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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from January 1, 2020 to March 31, 2020

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-38527

**Uxin Limited**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**1-3/F, No. 12 Beitucheng East Road,  
Chaoyang District,  
Beijing 100029,  
People's Republic of China**

(Address of principal executive offices)

**Zhen Zeng, Chief Financial Officer  
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**1-3/F, No. 12 Beitucheng East Road,  
Chaoyang District,  
Beijing 100029,  
People's Republic of China**

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
American depository shares (one American depository share representing three Class A ordinary shares, par value US\$0.0001 per share)	UXIN	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)
Class A ordinary shares, par value US\$0.0001 per share*		The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)

\* Not for trading, but only in connection with the listing on The Nasdaq Global Select Market of American depository shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**  
(Title of Class)

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**  
(Title of Class)

Indicate the number of issued and outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the transition report.

846,857,596 Class A ordinary shares (excluding the 16,512,922 Class A ordinary shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the Share Incentive Plan) and 40,809,861 Class B ordinary shares, par value US\$0.0001 per share, as of March 31, 2020.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections. Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes  No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP       International Financial Reporting Standards as issued by the International Accounting Standards Board       Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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## INTRODUCTION

Unless otherwise indicated or the context otherwise requires, references in this transition report on Form 20-F, or Transition Report, to:

- “ADSs” are to the American depository shares, each of which represents three Class A ordinary shares, par value US\$0.0001 each;
- “China” or “PRC” are to the People’s Republic of China, excluding, for the purpose of this Transition Report only, Taiwan, Hong Kong, and Macau;
- “GMV” are to gross merchandise value of used cars as measured by gross selling price of used cars, excluding service fees and interests (if any) charged;
- “RMB” and “Renminbi” are to the legal currency of China, which is our reporting currency;
- “shares” or “ordinary shares” are to our Class A and Class B ordinary shares, par value US\$0.0001 per share;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “Uxin” or “our platform” are to our Uxin Used Car platform; and
- “we,” “us,” “our company” and “our” are to Uxin Limited, our Cayman Islands holding company, and its subsidiaries, and its consolidated affiliated entities in the PRC.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this Transition Report were made at a rate of RM7.0808 to US\$1.00, the exchange rate on as of the end of March 2020 set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

## EXPLANATORY NOTE

On April 26, 2020, the board of directors of Uxin Limited approved a change of fiscal year end from December 31 to March 31 beginning from April 1, 2020, to ensure we can allocate ample resources towards driving sales during peak season in the fourth quarter and focus on strategic planning for the new fiscal year during slow season in the first quarter, due to clear seasonal patterns of China’s used car market. As a result, we are required to file this Transition Report on Form 20-F for the three-month transition period of January 1, 2020 to March 31, 2020. After filing the Transition Report, our next fiscal year will be the fiscal year ended March 31, 2021. Unless otherwise noted, all references to “fiscal year” in this transition report on Form 20-F refer to the fiscal year which, prior to the transition period, ended on December 31. Our condensed consolidated financial statements for the transition period from January 1, 2020 to March 31, 2020 prepared in accordance with U.S. GAAP are unaudited. We note that this Transition Report on Form 20-F is filed pursuant to Rule 13a-10(g)(4) of the Securities Exchange Act of 1934, as amended, which permits us to respond to only Items 5, 8.A.7., 13, 14 and 17 or 18 of Form 20-F.

## FORWARD-LOOKING INFORMATION

This Transition Report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to, among other things:

- our goals and strategies;

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- our ability to retain and increase the number of customers on our platform and for our services, and expand our service offerings;
- our ability to provide quality services and compete effectively;
- our ability to effectively manage risks, including credit risks and fraud risks;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs, expenses or expenditures;
- the expected growth of, and trends in, the market for our services;
- our expectations regarding demand for and market acceptance of our services;
- competition in our industry;
- relevant government policies and regulations relating to our industry;
- public health crisis, such as the COVID-19 pandemic, MERS, SARS, H1N1 flu, H7N9 flu, and avian flu; and
- general economic and business conditions in China and globally.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information—D. Risk Factors” of our annual report on Form 20-F filed with the SEC on May 12, 2020, or the Annual Report. Those risks are not exhaustive. We operate in an evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this Transition Report and the documents that we reference in this Transition Report completely and with the understanding that our actual future results may be materially different from what we expect.

**PART I**

**Item 5. Operating and Financial Review and Prospects**

The following discussion of our financial condition and results of operations is based upon, and should be read in conjunction with, “Item 3.A. Selected Financial Data” of our Annual Report and our consolidated financial statements and related notes included elsewhere in this Transition Report. This Transition Report contains forward-looking statements. See “Forward-Looking Information.” In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” of our Annual Report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

In July 2019, September 2019 and April 2020, we entered into a binding term sheet, definitive agreements and supplemental agreements (the “Loan facilitation transaction agreements”), respectively, with Golden Pacer, a limited liability company incorporated and existing under the laws of the Cayman Islands that operates a leading financial technology platform in China, to divest our loan facilitation related business. Pursuant to the Loan facilitation transaction agreements, we have divested our entire 2C intra-regional business and ceased to provide loan facilitation related guarantee services in connection with our 2C business since November 2019. In addition, we have divested the assets and liabilities in relation to our historically-facilitated loans for XW Bank to Golden Pacer as one of the pre-conditions for the divestiture. As a result, net assets related to the historically-facilitated loans for XW Bank were reclassified as net assets transferred on our consolidated balance sheet as of December 31, 2019 and March 31, 2020, and results of operations related to the divested business were reported as loss from discontinued operations in the consolidated statements of comprehensive loss. The transactions contemplated under the Loan facilitation transaction agreements were closed upon the signing of the supplemental agreements in April 2020.

In addition, we entered into definitive agreements with Boche in January 2020 to divest our salvage car related business. Results of operations related to the divested business were not presented as discontinued operations due to its insignificance to our overall business. The transaction with Boche closed in January 2020. As of March 31, 2020, assets and liabilities associated with the divestiture of salvage car related business have been transferred entirely to Boche.

In March 2020, we entered into definitive agreements with 58.com to divest our 2B business. As of March 31, 2020, liabilities associated with the divestiture of 2B business were reclassified as liabilities held for sale on our consolidated balance sheet. Results of operations related to the divested business were reported as loss from discontinued operations in the consolidated statements of comprehensive loss. The transaction with 58.com closed in April 2020.

Unless indicated otherwise, the discussion of our financial data in this Item 5 and throughout this Transition Report relates to continuing operations only.

