 2024 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**
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendment to IFRS 9 and IFRS 7	1 January 2026
Presentation and disclosure in financial statements – IFRS 18	1 January 2027
Subsidiaries without Public Accountability: Disclosures – IFRS 19	1 January 2027
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

4 ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

There have been no significant changes in the Group's risk management department or in any risk management policies since 31 December 2023.

(a) Expected credit loss measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent with the models applied in the consolidated financial statements for the year ended 31 December 2023.

Finance receivables

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that the risk exposures within a group are homogeneous. The Group determines groupings by product type, namely consumption loan, automobile mortgage loan and commercial vehicle loan.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage I'.

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage II'. The Group considers a financial instrument to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage III'. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, if the borrower is more than 90 days past due on its contractual payments.

- Financial instruments in Stage I have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Instruments in Stage II or III have their ECL measured based on ECL on a lifetime basis.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) Expected credit loss measurement (Continued)

Finance receivables (Continued)

Provision for expected credit losses as at 30 June 2024 and 31 December 2023 was determined as follows for finance receivables:

30 June 2024	**Stage I RMB'000 Unaudited**	**Stage II RMB'000 Unaudited**	**Stage III RMB'000 Unaudited**	**Total RMB'000 Unaudited**
Expected loss rate	**2.01%**	**49.65%**	**52.59%**	**3.18%**
Gross carrying amount (Note 17)	**24,874,221**	**92,674**	**502,275**	**25,469,170**
Provision for expected credit losses	**500,020**	**46,017**	**264,125**	**810,162**

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 17)	24,069,864	86,586	482,732	24,639,182
Provision for expected credit losses	461,847	42,527	249,929	754,303

The most significant assumptions used for the ECL estimate as at 30 June 2024 are M2 and Producer Price Index ("PPI") (31 December 2023: M2 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.

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

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

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) 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 expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on the days past due. For other receivables other than loans recognized as a result of payment under risk assurance, the expected credit losses are assessed individually. The Company considers the counterparties with good credit worthiness with reference to external credit rating and historical observed default rates over the expected life. The Company has identified the Total Retail Sales of Consumer Goods and PPI to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

Off balance-sheet items 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 30 June 2024, the total outstanding balance of loans funded by financial institutions under such arrangements was RMB67,783 million (31 December 2023: RMB47,554 million). As at 30 June 2024, the risk assurance liabilities recognised by the Group under such financial guarantee contracts was RMB1,974 million (31 December 2023: RMB1,589 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 expected credit loss estimate as at 30 June 2024 are M2 and PPI (31 December 2023: are M2 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.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) Expected credit loss measurement (Continued)

Off balance-sheet items and loans recognized as a result of payment under risk assurance (Continued)

Under the guarantee agreement signed between Chetaotao (Ningbo) E-commerce Co., Ltd. ("Chetaotao") and Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), an indirectly wholly-owned subsidiary of the Company, Xinche should pay the redemption price on behalf of Chetaotao to Yuyao Yangming Equity Investment Fund Co., Ltd. ("Yangming"), an investor of Chetaotao, if Chetaotao and its parent Company fails to complete certain redemption obligations on the conditions and in a period pre-determined with Yangming. As of 30 June 2024, the total outstanding redemption price under the guarantee agreement was 605 million (31 December 2023: RMB605 million). As at 30 June 2024, the risk assurance liabilities recognised by the Group under such guarantee contracts was RMB13.6 million (31 December 2023: RMB13.6 million).

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

Provision for expected credit losses on risk assurance liabilities and loans recognized as a result of payment under risk assurance is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and as at 31 December 2023, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2024:

	As at 30 June 2024			
	Level 1 RMB'000 Unaudited	**Level 2 RMB'000 Unaudited**	**Level 3 RMB'000 Unaudited**	**Total RMB'000 Unaudited**
Assets:				
Financial assets at fair value through profit or loss (Note 16)	**–**	**12,328**	**3,445,114**	**3,457,442**
Associates measured at fair value through profit or loss (Note 15)	**–**	**–**	**134,000**	**134,000**
Total financial assets	**–**	**12,328**	**3,579,114**	**3,591,442**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023:

	As at 31 December 2023			
	Level 1 RMB'000 Audited	Level 2 RMB'000 Audited	Level 3 RMB'000 Audited	Total RMB'000 Audited
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

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments of financial assets at fair value through profit or loss and investment to associates measured at fair value through profit or loss for the six months ended 30 June 2024 and 2023.

	Financial assets at fair value through profit or loss RMB'000 Unaudited	Investment to associates measured at fair value through profit or loss RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2024	**3,451,461**	**110,000**	**3,561,461**
Additions	**–**	**24,000**	**24,000**
Change in fair value	**(21,321)**	**–**	**(21,321)**
Currency translation differences	**14,974**	**–**	**14,974**
As at 30 June 2024	**3,445,114**	**134,000**	**3,579,114**
Total unrealized gains and change in fair value for the period	**(21,321)**	**–**	**(21,321)**

	Financial assets at fair value through profit or loss RMB'000 Unaudited	Investment to associates measured at fair value through profit or loss RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2023	3,198,001	56,000	3,254,001
Additions	170,000	24,000	194,000
Change in fair value	(107,673)	–	(107,673)
Currency translation differences	88,783	–	88,783
As at 30 June 2023	3,349,111	80,000	3,429,111
Total unrealized gains and change in fair value for the period	(107,673)	–	(107,673)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

There is no transfer from level 1 and level 2 instruments to level 3 for the six months ended 30 June 2024 (2023: nil).