## A. **Operating Results**

### **Overview**

We are a leading national online used car dealer in China. Through our 2C business — Uxin Used Car, we provide consumers with a one-stop online used-car-buying experience, including access to a nationwide selection of value-for-money used cars and various car-related value-added products and services, as well as a full suite of supporting services to fulfill these online used car transactions. Historically, we also operated 2B business — Uxin Auction, where we primarily facilitated used car transactions between business customers via online auction, which has been divested to 58.com pursuant to definitive agreements we entered into in March 2020. See “Item 4. Information on the Company—A. History and Development of the Company— Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses” of our Annual Report.

Our 2C business currently generates revenues from (i) commission fee in relation to assisting consumers buying our inspected and certified used cars directly online and providing relevant fulfillment services, such as logistics and delivery, title transfers and vehicle registration, which equals to a certain percentage of final car sales price and (ii) value-added service fee in relation to the additional services provided to consumers, for example, we help consumers select and apply for customized auto financing options that are provided by our financing partners, assist them purchasing suitable insurance policies that are provided by insurance companies, and provide well-rounded warranty programs. Prior to the divestiture of our loan facilitation related business to Golden Pacer as first announced in July 2019, our 2C business generated revenues from the transaction facilitation and loan facilitation services we provided to car buyers. See “Item 4. Information on the Company—A. History and Development of the Company— Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses” of our Annual Report. In addition, prior to the divestiture of our 2B business, we generated revenues from transaction facilitation service fee charged in relation to connecting business buyers with used car sellers and facilitating car sales through our auction service, as well as the title transfer service we provide.

Since we shifted our focus to 2C online used car transactions, we have witnessed a significant growth of our business. After taking into consideration the effect of the divestiture of loan facilitation related business described above, we facilitated 97,100 online used car transactions for our 2C business in 2019, representing a 153.8% increase from 2018; and the total GMV for our 2C business reached RMB11.3 billion in 2019, representing a 155.3% increase from 2018. We facilitated 6,584 online used car transactions for our 2C business in the three months ended March 31, 2020, representing a 68.1% decrease from the same period in 2019 as a result of the disruptions caused by the COVID-19 pandemic to our business operations during this period of time; and the total GMV for our 2C business was RMB723.3 million (US\$102.2 million) in the three months ended March 31, 2020, representing a 68.1% decrease from the same period in 2019. Our total revenues increased by 140.9% to RMB1,558.0 million in 2019 from RMB659.1 million in 2018, and decreased by 69.1% to RMB103.9 million (US\$14.7 million) in the three months ended March 31, 2020 from RMB335.8 million in the three months ended March 31, 2019 due to decreases in 2C transaction volume and GMV. Our net loss from continuing operations was RMB1,327.7 million in 2019, compared with a net loss of RMB1,351.8 million in 2018; and our net loss from continuing operations was RMB2,034.4 million (US\$287.3 million) in the three months ended March 31, 2020, compared with a net loss of RMB295.5 million in the three months ended March 31, 2019. The net loss from continuing operations in the three months ended March 31, 2020 mainly resulted from a significant provision for credit losses of RMB1,939.6 million (US\$273.9 million) recorded in this period as a result of the impact of COVID-19 pandemic on the performance of our historically-facilitated loans that were not transferred to Golden Pacer.

### **Major Factors Affecting Our Results of Operations**

#### **General Factors Affecting Our Results of Operations**

Our business and operating results are affected by general factors affecting China’s online used car transaction industry, which include:

- China’s overall economic growth and level of per capita disposable income;
- outbreaks of COVID-19 or any other serious contagious diseases;
- changes in the supply and demand for used cars, and changes in geographic distribution of cars;
- consumers and dealers’ acceptance of the online used car transaction model; and

- regulations and policies affecting the used car industry and consumer auto finance industry.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and materially and adversely affect our results of operations.

While the duration of the current COVID-19 pandemic and its disruption to our business and related financial impacts cannot be accurately estimated at this time, we expect that our financial condition, results of operations, and cash flows for the first half of calendar year 2020 will be materially and adversely affected with potential continuing impacts on subsequent periods. In particular, our business operations during the three months ended March 31, 2020 have been materially and adversely affected as a result of the closure of used car markets and dealerships, the significant disruptions to the logistics and delivery of used cars, and barriers to title transfers, among others. In addition, borrowers' ability or willingness to repay their auto loans has also been negatively affected by general economic downturns. Consumer confidence and spending power in general have also been weakened as a result of the ongoing pandemic. As the impact of the pandemic is fully considered in the credit loss assessment under the new accounting standards effective on January 1, 2020, we provided a significant provision for credit losses for the three months ended March 31, 2020 associated with our historically-facilitated loans that were not transferred to Golden Pacer.

We will continue to monitor and evaluate the impact of the COVID-19 pandemic on our financial condition, results of operations, and cash flows for the second half of calendar year 2020 and subsequent periods. The global spread of COVID-19 pandemic in a significant number of countries around the world has resulted in, and may intensify, global economic distress, and the extent to which it may affect our financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted. See "Item 3.D. Key Information—Risk Factors—Risks Relating to Our Business and Industry— The COVID-19 pandemic could have a material adverse impact on our business, operating results and financial condition" of our Annual Report.

### **Specific Factors Affecting Our Results of Operations**

While our business is influenced by general factors affecting China's online used car transaction industry, we believe our results of operations are more directly affected by company specific factors, including the following:

#### ***Ability to increase transaction volume on our platform***

We operate our business as a leading national online used car dealer in China, which is supported by a nationwide service network and our online used car transaction fulfillment capabilities. Our ability to continue to increase our transaction volume and GMV affects the growth of our business and our revenues. As we continued to shift our focus to 2C online used car transactions since we launched this business in early 2018, the total number of online used car transactions completed through our 2C business increased by 153.8% from 38,264 in 2018 to 97,100 in 2019, but decreased by 68.1% from 20,647 in the three months ended March 31, 2019 to 6,584 in the three months ended March 31, 2020 due to the disruptions caused by the COVID-19 pandemic to our business operations. Our total 2C GMV grew by 155.3% from RMB4.4 billion in 2018 to RMB11.3 billion in 2019, but decreased by 68.1% from RMB2.3 billion in the three months ended March 31, 2019 to RMB723.3 million (US\$102.2 million) in the three months ended March 31, 2020 due to a decrease in transaction volume. We anticipate that our future revenue growth will continue to depend largely on the increase of transaction volume on our platform. Our ability to increase transaction volume depends on, among other things, our ability to continually improve the service and user experience that we offer, increase brand awareness, expand our service network and enhance our online used car transaction fulfillment and technology capabilities.

**Ability to capture more service opportunities and increase take rate**

Our comprehensive coverage of a customer’s entire buying journey positions us well to provide a variety of services to customers. Through our 2C business, in addition to enabling consumers buy used cars online from our platform, we also provide a comprehensive suite of other services to our customers that include various car-related value-added products and services, such as referrals of auto financing options and insurance products, as well as a full suite of supporting services to fulfill these online used car transactions. By offering these services, we generate more revenues and increase our overall take rate from the transactions. We will continue to strengthen our services and provide more value-added products and services from time to time to capture additional opportunities.

By providing a variety of services, we were able to achieve an average total 2C take rate of 8.4% in 2018, 12.0% in 2019, as measured by the total revenue from 2C business divided by our total 2C GMV. The average total 2C take rate was 12.5% and 12.2% in the three months ended March 31, 2019 and 2020, respectively. Our ability to maintain or increase fees charged for our services and provide more services affects our take rate and financial performance.

**Ability to enhance operational efficiency**

Our results of operations are directly affected by our scale and operational efficiency. We recently replaced our entire offline sales team by an online team, which enables us to deliver vehicle consulting services in a more timely fashion and facilitate a seamless self-service purchasing experience for our customers. We expect that as our online sales team become fully trained in the next few months, we will be able to achieve greater operating leverage and improve the efficiency and utilization of our personnel.

Marketing is critical to our business. Given the relatively low online penetration rate for the used car market in China, we need to educate the market about the benefits of buying used cars online and to raise our brand awareness. We also need to invest to acquire user traffic from different online channels. As a result, sales and marketing expenses have historically represented a substantial majority of our total operating expenses, amounting to 225.9%, 74.6%, 102.9% and 182.5% of our total revenues in 2018, 2019 and the three months ended March 31, 2019 and 2020, respectively. Our ability to lower our sales and marketing expenses as a percentage of total revenues depends on our ability to grow our business scale and improve sales and marketing efficiency, including increasing sales productivity, optimizing our traffic acquisition channels and improving traffic-to-sales conversion as well as leveraging our brand value and word-of-mouth referrals. We may also continue to increase our sales and marketing expenses in absolute amounts in order to further expand our business across China as well as acquire customers and raise our brand awareness.

**Selected Statements of Operations Items**

**Revenues**

We derive our revenues from our 2C and other businesses. Prior to the divestiture of our 2B business in April 2020, we also generated revenues from 2B business, which was presented as discontinued operations. The following table presents our revenues by category, in terms of absolute amounts and as percentages of our total revenues for the periods presented.

	Years Ended December 31,						Three Months Ended March 31,					
	2017		2018		2019		2019		2020			
	RMB	%	RMB	%	RMB	%	RMB (unaudited)	%	RMB (unaudited)	US\$ (unaudited)		
	(in thousands)											
<b>Revenues:</b>												
To consumers (“2C”)	—	—	369,640	56.1	1,347,408	84.8	284,315	84.7	88,494	12,497	85.2	
- Commission revenue	—	—	203,158	30.8	711,362	44.8	148,840	44.3	48,038	6,784	46.2	
- Value-added service revenue	—	—	166,482	25.3	636,046	40.0	135,475	40.4	40,456	5,713	39.0	
Others	309,133	100.0	289,450	43.9	240,623	15.2	51,476	15.3	15,367	2,170	14.8	
<b>Total revenues</b>	<b>309,133</b>	<b>100.0</b>	<b>659,090</b>	<b>100.0</b>	<b>1,588,031</b>	<b>100.0</b>	<b>335,791</b>	<b>100.0</b>	<b>103,861</b>	<b>14,667</b>	<b>100.0</b>	

## *2C business*

Our 2C business currently generates revenues from commission and value-added services. For each used car sold through our 2C business, we charge a commission fee equivalent to a certain percentage of final car sales price. The commission fee is for services provided through our platform in enabling consumers to buy the car of choice online from our nationwide selection of inspected and certified used cars, and fulfilling these online transactions, such as car delivery, title transfers and vehicle registration. We generate value-added service revenue from value-added service fee, which is charged for the additional services provided to consumers for their online used car purchase, for example, we help consumers select and apply for customized auto financing options, assist them purchasing suitable insurance policies, and provide well-rounded warranty programs.

Prior to the Loan Facilitation Divestiture, we also generated loan facilitation revenue from the consumer auto loans facilitated on our platform. As a result of the divestiture, we are relieved of the guarantee obligations in relation to the historically-facilitated loans associated with XW Bank. Immediately prior to the divestiture, the remaining outstanding balance of the historically-facilitated loans for XW Bank was RMB17.0 billion (US\$2.4 billion). In accordance with the applicable accounting standards, net assets of RMB420.0 million (US\$59.3 million) related to the historically-facilitated loans for XW Bank were reclassified as net assets transferred on our consolidated balance sheet as of March 31, 2020 as the divestiture of such assets and liabilities was a pre-condition of the transaction. Results of operations related to the divested business were reported as loss from discontinued operations in the consolidated statements of comprehensive loss.

Prior to the Loan Facilitation Divestiture, for each used car sold through our intra-regional 2C business with financing solutions and each used car sold through our cross-regional 2C business with or without financing solutions, we charged a transaction facilitation service fee to the consumer that equaled to the higher of a certain percentage of the price of the car and a minimum fee. Prior to the second half of 2018, we used to charge transaction facilitation service fees to car dealers for each used car sold through our intra-regional 2C business without financing solutions. Starting in the second half of 2018, to further facilitate our market expansion, we gradually discontinued charging car dealers transaction facilitation service fees in intra-regional transactions without financing solutions. The transaction facilitation service fee was for services provided through our platform in connecting consumers with used car sellers, facilitating car sales to consumers and providing after-sale warranty. We recognized transaction facilitation revenue when the service was rendered, except that the revenue relating to warranty services was deferred and recognized over the warranty period, which was typically one year. In 2019, we discontinued charging transaction facilitation service fees for intra-regional transactions without financing solutions. Thus, service fees have not been charged to the car dealers at all since then.

## *Others*

Our other revenue mainly includes commission from salvage cars sales and interest income from financial leases. Prior to the divestiture of our salvage car business in January 2020, we generated revenue from our salvage car business primarily by charging the buyers a commission.

## ***Cost of Revenues***

Cost of revenues primarily consists of salaries and benefits for personnel involved in car inspection, quality control, customer service and after-sales service, fulfillment costs related to logistics and delivery as well as title transfers and vehicle registration, cost of GPS tracking devices, and cost of warranty services. We expect that our cost of revenues will increase in absolute dollar amounts as we continue to expand our business.

## ***Operating Expenses***

Our operating expenses primarily consist of (i) sales and marketing expenses, (ii) general and administrative expenses, and (iii) research and development expenses.