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The level 3 instruments mainly included investments in private companies and debt instruments. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques.

	Fair value at 30 June 2024 RMB'000	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Relationship of unobservable inputs to fair value
Unlisted securities	154,273	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.
	752,040	Market approach	LOMD (Lack of Marketability Discount)	15.7%-20.5%	The higher the expected LOMD, the lower the fair value.
Debt instruments	2,538,801	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 30 June 2024 and 2023 would have been approximately RMB324 million higher/lower and RMB313 million higher/lower, respectively.

6 SEGMENT INFORMATION

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

– Transaction Platform Business

– Self-operated Financing Business

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

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

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

The segment results for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June 2024		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
Revenues	3,510,459	957,394	4,467,853
– Recognized at a point in time	2,821,258	155	2,821,413
– Recognized over the lease or contractual term	–	957,239	957,239
– Recognized over time	689,201	–	689,201
Gross profit	1,696,589	432,348	2,128,937
Operating profit/(loss)	652,079	(75,557)	576,522

6 SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2023 are as follows:

	Six months ended 30 June 2023		
	Transaction Platform Business RMB'000 Unaudited	Self-operated Financing Business RMB'000 Unaudited	Total RMB'000 Unaudited
Revenues	2,144,425	699,765	2,844,190
– Recognized at a point in time	1,730,278	–	1,730,278
– Recognized over the lease or contractual term	–	699,765	699,765
– Recognized over time	414,147	–	414,147
Gross profit	1,083,395	340,059	1,423,454
Operating profit/(loss)	449,428	(195,466)	253,962

None of the customers of the Group have accounted for more than 10% of the Group's total revenues for the six months ended 30 June 2024 and 2023.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at 30 June 2024 and 31 December 2023, substantially all of the non-current assets of the Group were located in the PRC.

The Group derives revenue from the following services and transfer of goods:

	Six months ended 30 June 2024			
	Recognized at a point in time RMB'000 Unaudited	**Recognized over time RMB'000 Unaudited**	**Recognized over the lease or contractual term RMB'000 Unaudited**	**Total RMB'000 Unaudited**
Transaction Platform Business:	**2,821,258**	**689,201**	**–**	**3,510,459**
– Loan facilitation services	**1,863,681**	**–**	**–**	**1,863,681**
– SaaS services	**834,561**	**–**	**–**	**834,561**
– Guarantee services	**–**	**689,201**	**–**	**689,201**
– Value-added services	**123,016**	**–**	**–**	**123,016**
Self-operated Financing Business:	**155**	**–**	**957,239**	**957,394**
– Financing lease services	**–**	**–**	**945,615**	**945,615**
– Factoring services and other automobile services	**155**	**–**	**11,624**	**11,779**
Total	**2,821,413**	**689,201**	**957,239**	**4,467,853**

6 SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2023			
	Recognized at a point in time RMB'000 Unaudited	Recognized over time RMB'000 Unaudited	Recognized over the lease or contractual term RMB'000 Unaudited	Total RMB'000 Unaudited
Transaction Platform Business:	1,730,278	414,147	–	2,144,425
– Loan facilitation services	1,539,863	–	–	1,539,863
– SaaS services	86,277	–	–	86,277
– Guarantee services	–	414,147	–	414,147
– Value-added services	104,138	–	–	104,138
Self-operated Financing Business:	–	–	699,765	699,765
– Financing lease services	–	–	699,540	699,540
– Factoring services and other automobile services	–	–	225	225
Total	1,730,278	414,147	699,765	2,844,190

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Gain on a bargain purchase (Note 14)	**100,992**	–
Other income from business cooperation arrangements with Yusheng Holdings Limited ("Yusheng")	**32,664**	31,855
Fair value losses on financial assets	**(19,032)**	(98,499)
Foreign exchange losses, net	**(18,788)**	(3,311)
Impairment loss of an associate	**(12,031)**	–
Bank fees and charges	**(5,248)**	(4,698)
Government grants	**1,521**	13,428
(Losses)/Gains on disposal of property and equipment and intangible assets	**(88)**	109
Others, net	**6,240**	33,141
	86,230	(27,975)

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
Commission fees incurred for transaction platform business	**1,780,200**	1,026,478
Provision for expected credit losses:		
– Risk assurance liabilities	**361,779**	36,649
– Finance receivables (Note 17)	**200,469**	109,285
– Other receivables	**85,209**	185,045
– Trade receivables (Note 18)	**10,312**	1,675
Employee benefit expenses	**506,922**	470,029
Funding costs	**505,922**	340,151
Depreciation and amortization charges	**177,430**	52,896
Service fee related to financing lease business	**106,505**	114,857
Office and administrative expenses	**85,759**	65,045
Marketing and advertising expenditures	**70,668**	46,868
Provision for impairment of other non-current assets	**7,361**	29,472
Other expenses	**79,025**	83,803
Total	**3,977,561**	2,562,253

9 FINANCE COST, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
Finance income:		
– Interest income	**36,841**	39,966
Finance cost:		
– Interest expenses	**(51,348)**	(41,341)
Net finance cost	**(14,507)**	(1,375)

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2024 and 2023 is analysed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax expense	**87,356**	17,606
Deferred income tax (Note 27)	**43,713**	(5,143)
Income tax expense	**131,069**	12,463

(a) Cayman Islands and British Virgin Islands ("BVI") Income Tax

The Company was incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

(b) Hong Kong Income Tax

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the six months ended 30 June 2024 and 2023.

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

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the six months ended 30 June 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

Effective for 3 years commencing from the year ended 31 December 2022, Shanghai Lanshu Information Technology Co., Ltd. ("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 2024. 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 2024.

(d) Enterprise income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Japan and Thailand, 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%.

10 INCOME TAX EXPENSE (Continued)

(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 six months ended 30 June 2024, the Group had a plan to require its PRC subsidiary to distribute its retained earnings to overseas-incorporated immediate holding company. Accordingly, the Group accrued deferred income tax liability on WHT on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated.

11 EARNINGS PER SHARE

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 period.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Weighted average number of issued ordinary shares	**6,447,740,430**	6,409,673,046
Less: shares held for restricted share scheme	**(3,004,495)**	(3,639,481)
Weighted average number of issued ordinary shares for calculating basic earnings per share	**6,444,735,935**	6,406,033,565
Profit attributable to owners of the Company for calculating basic earnings per share (RMB'000)	**409,676**	266,395
Diluted impact on profit (RMB'000)	**–**	–
Profit attributable to owners of the Company for calculating diluted earnings per share (RMB'000)	**409,676**	266,395
Numbers of restricted shares with potential dilutive effect (Note (b))	**268,388,213**	278,715,131
Weighted average number of issued ordinary shares for calculating diluted earnings per share (Note (b))	**6,713,124,148**	6,684,748,696
Earnings per share		
– Basic (RMB per share)	**0.06**	0.04
– Diluted (RMB per share)	**0.06**	0.04

11 EARNINGS PER SHARE (Continued)

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 six months ended 30 June 2024 and 2023, the Company's dilutive potential ordinary shares comprise share options and restricted shares awarded under the Pre-IPO Share Option Scheme, the 2024 Share Scheme (the share scheme of the Company proposed to be approved by Shareholders at the EGM on 27 June 2024) and the First and Second Share Award Scheme (Note 22).

(b) For the six months ended 30 June 2024, a calculation was done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unexercised awarded options and unvested awarded shares. The number of shares calculated as above was compared with the number of shares that would have been issued, assuming the conversion of the share options and restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted profit per share.

12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and Equipment RMB'000 Unaudited	Intangible Assets RMB'000 Unaudited
Six months ended 30 June 2024:		
Opening net book amount	**444,073**	**911,155**
Business combination (Note 14)	**323**	**320**
Additions	**27,798**	**1,854**
Disposals	**(6,193)**	**(161)**
Depreciation/amortization charge	**(17,009)**	**(151,936)**
Currency translation differences	**121**	**–**
Closing net book amount	**449,113**	**761,232**
Six months ended 30 June 2023:		
Opening net book amount	450,305	1,160,102
Business combination	–	–
Additions	11,914	1,305
Disposals	(1,471)	–
Depreciation/amortization charge	(15,442)	(29,481)
Closing net book amount	445,306	1,131,926

13 LEASES

(a) Amounts recognized in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Right-of-use assets		
Properties	21,857	27,603
Lease liabilities		
Current	11,288	14,476
Non-current	7,565	9,609
	18,853	24,085

Additions to the right-of-use assets during the six months ended 30 June 2024 were RMB3,005,000 (30 June 2023 RMB8,839,000).

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

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Depreciation charge of right-of-use assets		
Properties	8,485	7,973
Interest expense (included in finance cost)	592	669
Expense relating to short-term leases (included in administrative expenses, selling and marketing expenses, and research and development expenses)	5,313	4,959

14 BUSINESS COMBINATION

On 2 April 2024, Xinche Investment (Shanghai) Co., Ltd. ("Xinche"), an indirectly wholly-owned subsidiary of the Company, acquired the remaining 67.7966% equity interest in Dalian Rongxin Financing Guarantees Company Ltd. ("Dalian Rongxin"), previously a joint venture of the Company's, under the equity transfer agreement entered into by Xinche, Beijing Bitauto Internet Information Company Limited ("Beijing Bitauto") and Dalian Rongxin, with a cash consideration of RMB640 million. Dalian Rongxin became an indirectly wholly-owned subsidiary of the Company after the transaction was completed. The Company acquired Dalian Rongxin to expand its transaction platform businesses.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration paid in cash	640,000
The assets and liabilities recognised as a result of the acquisition:	
Cash and cash equivalents	315,688
Restricted cash	570,867
Guarantee receivables	137,055
Prepayments, deposits and other assets	176,481
Property, plant and equipment	323
Right-of-use assets	407
Intangible assets	320
Net deferred tax assets	70,102
Risk assurance liabilities	(176,730)
Other payables and accruals	(1,134)
Lease liabilities	(416)
Net identifiable assets acquired	1,092,963
Less: investments in the joint venture	(351,971)
Less: gain on a bargain purchase	(100,992)
	640,000