*Sales and marketing expenses*

Sales and marketing expenses primarily consist of salaries and benefits for our sales and marketing personnel, customer acquisition expenses and branding expenses. Customer acquisition expenses primarily include online traffic acquisition costs. Branding expenses primarily include brand advertising costs. We expect that our sales and marketing expenses will increase in absolute dollar amounts in the foreseeable future as we may recruit more sales staff or engage in effective sales and marketing activities to further attract and serve more customers and grow our businesses.

*General and administrative expenses*

General and administrative expenses primarily consist of salaries and benefits as well as share-based compensation for our management and administration employees involved in general corporate functions, office rental expenses, and professional service fees. We expect that our general and administrative expenses will increase as we incur additional expenses relating to improving our internal controls, complying with Section 404 of the Sarbanes-Oxley Act and maintaining investor relations as a public company.

*Research and development expenses*

Research and development expenses primarily consist of salaries and benefits for our research and development personnel and IT infrastructure services-related expenses. We expect our research and development expenses will increase in absolute dollar amounts in the foreseeable future as we continue to invest in technology to enhance customer experience.

***Fair value change of derivative liabilities***

The fair value change of derivative liabilities is primarily related to bifurcated conversion features of our preferred shares, and to a lesser extent, related to the bifurcated share swap feature and redemption feature of our redeemable non-controlling interests. Upon the completion of our initial public offering, all of our preferred shares were converted into Class A ordinary shares on a one-for-one basis, and as such the derivative liabilities related to the bifurcated conversion features of our preferred shares became shareholders' equity.

***Discontinued operations***

Discontinued operations relate to our historical loan facilitation related business which was divested to Golden Pacer, and 2B business which was divested to 58.com. Our salvage car related business divested to Boche was not presented as discontinued operations as it did not meet the criteria for discontinued operation under ASC205-20. See "Item 4. Information on the Company— A. History and Development of the Company— Divestitures of Our Loan Facilitation, Salvage Car and 2B Businesses" of our Annual Report.

**Taxation**

***Cayman Islands***

Under the current laws of the Cayman Islands, our company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. In addition, payments of dividends and capital in respect of our ordinary shares (and any consequential payments to the holders of our ADSs) will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of dividends or capital to any holder of our ordinary shares or ADSs, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

***British Virgin Islands***

Some of our subsidiaries are companies incorporated in the British Virgin Islands. Under the current law of the British Virgin Islands, we are not subject to income, corporation or capital gains tax in the British Virgin Islands. In addition, payment of dividends by the British Virgin Islands subsidiaries to their respective shareholders who are not resident in the British Virgin Islands, if any, is not subject to withholding tax in the British Virgin Islands.

### ***Hong Kong***

Our subsidiaries in Hong Kong are subject to the uniform tax rate of 16.5%. Under Hong Kong tax law, our subsidiaries in Hong Kong are exempted from income tax on their foreign-derived income and there is no withholding tax in Hong Kong on remittance of dividends. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax in 2017, 2018, 2019 and the three months ended March 31, 2020.

### ***PRC***

Generally, our PRC subsidiaries, our variable interest entities, or VIEs, and their subsidiaries are subject to enterprise income tax on their taxable income in the PRC at a rate of 25%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. Youxinpai (Beijing) Information Technology Co., Ltd. and Youfang (Beijing) Information Technology Co., Ltd. have been qualified as High and New Technology Enterprises, or HNTE, since 2016 and 2019, respectively, and enjoy a preferential income tax rate of 15% from 2019 to 2021. Youxin Internet (Beijing) Information Technology Co., Ltd. has been qualified as "Software Enterprises" eligible for preferential tax treatments, and thus was exempted from corporate income tax in PRC in 2016 and 2017 and will be allowed a 50% tax reduction at a statutory rate of 25% in 2018, 2019 and 2020.

Our PRC subsidiaries, our VIEs and their subsidiaries are subject to VAT at a rate of 6% on the services provided and related surcharges, and 17% before April 30, 2018 and 16% since May 1, 2018 for the new cars sold.

Under the EIT Law and its Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC and the jurisdiction where the shareholders of our PRC subsidiaries reside that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to the shareholders that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual shareholders who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although substantially all of our business operations are based in the PRC, it is unclear whether dividends we pay with respect to our Class A ordinary shares or ADSs would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we were considered a PRC resident enterprise, as described below. See "Item 3. Key Information— D. Risk Factors—Risks Related to Doing Business in China—Under the EIT Law, we may be classified as a "resident enterprise" of China; such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and materially and adversely affect our results of operations and financial condition" of our Annual Report.

## Results of Operations

The following table summarizes our consolidated results of operations, both in absolute amounts and as percentages of our total revenues, for the periods presented.