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Investments in associates and joint ventures		
Associates and joint ventures using equity accounting (a)	25,361	390,353
Associates measured at fair value through profit or loss (b)	134,000	110,000
	159,361	500,353
Assets classified as held for sale	–	267,610
	159,361	767,963

(a) Associates and joint ventures using equity accounting

	Six months ended 30 June 2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
At the beginning of the period	390,353	660,155
Increase in capital and shares	20,280	–
Share of (losses)/profits of associates and joint ventures	(21,270)	26,271
Transfer out from joint venture to subsidiary (Note 14)	(351,971)	–
Impairment loss of an associate	(12,031)	–
Currency translation differences	–	11,384
Dividends received	–	(14,470)
At the end of the period	25,361	683,340

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

	Six months ended 30 June 2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
At the beginning of the period	110,000	56,000
Addition	24,000	24,000
At the end of the period	134,000	80,000

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
At the beginning of the period	**3,459,575**	3,204,387
Additions	**11,596**	170,000
Disposals	**(9,671)**	–
Change in fair value	**(19,032)**	(98,499)
Currency translation differences	**14,974**	88,783
At the end of the period	**3,457,442**	3,364,671

17 FINANCE RECEIVABLES

The Group provides automobile financing lease services on its self-operated financing business. Details of finance receivables as at 30 June 2024 and 31 December 2023 are as below:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	Unaudited	Audited
Finance receivables		
– Finance receivables, gross	**28,443,972**	27,562,432
– Unearned finance income	**(2,974,802)**	(2,923,250)
Finance receivables, net	**25,469,170**	24,639,182
Less: provision for expected credit losses	**(810,162)**	(754,303)
Carrying amount of finance receivables	**24,659,008**	23,884,879
Finance receivables, gross		
– Within one year	**11,362,521**	11,190,283
– After one year but not more than two years	**7,984,745**	7,511,427
– After two years but not more than three years	**4,888,764**	4,890,207
– After three years but not more than seven years	**4,207,942**	3,970,515
	28,443,972	27,562,432
Finance receivables, net		
– Within one year	**9,761,620**	9,618,946
– After one year but not more than two years	**7,119,419**	6,665,509
– After two years but not more than three years	**4,494,696**	4,530,717
– After three years but not more than seven years	**4,093,435**	3,824,010
Total	**25,469,170**	24,639,182

17 FINANCE RECEIVABLES (Continued)

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

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Finance receivables:		
– Individual customers	24,539,527	23,537,198
– Auto dealers	119,481	347,681
	24,659,008	23,884,879

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

	Six Months ended 30 June 2024			
	Stage I RMB'000 Unaudited	Stage II RMB'000 Unaudited	Stage III RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2024	461,847	42,527	249,929	754,303
Provision/(Reversal) for impairment	140,647	(5,365)	107,269	242,551
Reversal of impairment	–	–	(42,082)	(42,082)
Transfer for the period:				
Conversion to Stage I	*532*	*(481)*	*(51)*	–
Conversion to Stage II	*(41,264)*	*41,502*	*(238)*	–
Conversion to Stage III	*(61,742)*	*(32,166)*	*93,908*	–
Asset derecognised (including final repayment)	–	–	42,082	42,082
Write-off	–	–	(186,692)	(186,692)
As at 30 June 2024	500,020	46,017	264,125	810,162

17 FINANCE RECEIVABLES (Continued)

	Six Months ended 30 June 2023			
	Stage I RMB'000 Unaudited	Stage II RMB'000 Unaudited	Stage III RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2023	303,249	65,291	245,870	614,410
Provision/(Reversal) for impairment	135,952	(15,582)	23,285	143,655
Reversal of impairment	–	–	(34,370)	(34,370)
Transfer for the period:				
Conversion to Stage I	*1,701*	*(1,469)*	*(232)*	–
Conversion to Stage II	*(24,064)*	*24,222*	*(158)*	–
Conversion to Stage III	*(43,431)*	*(43,831)*	*87,262*	–
Asset derecognised (including final repayment)	–	–	34,370	34,370
Write-off	–	–	(114,668)	(114,668)
As at 30 June 2023	373,407	28,631	241,359	643,397

As at 30 June 2024 and 31 December 2023, the finance receivables amounting to RMB11,783 million and RMB12,143 million are respectively used as pledge for the borrowings and securitization transactions.

18 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Trade receivables	**5,386,543**	4,817,902
Less: provision for impairment	**(32,756)**	(23,571)
Trade receivables, net	**5,353,787**	4,794,331
Trade receivables, net	**5,353,787**	4,794,331
– Within one year	**3,861,638**	3,641,289
– After one year but not more than five years	**1,492,149**	1,153,042

18 TRADE RECEIVABLES (Continued)

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

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Up to 3 months	5,341,021	4,783,946
3 to 6 months	1,806	187
Over 6 months	10,960	10,198
	5,353,787	4,794,331

As at 30 June 2024 and 31 December 2023, 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	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
At the beginning of the period	23,571	39,498
Charge for the year	14,047	1,675
Reverse	(3,735)	–
Write off	(1,127)	(17,531)
At the end of the period	32,756	23,642

19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Included in non-current assets:		
Vehicles collected from financing lease customers	96,230	120,702
Deposits	67,296	76,620
Prepayment for long-term assets	39,239	9,549
Long-term prepaid expense	173	452
Prepayment for a capital investment	–	384,000
	202,938	591,323
Less: provision for impairment of vehicles collected from financing lease customers	(67,817)	(85,030)
	135,121	506,293
Included in current assets:		
Deposits	649,147	570,039
Loans recognized as a result of payment under risk assurance	621,705	742,517
Other receivables from third parties	358,292	858,608
Loans to third parties	245,200	271,400
Prepaid taxes	171,669	142,069
Other receivables from disposal of assets	98,919	122,752
Prepayments	28,116	24,221
Loans to related parties	5,720	20,000
Other receivables from related parties	120	6,613
Others	40,455	61,773
	2,219,343	2,819,992
Less: provision for impairment of other receivables	(169,629)	(198,627)
	2,049,714	2,621,365
Total	2,184,835	3,127,658

As at 30 June 2024 and 31 December 2023, 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.

20 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Cash and cash equivalents	4,450,853	3,479,550

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
RMB	3,674,079	3,114,859
USD	672,860	211,354
SGD	77,195	42,558
HKD	14,055	109,851
JPY	12,047	608
MOP	617	320
	4,450,853	3,479,550

20 CASH AND BANK BALANCES (Continued)

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the interim condensed consolidated balance sheet, and is not included in the total cash and cash equivalents in the interim condensed consolidated statement of cash flows.

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Cash pledged for loan facilitation services (a)	**1,970,271**	1,514,887
Cash deposited for borrowings (b)	**713,560**	422,653
Term deposits pledged for bank borrowings (c)	**137,822**	168,407
Others	**190**	11,017
	2,821,843	2,116,964
Of which are:		
Current restricted cash	**2,771,616**	2,083,808
Non-current restricted cash	**50,227**	33,156

Notes:

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

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

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

20 CASH AND BANK BALANCES (Continued)

(b) Restricted cash (Continued)

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's restricted cash are denominated in the following currencies:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
RMB	2,751,059	2,036,019
MOP	35,426	35,348
USD	35,169	34,951
HKD	189	–
SGD	–	10,646
	2,821,843	2,116,964

As at 30 June 2024, the applicable interest rates per annum on restricted cash ranges from 0.00% to 5.55% (31 December 2023: 0.00% to 5.20%).

21 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Number of preferred shares	Nominal value of preferred shares USD'000
Authorized:				
As at 1 January and 30 June 2024	15,000,000,000	1,500	–	–
As at 1 January and 30 June 2023	15,000,000,000	1,500	–	–

21 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 2024		**6,524,065,512**	**639**	**4,262**	**34,964,305**
Release of ordinary shares from Share Scheme Trusts	(a)	**–**	**–**	**–**	**–**
Shares issued upon exercise of employee share options	(b)	**–**	**–**	**–**	**–**
Vesting of restricted awarded shares	(c)	**–**	**2**	**16**	**56,773**
Dividends declared	(d)	**–**	**–**	**–**	**(177,692)**
As at 30 June 2024		**6,524,065,512**	**641**	**4,278**	**34,843,386**
At 1 January 2023		6,523,873,012	636	4,238	35,080,671
Release of ordinary shares from Share Scheme Trusts	(a)	–	–	–	–
Shares issued upon exercise of employee share options	(b)	140,000	–	–	502
Vesting of restricted awarded shares	(c)	–	2	15	53,951
Dividends declared		–	–	–	(187,456)
As at 30 June 2023		6,524,013,012	638	4,253	34,947,668

Notes:

(a) On 12 October 2017, the Company modified the share option agreement with 20 grantees, including 1 director, 6 other senior management members, and 13 other employees, by immediately vesting a total of 15,957,262 share options held by the grantees. On the same date, the grantees exercised the share options in full for 15,957,262 ordinary shares issued by the Company and transferred 7,167,993, 3,439,269 and 5,350,000 ordinary shares to Xindu Limited, Spring Forests Limited and Yidu Limited, respectively, which are trusts established to hold the shares for and on behalf of the grantees (collectively, "Share Scheme Trusts"). The grantees' entitlement of the trusts are subject to vesting conditions that are substantially the same as those in the share option agreement before above mentioned modification. The ordinary shares held by Share Scheme Trusts are not considered issued and outstanding until the grantee's entitlement of the trusts is vested. As at 30 June 2024, total number of ordinary shares held by Share Scheme Trusts amounted to 111,700,834.