	For the Year Ended December 31,						Three Months Ended March 31,					
	2017		2018		2019		2019		2020			
	RMB	%	RMB	%	RMB	%	RMB (unaudited)	%	RMB (unaudited)	US\$ (unaudited)		
	(in thousands)											
<b>Revenues:</b>												
To consumers ("2C")												
- Commission revenue	—	—	203,158	30.8	711,362	44.8	148,840	44.3	48,038	6,784	46.2	
- Value-added service revenue	—	—	166,482	25.3	636,046	40.0	135,475	40.4	40,456	5,713	39.0	
Others	309,133	100.0	289,450	43.9	240,623	15.2	51,476	15.3	15,367	2,170	14.8	
<b>Total revenues</b>	<b>309,133</b>	<b>100.0</b>	<b>659,090</b>	<b>100.0</b>	<b>1,588,031</b>	<b>100.0</b>	<b>335,791</b>	<b>100.0</b>	<b>103,861</b>	<b>14,667</b>	<b>100.0</b>	
Cost of revenues(1)	(92,735)	(30.0)	(418,852)	(63.6)	(689,292)	(43.4)	(156,372)	(46.6)	(110,714)	(15,636)	(106.6)	
<b>Gross profit (loss)</b>	<b>216,398</b>	<b>70.0</b>	<b>240,238</b>	<b>36.4</b>	<b>898,739</b>	<b>56.6</b>	<b>179,419</b>	<b>53.4</b>	<b>(6,853)</b>	<b>(969)</b>	<b>(6.6)</b>	
<b>Operating expenses:</b>												
Sales and marketing(1)	(179,328)	(58.0)	(1,488,699)	(225.9)	(1,184,997)	(74.6)	(345,673)	(102.9)	(189,503)	(26,763)	(182.5)	
Research and development(1)	—	—	(124,513)	(18.9)	(140,006)	(8.8)	(32,634)	(9.7)	(31,176)	(4,403)	(30.0)	
General and administrative(1)	(389,072)	(125.9)	(1,070,419)	(162.4)	(402,040)	(25.3)	(86,970)	(25.9)	(74,926)	(10,582)	(72.1)	
Gains/(losses) from guarantee liabilities(2)	1,840	0.6	(4,414)	(0.7)	(194,385)	(12.2)	(9,188)	(2.7)	—	—	—	
Provision for credit losses	(38,075)	(12.3)	(40,626)	(6.2)	(271,372)	(17.1)	—	—	(1,939,570)	(273,920)	(1,867.5)	
<b>Total operating expenses</b>	<b>(604,635)</b>	<b>(195.6)</b>	<b>(2,728,671)</b>	<b>(414.0)</b>	<b>(2,192,800)</b>	<b>(138.1)</b>	<b>(474,465)</b>	<b>(141.3)</b>	<b>(2,235,175)</b>	<b>(315,668)</b>	<b>(2,152.1)</b>	
Other operating income	—	—	—	—	1,925	0.1	—	—	56,043	7,915	54.0	
<b>Loss from continuing operations</b>	<b>(388,237)</b>	<b>(125.6)</b>	<b>(2,488,433)</b>	<b>(377.6)</b>	<b>(1,292,136)</b>	<b>(81.4)</b>	<b>(295,046)</b>	<b>(87.9)</b>	<b>(2,185,985)</b>	<b>(308,722)</b>	<b>(2,104.7)</b>	
Interest income	2,234	0.7	24,554	3.7	14,958	0.9	1,990	0.6	3,081	435	3.0	
Interest expense	(199)	(0.1)	(63,880)	(9.7)	(112,587)	(7.1)	(26,493)	(7.9)	(29,029)	(4,100)	(27.9)	
Other income	4,248	1.4	23,721	3.6	71,142	4.5	25,140	7.5	2,420	342	2.3	
Other expenses	(3,808)	(1.2)	(25,568)	(3.9)	(36,569)	(2.3)	(4,751)	(1.4)	(10,118)	(1,429)	(9.7)	
Foreign exchange (losses)/gains	(627)	(0.2)	(8,232)	(1.2)	4,247	0.3	(779)	(0.2)	(388)	(55)	(0.4)	
Fair value change of derivative liabilities	(885,821)	(286.6)	1,185,090	179.8	—	—	—	—	—	—	—	
Gain from disposal of investment, net	—	—	—	—	28,257	1.8	—	—	—	—	—	
Impairment of long-term investment	—	—	—	—	(37,775)	(2.4)	—	—	—	—	—	
Gain from disposal of subsidiaries	—	—	—	—	—	—	—	—	179,020	25,282	172.4	
<b>Loss from continuing operations before income tax expense</b>	<b>(1,272,210)</b>	<b>(411.5)</b>	<b>(1,352,748)</b>	<b>(205.2)</b>	<b>(1,360,463)</b>	<b>(85.7)</b>	<b>(299,939)</b>	<b>(89.3)</b>	<b>(2,040,999)</b>	<b>(288,247)</b>	<b>(1,965.1)</b>	
Income (tax expense)/credit	(211)	(0.1)	(1,644)	(0.2)	2,554	0.2	(1,556)	(0.5)	(326)	(46)	(0.3)	
Equity in income of affiliates	3,597	1.2	2,631	0.4	30,231	1.9	5,956	1.8	6,940	980	6.7	
<b>Net loss from continuing operations, net of tax</b>	<b>(1,268,824)</b>	<b>(410.4)</b>	<b>(1,351,761)</b>	<b>(205.1)</b>	<b>(1,327,678)</b>	<b>(83.6)</b>	<b>(295,539)</b>	<b>(88.0)</b>	<b>(2,034,385)</b>	<b>(287,313)</b>	<b>(1,958.8)</b>	

(1) Share-based compensation in the amount of RMB165.9 million, RMB1,052.0 million, RMB100.3 million and RMB32.1 million (US\$4.5 million) in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively, was charged to cost of revenues, sales and marketing expenses, research and development expenses, and general and administrative expenses.

(2) The following table sets forth the notional balance of our guarantee obligation by loan-to-value categories as of March 31, 2020:

	Loan-to-value ratio			
	90%	80%	70%	50%
Outstanding loan balance as of March 31, 2020 (RMB in thousands, unaudited)	2,783,122	130,456	9,336,989	647,834

### Three Months Ended March 31, 2020 Compared with Three Months Ended March 31, 2019

#### Revenues

Our revenues decreased by 69.1% from RMB335.8 million in the three months ended March 31, 2019 to RMB103.9 million (US\$14.7 million) in the three months ended March 31, 2020.

*2C business.* Revenues of our 2C business decreased by 68.9% from RMB284.3 million in the three months ended March 31, 2019 to RMB88.5 million (US\$12.5 million) in the three months ended March 31, 2020, which was primarily due to decreases in 2C transaction volume and GMV as a result of the disruptions caused by the COVID-19 pandemic to our business operations. The take rate of our 2C business, as measured by the revenue of our 2C business divided by the GMV of our 2C business, was 12.5% and 12.2% in the three months ended March 31, 2019 and 2020, respectively.

- *Commission revenue.* The commission revenue decreased by 67.7% from RMB148.8 million in the three months ended March 31, 2019 to RMB48.0 million (US\$6.8 million) in the three months ended March 31, 2020, primarily due to decreases in transaction volume and GMV. The number of 2C online used cars transactions decreased by 68.1% from 20,647 units in the three months ended March 31, 2019 to 6,584 units in the three months ended March 31, 2020, and the corresponding GMV decreased by 68.1% from RMB2.3 billion to RMB0.7 billion (US\$0.1 billion) during the same period. Our commission rate remained stable at 6.6% in the three months ended March 31, 2020 compared with the same period in 2019.
- *Value-added service revenue.* Our value-added service revenue decreased by 70.1% from RMB135.5 million in the three months ended March 31, 2019 to RMB40.5 million (US\$5.7 million) in the three months ended March 31, 2020, primarily due to decreases in transaction volume and GMV. Our VAS take rate decreased to 5.6% in the three months ended March 31, 2020 from 6.0% in the three months ended March 31, 2019.
- *Others.* Our other revenue was RMB15.4 million (US\$2.2 million) in the three months ended March 31, 2020, compared with RMB51.5 million in the three months ended March 31, 2019.

#### *Cost of revenues*

Our cost of revenues decreased by 29.2% from RMB156.4 million in the three months ended March 31, 2019 to RMB110.7 million (US\$15.6 million) in the three months ended March 31, 2020, primarily as a result of a decrease in salaries and benefits for employees engaged in car inspection, quality control, customer service and after-sales services as we adopted a flexible work-load based staffing program, as well as a decrease in fulfillment cost due to a decrease in transaction volume.

#### *Gross loss/profit*

As a result of the foregoing, we recorded a gross loss of RMB6.9 million (US\$1.0 million) in the three months ended March 31, 2020, compared with a gross profit of RMB179.4 million in the three months ended March 31, 2019.

#### *Sales and marketing expenses*

Our sales and marketing expenses decreased by 45.2% from RMB345.7 million in the three months ended March 31, 2019 to RMB189.5 million (US\$26.8 million) in the three months ended March 31, 2020, mainly due to a decrease in salaries and benefits expenses.

#### *General and administrative expenses*

Our general and administrative expenses decreased by 13.8% from RMB87.0 million in the three months ended March 31, 2019 to RMB74.9 million (US\$10.6 million) in the three months ended March 31, 2020, primarily attributable to a decrease in salaries and benefits as well as share-based compensation expenses.

#### *Research and development expenses*

Our research and development expenses decreased by 4.5% from RMB32.6 million in the three months ended March 31, 2019 to RMB31.2 million (US\$4.4 million) in the three months ended March 31, 2020, primarily attributable to a decrease in salaries and benefits expenses.

*Losses from guarantee liabilities*

Our losses from guarantee liabilities was nil in the three months ended March 31, 2020, compared with RMB9.2 million in the three months ended March 31, 2019. We incurred guarantee liabilities associated with the remaining guarantee obligations from our historically-facilitated loans which were not transferred to Golden Pacer. We adopted Accounting Standards Update (ASU) 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” on January 1, 2020 under a modified retrospective method. Before the adoption of ASC 326, gain or loss related to guarantee liabilities accounted for the under the greater of the amount determined based on ASC 460 and the amount determined under ASC 450 was recorded as “gain or loss from guarantee liabilities”. After the adoption of ASC 326, expected credit losses of contingent guarantee liabilities need to be accounted for in addition to and separately from the stand ready guarantee liabilities accounted for under ASC 460. The provision for contingent guarantee liabilities is currently recorded under “provision for credit losses” and the gain released from the stand ready guarantee liabilities accounted for under ASC 460 is currently recorded under “other operating income”.

*Provision for credit losses*

Our provision for credit losses was RMB1,939.6 million (US\$273.9 million) in the three months ended March 31, 2020, compared with nil in the three months ended March 31, 2019. As COVID-19 had a material adverse impact on the performance of our historically-facilitated loans, we incurred a significant impairment primarily due to loans recognized as a result of payment under the guarantee and financial lease receivables. After the adoption of ASC 326, the provision for contingent guarantee liabilities measured under the current expected credit losses model is recorded under “provision for credit losses”.

*Interest income*

We had interest income of RMB2.0 million in the three months ended March 31, 2019 and RMB3.1 million (US\$0.4 million) in the three months ended March 31, 2020.

*Interest expenses*

We had interest expense of RMB26.5 million in the three months ended March 31, 2019 and RMB29.0 million (US\$4.1 million) in the three months ended March 31, 2020.

*Other income*

Other income decreased from RMB25.1 million in the three months ended March 31, 2019 to RMB2.4 million (US\$0.3 million) in the three months ended March 31, 2020.

*Other expenses*

Other expenses increased from RMB4.8 million in the three months ended March 31, 2019 to RMB10.1 million (US\$1.4 million) in the three months ended March 31, 2020.

*Foreign exchange losses*

We had foreign exchange losses of RMB0.4 million (US\$55 thousand) in the three months ended March 31, 2020, compared with RMB0.8 million in the three months ended March 31, 2019.

*Gain from disposal of subsidiaries*

Our gain from disposal of subsidiaries was RMB179.0 million in the three months ended March 31, 2020, compared with nil in the three months ended March 31, 2019. Gain from disposal of subsidiaries in the three months ended March 31, 2020 was primarily attributable to our divestiture of the salvage car related business in January 2020.

*Income tax expense*

We had income tax expense of RMB0.3 million (US\$46 thousand) in the three months ended March 31, 2020, compared with RMB1.6 million in the three months ended March 31, 2019.

*Equity in income of affiliates*

Equity in income of affiliates increased from RMB6.0 million in the three months ended March 31, 2019 to RMB6.9 million (US\$1.0 million), primarily attributable to an equity pick-up income from one of our invested companies.

*Net loss from continuing operations, net of tax*

As a result of the foregoing, our net loss from continuing operations increased from RMB295.5 million in the three months ended March 31, 2019 to RMB2,034.4 million (US\$287.3 million) in the three months ended March 31, 2020. The net loss from continuing operations in the three months ended March 31, 2020 was primarily attributable to a significant provision for credit losses of RMB1,939.6 million (US\$273.9 million) recorded in the period as a result of the impact of COVID-19 pandemic as well as the adoption of ASC326. See "*Provision for credit losses.*"

**Year Ended December 31, 2019 Compared with Year Ended December 31, 2018**

*Revenues*

Our revenues increased by 140.9% from RMB659.1 million in 2018 to RMB1,588.0 million in 2019.

*2C business.* Revenues of our 2C business increased significantly by 264.5% from RMB369.6 million in 2018 to RMB1,347.4 million in 2019, which was primarily attributable to increases in 2C transaction volume, GMV and the take rate of our 2C business. The take rate of our 2C business, as measured by the revenue of our 2C business divided by the GMV of our 2C business, was 8.4% and 12.0% in 2018 and 2019, respectively.

- *Commission revenue.* The commission revenue increased significantly by 250.2% from RMB203.2 million in 2018 to RMB711.4 million in 2019, primarily due to increases in transaction volume, GMV and commission rate. The number of 2C online used cars transactions increased by 153.8% from 38,264 units in 2018 to 97,100 units in 2019, and the corresponding GMV increased by 155.3% from RMB4.4 billion to RMB11.3 billion during the same period. Our unique value proposition to consumers along with an improved user experience and higher pricing power contributed to the increase in our commission rate from 4.6% in 2018 to 6.3% in 2019.
- *Value-added service revenue.* Our value-added service revenue increased significantly by 282.1% from RMB166.5 million in 2018 to RMB636.0 million in 2019, primarily driven by increases in transaction volume, GMV and VAS take rate. Our VAS take rate increased to 5.6% in 2019 from 3.8% in 2018, primarily driven by higher pricing power as a result of our increasingly optimized and diversified services.
- *Others.* Our other revenue was RMB240.6 million in 2019, compared with RMB289.5 million in 2018.