(b) During the six months ended 30 June 2024, no pre-IPO share options or share options granted under the 2024 Share Scheme, with an exercise price of USD0.0014 and HKD0.70 respectively, were exercised.

(c) During the six months ended 30 June 2024, 31,450,000 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares.

(d) Following the declaration on Annual General Meeting of the Company dated 8 May 2024, the final dividends amounting to HKD195.7 million (equivalent to RMB177.7 million) were declared during the year ended 31 December 2023 and amounting to HKD195.7 million (equivalent to RMB177.9 million) were paid on 3 June 2024.

22 SHARE-BASED PAYMENTS

The total expenses recognized in the interim condensed consolidated income statement for share-based awards granted to the Group's employees are RMB26,020,000 for the six months ended 30 June 2024 (2023: RMB43,597,000).

(a) Share options granted to employees under the Pre-IPO Share Option Scheme and the 2024 Share Scheme

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.

2024 Share Scheme

On 9 May 2024, the Company conditionally proposed the adoption of the 2024 Share Scheme and the 2024 Share Scheme was approved by the Shareholders in general meeting. Upon the approval of adoption of the 2024 Share Scheme, the Company granted 250,000,000 share options on 27 June 2024.

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 required to be determined by the directors using their best estimates. Fair value per share is HKD0.2624 and exercise price of the granted options to employees is HKD0.70. 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 seven or ten years.

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

	Number of share options	
	2024	2023
Outstanding as at 1 January	**235,163,848**	235,356,348
Granted during the period	**250,000,000**	–
Exercised during the period	**–**	(140,000)
Outstanding as at 30 June	**485,163,848**	235,216,348
Exercisable as at 30 June	**235,163,848**	235,216,348

22 SHARE-BASED PAYMENTS (Continued)

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

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

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

	Number of RSUs	Weighted average fair value per RSU (USD)
Outstanding as at 1 January 2024	**87,012,573**	**USD0.28**
Granted during the period	**2,080,000**	**USD0.09**
Vested and sold during the period	**(31,450,000)**	**USD0.31**
Forfeited during the period	**(595,000)**	**USD0.15**
Outstanding as at 30 June 2024	**57,047,573**	**USD0.25**
Vested as at 30 June 2024	**215,268,087**	**USD0.29**
Outstanding as at 1 January 2023	131,279,360	USD0.31
Granted during the period	4,400,000	USD0.14
Vested and sold during the period	(31,450,000)	USD0.31
Forfeited during the period	(2,355,000)	USD0.16
Outstanding as at 30 June 2023	101,874,360	USD0.30
Vested as at 30 June 2023	169,941,300	USD0.30

The fair value of RSUs is determined based on the closing price of the Group's publicly traded ordinary shares on the date of grant.

(c) Expected Retention Rate

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options and RSUs (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the interim condensed consolidated income statement. As at 30 June 2024, the Expected Retention Rate for the Group's directors, senior management members, and other employees were assessed to be 100%, 100% and 95%, respectively (31 December 2023: 100%, 100% and 95%).

23 TRADE PAYABLES

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Trade payables	**889,547**	901,487

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

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Up to 3 months	**837,166**	791,244
3 to 6 moths	**70**	3,874
6 months to 1 year	**18,811**	78,414
Over 1 year	**33,500**	27,955
	889,547	901,487

24 RISK ASSURANCE LIABILITIES

A summary of the Group's risk assurance liabilities movement for the 6 months ended 30 June 2024 and 2023 is presented below:

	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
As at 1 January	**1,602,733**	1,150,498
Business acquisition (Note 14)	**176,730**	–
Addition arising from new business	**1,117,924**	745,657
Gains from risk assurance liabilities	**(730,553)**	(438,995)
ECL	**361,779**	36,649
Payouts during the period, net	**(541,233)**	(161,435)
As at 30 June	**1,987,380**	1,332,374

25 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Deposits payable	130,874	136,290
Accrued expenses	114,025	139,358
Staff costs and welfare accruals	94,557	119,476
Deferred other income – current	76,906	76,101
Tax payable	59,826	48,866
Advances from customers	16,613	135,664
Other payables to related parties	260	295,437
Others	152,120	63,422
	645,181	1,014,614

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's other payables and accruals, excluding advances from customers, staff costs and welfare accruals, tax payable, deferred other income and other accruals, approximate their fair values at each of the reporting date.

26 BORROWINGS

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Included in non-current liabilities:		
Unsecured borrowings	7,814,163	6,444,408
Asset-backed securitization debt	2,626,493	2,784,331
Other secured borrowings	629,228	837,710
Pledge borrowings	439,159	785,172
	11,509,043	10,851,621
Included in current liabilities:		
Unsecured borrowings	5,395,871	5,111,983
Asset-backed securitization debt	3,514,637	3,380,268
Other secured borrowings	3,443,303	3,457,204
Pledge borrowings	355,280	354,706
	12,709,091	12,304,161
Total borrowings	24,218,134	23,155,782

26 BORROWINGS (Continued)

The borrowings are repayable as follows:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Within 1 year	12,709,091	12,304,161
Between 1 and 2 years	6,278,117	5,779,465
Between 2 and 5 years	5,230,926	5,060,956
Over 5 years	–	11,200
	24,218,134	23,155,782

As at 30 June 2024, the applicable interest rates per annum on long-term borrowings range from 3.10% to 7.50% (31 December 2023: 3.10% to 6.50%).

As at 30 June 2024, the applicable interest rates per annum on short-term borrowings range from 3.35% to 8.00% (31 December 2023: 3.30% to 7.50 %).

As at 30 June 2024 and 31 December 2023, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

27 DEFERRED INCOME TAXES

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

Gross deferred income tax liabilities	Fair value gain on financial assets RMB'000 Unaudited	Withholding tax on the earnings expected to be remitted by subsidiaries RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2024	(56,542)	(56,352)	(607)	(113,501)
Credited to interim condensed consolidated income statement	6,149	21,268	46	27,463
Currency translation difference	–	(286)	–	(286)
As at 30 June 2024	(50,393)	(35,370)	(561)	(86,324)
As at 1 January 2023	(88,896)	–	(698)	(89,594)
Credited/(Charged) to interim condensed consolidated income statement	19,394	(14,424)	46	5,016
As at 30 June 2023	(69,502)	(14,424)	(652)	(84,578)

27 DEFERRED INCOME TAXES (Continued)

Gross deferred income tax assets	Provision for expected credit losses of finance receivables RMB'000 Unaudited	Provision for impairment of trade receivables RMB'000 Unaudited	Tax losses RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
As at 1 January 2024	**225,754**	**15,979**	**149,611**	**207,088**	**598,432**
Business combination (Note 14)	**–**	**–**	**5,546**	**64,556**	**70,102**
Credited/(Charged) to interim condensed consolidated income statement	**63,702**	**2,827**	**(79,712)**	**(57,993)**	**(71,176)**
Currency translation difference	**(7)**	**–**	**(186)**	**–**	**(193)**
As at 30 June 2024	**289,449**	**18,806**	**75,259**	**213,651**	**597,165**
As at 1 January 2023	292,336	22,544	209,222	184,456	708,558
Credited/(Charged) to interim condensed consolidated income statement	54,215	945	(107,343)	52,310	127
As at 30 June 2023	346,551	23,489	101,879	236,766	708,685

The above deferred income tax assets and liabilities disclosed separately on the interim condensed consolidated balance sheet based on different taxation authorities as follows:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Gross deferred income tax assets	**597,165**	598,432
Set-off of deferred income tax assets	**(32,038)**	(37,081)
Net deferred income tax assets	**565,127**	561,351
Gross deferred income tax liabilities	**(86,324)**	(113,501)
Set-off of deferred income tax liabilities	**32,038**	37,081
Net deferred income tax liabilities	**(54,286)**	(76,420)

28 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Deferred other income	**854,282**	880,476
Long-term deposits payable	**528**	680
Other liabilities	**2,057**	709
	856,867	881,865

29 RELATED PARTY TRANSACTIONS

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

(a) Significant transactions with related parties

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
(i) Purchases of data services and traffic support services from related parties		
– Suqian yunhan information technology Co., Ltd.	**12,419**	13,461
– Shenzhen Tencent Computer Systems Company Limited	**2,890**	2,683
– Tencent Cloud Computing (Beijing) Company Limited	**2,938**	1,811
	18,247	17,955
(ii) Purchases of used car valuation services in accordance with used auto services agreements		
– Bitauto Holdings Limited and its subsidiaries ("Bitauto Group")	**10,834**	9,987

29 RELATED PARTY TRANSACTIONS (Continued)

(b) Period end balances with related parties

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
(i) Trade receivables due from related parties		
– Bitauto Group	**1,275**	1,923
(ii) Other receivables due from related parties		
– Dalian Rongxin (a)	**–**	6,038
(iii) Trade and other payables due to related parties		
– Bitauto Group	**125,771**	122,143
– Suqian Yunhan Information Technology Co., Ltd.	**1,374**	2,002
	127,145	124,145
(iv) Prepayment to related parties for equity transactions		
– Bitauto Group (Note 14)	**–**	384,000

(c) Loan to Shanghai Shenlin Precision Advertising Co., Ltd.

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Shanghai Shenlin Precision Advertising Co., Ltd.	**5,720**	20,000

30 SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, there are no other material subsequent events undertaken by the Company or the Group after 30 June 2024.