*Cost of revenues*

Our cost of revenues increased by 64.6% from RMB418.9 million in 2018 to RMB689.3 million in 2019, primarily as a result of an increase from RMB71.0 million in 2018 to RMB207.8 million in 2019 in salaries and benefits of employees engaged in car inspection, quality control, customer service and after-sales service, as well as an increase in fulfillment cost driven by an increase in the transaction volume.

*Gross profit*

As a result of the foregoing, our gross profit increased by 274.1% from RMB240.2 million in 2018 to RM898.7 million in 2019. Our gross profit margin increased from 36.4% in 2018 to 56.6% in 2019.

*Sales and marketing expenses*

Our sales and marketing expenses decreased by 20.4% from RMB1,488.7 million in 2018 to RMB1,185.0 million in 2019 as a result of our continuous efforts in enhancing operating efficiency.

*Research and development expenses*

Our research and development expenses increased by 12.4% from RMB124.5 million in 2018 to RMB140.0 million in 2019, primarily attributable to an increase from RMB78.6 million in 2018 to RMB105.8 million in 2019 in salaries and benefits for employees engaged in research and development as a result of our continued efforts to strengthen our AI and other technological capabilities.

*General and administrative expenses*

Our general and administrative expenses decreased by 62.4% from RMB1,070.4 million in 2018 to RMB402.0 million in 2019, primarily attributable to a decrease in share-based compensation expenses.

*Losses from guarantee liabilities*

Our losses from guarantee liabilities increased from RMB4.4 million in 2018 to RMB194.4 million in 2019, which resulted from the guarantee obligations associated with the remaining portion of our historically-facilitated loans that were not transferred to Golden Pacer, as well as the adversely-affected performance of the aforementioned loans which was impacted by a series of lending and debt collection-related regulations promulgated in the fourth quarter of 2019.

*Provision for credit losses*

Our provision for credit losses increased from RMB40.6 million in 2018 to RMB271.4 million in 2019 as a result of the adversely-affected performance of our financial assets and impact from a series of lending and debt collection-related regulations promulgated in the fourth quarter of 2019, mainly including loans recognized as result of payment under the guarantee and financial lease receivables.

*Interest income*

We had interest income of RMB24.6 million in 2018 and RMB15.0 million in 2019.

*Interest expenses*

We had interest expense of RMB63.9 million in 2018 and RMB112.6 million in 2019. The increase in interest expense was mainly attributable to an increase in our borrowings and convertible notes. Since we recognize the deposits of interest at present value, the gap between actual amount of disbursement and book value of deposits of interests is recognized as interest expense.

*Other income*

Other income increased from RMB23.7 million in 2018 to RMB71.1 million in 2019.

*Other expenses*

Other expenses increased from RMB25.6 million in 2018 to RMB36.6 million in 2019.

*Foreign exchange gains/(losses)*

We had foreign exchange gains of RMB4.2 million in 2019, compared with foreign exchange losses of RMB8.2 million in 2018.

*Fair value change of derivative liabilities*

Our fair value change of derivative liabilities was nil in 2019, compared with a gain of RMB1,185.1 million in 2018. The impact of derivative liabilities is no longer exist as the preferred shares were converted into ordinary shares at the time of IPO.

*Gain from disposal of investment, net*

Our gain from disposal of investment was RMB28.3 million in 2019, compared with nil in 2018. Gain from disposal of investment in 2019 was primarily attributable to our disposal of our equity investments in a technology company focusing on pilotless automobile systems.

*Impairment of long-term investment*

Impairment of long-term investment was RMB37.8 million in 2019, compared with nil in 2018. The increase in impairment of long-term investment was primarily attributable to our equity investment in a technology company which incurred continuous losses starting from 2019 and began to liquidate its business in June 2019.

*Income tax credit/expense*

We had income tax credit of RMB2.6 million in 2019, compared with a tax expense of RMB1.6 million in 2018.

*Equity in income of affiliates*

Equity in income of affiliates increased from RMB2.6 million in 2018 to RMB30.2 million, primarily attributable to an equity pick-up income from one of our invested companies.

*Net loss from continuing operations, net of tax*

As a result of the foregoing, our net loss from continuing operations decreased from RMB1,351.8 million in 2018 to RMB1,327.7 million in 2019.

**Year Ended December 31, 2018 Compared with Year Ended December 31, 2017**

To facilitate the comparison of our operating results in 2017 and 2018, the financial results of our Divested Businesses in 2017 and 2018 are presented on the same basis as in 2019.

*Revenues*

Our revenues increased by 113.2% from RMB309.1 million in 2017 to RMB659.1 million in 2018.

*2C business.* Revenues of our 2C business increased from nil in 2017 to RMB369.6 million in 2018. We launched our 2C online used car transaction business in early 2018, which was previously referred to as “2C cross-regional business” and is currently the sole component of our 2C business.

- *Commission revenue.* The commission revenue increased from nil in 2017 to RMB203.2 million in 2018.
- *Value-added service revenue.* Our value-added service revenue increased from nil in 2017 to RMB166.5 million in 2018.
- *Others.* Our other revenue decreased by 6.4% from RMB309.1 million in 2017 to RMB289.5 million in 2018.

*Cost of revenues*

Our cost of revenues increased by 351.7% from RMB92.7 million in 2017 to RMB418.9 million in 2018, primarily as a result of an increase in salaries and benefits of employees engaged in car inspection, quality control, customer service and after-sales service, an increase in fulfilment cost driven by an increase in the transaction volume.

*Gross profit*

As a result of the foregoing, our gross profit increased by 11.0% from RMB216.4 million in 2017 to RMB240.2 million in 2018.

*Sales and marketing expenses*

Our sales and marketing expenses increased by 730.2% from RMB179.3 million in 2017 to RMB1,488.7 million in 2018.

*Research and development expenses*

Our research and development expenses increased from nil in 2017 to RMB124.5 million in 2018.

*General and administrative expenses*

Our general and administrative expenses increased by 175.1% from RMB389.1 million in 2017 to RMB1,070.4 million in 2018.

*Losses/gains from guarantee liabilities*

We recorded losses from guarantee liabilities of RMB4.4 million in 2018, compared with gains from guarantee liabilities of RMB1.8 million in 2017. The change was primarily due to the increased delinquency rate.

*Interest income*

We had interest income of RMB2.2 million in 2017 and RMB24.6 million in 2018.

*Interest expense*

We had interest expense of RMB0.2 million in 2017 and RMB63.9 million in 2018, attributable to an increase in our borrowings and convertible notes. Since we recognize the deposits of interest at present value, the gap between actual amount of disbursement and book value of deposits of interests is recognized as interest expense.