DEFINITIONS

"2024 Share Scheme"	the share scheme of the Company approved by the Shareholders at the EGM, a summary of the principal terms of which is set out in Appendix I to the circular of the Company dated June 11, 2024
"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
"AI"	artificial intelligence
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Beijing Yixin"	Beijing Yixin Information Technology Co., Ltd.* (北京易鑫信息科技有限公司), a company established under the laws of the PRC on January 9, 2015 and the Consolidated Affiliated Entity
"Board"	the board of Directors
"Certain Qualification Requirements"	a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas
"CG Code"	the Corporate Governance Code set out in Appendix 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 interim report, excludes 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 with limited liability incorporated under the laws of the Cayman Islands on November 19, 2014 and carries on business in Hong Kong as Yixin Automotive Technology Group Limited, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2858)
"Company's Securities Dealing Code"	the Company's own code of conduct for securities transactions regarding the Directors' and relevant employees' dealings in the securities of the Company on terms no less exacting than those set out in the Model Code

"Consolidated Affiliated Entity"	the entity we control through the New Contractual Arrangements, namely Beijing Yixin
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this interim report, refers to Tencent and Morespark and each of them shall be referred to as a Controlling Shareholder
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Director Conditional Grant to Mr. Zhang"	the proposed conditional grant of 117,000,000 Share Options to Mr. Andy Xuan Zhang under the 2024 Share Scheme as detailed in the circular of the Company dated June 11, 2024
"EGM"	the extraordinary general meeting of the Company held on June 27, 2024, whereby the adoption of the 2024 Share Scheme and the Director Conditional Grant to Mr. Zhang were approved
"Eligible Participant(s)"	an eligible participant under the 2024 Share Scheme, which may be an Employee Participant or a Related Entity Participant
"Eligible Person(s)"	any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group
"Employee Participant(s)"	any person who is an employee (whether full-time or part-time), director or officer of any member of the Group, including persons who are granted awards under the 2024 Share Scheme as an inducement to enter into employment contracts with any member of the Group; provided that a person shall not cease to be an employee in the case of (a) any leave of absence approved by the relevant member of the Group; or (b) any transfer of employment among members of the Group or any successor, and provided further that a person shall, for the avoidance of doubt, cease to be an employee with effect from (and including) the date of termination of his/her employment
"FinTech"	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 and terminated on July 9, 2024, 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 and in the circular of the Company dated June 11, 2024

"FITE Regulations"	the Provisions on Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, which stipulates that the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors
"GPS"	global positioning system
"Group", "our Group", "Yixin Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entity (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the New Contractual Arrangements) from time to time
"Hammer Capital"	Hammer Capital Opportunities Fund L.P., an exempted limited partnership organized under the laws of the Cayman Islands, the general partner of which is Hammer Capital Opportunities General Partner, which is ultimately beneficially owned by Mr. Rodney Ling Kay Tsang
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IPO"	initial public offering of the Shares on the Main Board
"JD.com"	JD.com, Inc., a company incorporated in the Cayman Islands and currently listed on Nasdaq Global Select Market (Nasdaq: JD) and the Main Board of the Stock Exchange (stock code: 9618), and a Substantial Shareholder
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	November 16, 2017, being the date the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Measures"	the Measures for Cybersecurity Review (《網絡安全審查辦法》) issued by the Cyberspace Administration of China
"MIIT"	the Ministry of Industry and Information Technology of the PRC

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 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
“NEV”	new energy vehicle
“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 “Qualification Requirements” under “Other Information”
“OEM(s)”	the original equipment manufacturer(s)
“PRC Legal Advisor”	Han Kun Law Offices, the PRC legal adviser to the Company
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by our Company on May 26, 2017, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes – Pre-IPO Share Option Scheme” of the Prospectus
“Prospectus”	the prospectus of the Company dated November 6, 2017
“Related Entity”	(i) a holding company of the Company; (ii) subsidiaries of the holding company of the Company other than members of the Group; or (iii) an associated company of the Company
“Related Entity Participant(s)”	any person who is an employee (whether full-time or part-time), director or officer of a Related Entity
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service
“Scheme Administrator”	the Board and/or any committee of the Board or other persons to whom the Board has delegated its authority in accordance with the rules of the 2024 Share Scheme
“Second Share Award Scheme”	the share award scheme conditionally approved and adopted by our Company on September 1, 2017, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option and Share Award Schemes” of the Prospectus
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.0001
"Share Option"	an award granted in the form of share option under the 2024 Share Scheme by the Board to the grantee(s), which vests in the form of the right to subscribe for such number of Shares as the Scheme Administrator may determine during the exercise period at the exercise price in accordance with the terms of the 2024 Share Scheme
"Shareholder(s)"	holder(s) of Share(s) from time to time
"State Council"	the State Council of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 700), and a Controlling Shareholder
"Tianjin Kars"	Tianjin Kars Information Technology Co., Ltd.* (天津卡爾斯信息科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"United States dollars" or "US$"	United States dollars, the lawful currency of the United States
"VIN"	vehicle identification number
"Yiche Holding"	Yiche Holding Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is owned as to 64.94% by Morespark
"Yixin HK"	Yixin Holding Hong Kong Limited (易鑫集團香港有限公司), a company incorporated under the laws of Hong Kong on November 27, 2014 and a direct wholly-owned subsidiary of the Company
"Yusheng"	Yusheng Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands
"%"	per cent

** for identification purposes only*

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

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


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