*Other income*

Other income increased from RMB4.2 million in 2017 to RMB23.7 million in 2018.

*Other expenses*

Other expenses increased from RMB3.8 million in 2017 to RMB25.6 million in 2018.

*Foreign exchange losses*

We had foreign exchange losses of RMB0.6 million and RMB8.2 million in 2017 and 2018, respectively. The change was primarily attributable to the appreciation of U.S. dollars against RMB in 2018.

*Fair value change of derivative liabilities*

Our fair value change of derivative liabilities was a gain of RMB1,185.1 million in 2018, compared with a loss of RMB885.8 million in 2017. The increase in value between 2017 and 2018 was primarily due to a decrease in the value of our company.

*Income tax expense*

We had income tax expense of RMB0.2 million and RMB1.6 million in 2017 and 2018, respectively, primarily resulting from the net taxable income position of certain operating entities in the PRC.

*Equity in income of affiliates*

Equity in income of affiliates decreased from RMB3.6 million in 2017 to RMB2.6 million in 2018. The balance in 2017 was primarily attributable to the investment income recognized from revaluation of the previously held equity interest in Chefang and Baogu upon our acquisitions of the two entities in 2017.

*Net loss from continuing operations, net of tax*

As a result of the foregoing, we had net losses from continuing operations of RMB1,268.8 million and RMB1,351.8 million in 2017 and 2018, respectively.

**Critical Accounting Policies**

*Critical Accounting Policies, Judgments and Estimates*

We prepare our financial statements in accordance with U.S. GAAP, which requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements. You should read the following description of critical accounting policies, judgments and estimates in conjunction with our consolidated financial statements and other disclosures included in this Transition Report.

***Consolidation of variable interest entity (VIE)***

We account for entities qualifying as VIEs in accordance with Financial Accounting Standards Boards, or FASB, Accounting Standards Codification Topic 810, Consolidation, or ASC 810. In order to comply with PRC regulatory requirements restricting foreign ownership of internet information services, value-added telecommunications, and certain other businesses in China, we have been conducting our online auction platforms through VIEs. In 2015, the restrictions on foreign-owned shareholding percentage in online data processing and transaction processing (operating E-commerce) business in China was partially removed. Therefore, certain of our eligible wholly-owned subsidiaries in China, or our WFOEs, have applied for and obtained approval from Shanghai Communications Administration to conduct value-added telecommunications services in the scope of online data processing and transaction processing (operating E-commerce). As a result, certain of our WFOEs have been operating our main online platforms instead of our VIEs since then. Our VIEs mainly conduct other online platforms to provide internet information services and they are holding some of our intellectual properties as well. Revenues from VIEs accounted for approximately 12.5%, 10.2%, 4.6% and 5.1% of our total revenues in the years ended December 31, 2017, 2018, 2019 and the three months ended March 31, 2020.

We have entered into a series of contractual arrangements, including exclusive option agreement, equity pledge agreements and exclusive business cooperation agreements, with our VIEs and their respective shareholders. As a result of our direct ownership in our WFOEs and the contractual arrangements relating to our VIEs, we are regarded as the primary beneficiary of our VIEs in accordance with ASC 810, and we treat them and their subsidiaries as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of our VIEs and their respective subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

Any changes in PRC laws and regulations that affect our ability to control our VIEs might preclude us from consolidating the entities in the future. We will continually evaluate whether we are the primary beneficiary of our VIEs as facts and circumstances change.

### ***Revenue recognition***

We primarily engage in used car business as a leading national online used car dealer through our mobile app — Uxin Used Car and website — [www.xin.com](http://www.xin.com), providing consumers with a nationwide selection of used and various car-related value-added products and services. Prior to the divestiture of our 2B business, we also operated the mobile app — Uxin Auction and website — [www.youxinpai.com](http://www.youxinpai.com) to facilitate transactions between business customers via online auction service. Revenue principally represents 2C commission revenue and value-added service revenue as well as other revenue. 2B transaction facilitation revenue is currently recognized as discontinued.

We adopted ASC Topic 606, “Revenue from Contracts with Customers” for all periods presented. Consistent with the criteria of Topic 606, we recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services.

To achieve that core principle, an entity should apply five steps defined under Topic 606. We assess our revenue arrangements against specific criteria in order to determine if we are acting as principal or agent. Revenue arrangements with multiple performance obligations are divided into separate units of accounting. We considered appropriate method to allocate the transaction price to each performance obligation based on the relative standalone selling prices of the services being provided. In estimating the standalone selling price for the services that are not directly observable, we considered the suitable methods included in ASC 606-10-21-34, and determined the adjusted market assessment approach is the most appropriate method. When estimating the relative standalone selling prices, we consider selling prices of similar services. Revenue is recognized upon transfer of control of promised goods or services to a customer.

From time to time, we provide incentives to consumers. These incentives are given in the form of discount coupon to consumers, and are applied to the same transaction. As these incentives were provided without any distinct good or service in return, these incentives have been recorded as reduction of revenue, pursuant to the guidance under ASC 606.

Revenue is recorded net off cash incentives and value-added-tax collected from customers.

### ***Online used car transaction services (2C Business)***

Our online platform and offline infrastructure enable consumers to buy used cars online via our online used car transaction services. Our online used car transaction services help individual consumers complete their purchases of cars without having to physically inspect the cars on-site, in particular when the consumers are located in different cities from where the cars are. Our offline infrastructure provides consumers with vehicle inspection, payment and settlement, fulfilment services (including logistics and delivery, title transfers and vehicle registration), and warranty services. We have identified two types of services — commission-related services and value-added services. We recognize commission revenue and value-added service revenue upon the closing of car sales, except that the revenue relating to warranty services is deferred and recognized over the warranty period as we stand ready to perform the service during that period, which is typically 6 months or one year.

### ***Others***

Other revenue mainly comprises of revenues from commission from salvage car sales prior to our divestiture of our salvage car related business and interest income from financial leases, among others.

### *Remaining performance obligations*

Revenue allocated to remaining performance obligations represent deferred revenue that has not yet been recognized. As of March 31, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations was RMB27.4 million (US\$3.9 million). We expect to recognize approximately 100% of this revenue over the next 12 months.

### **Financial lease receivables**

Financial lease receivables include dealer inventory financing receivables and receivables generated from finance lease arrangements.

We historically provided short-term inventory financing to certain selected car dealers through our Easy Loan program. In order to fund the Easy Loan program, we and a third-party financing partner enter into a financing business cooperation agreement, which establishes that loans provided to dealers are made in direct connection to the financial lease contracts entered into between us and the dealers for the underlying cars. Accordingly, we are considered as the primary obligor in the lending relationship and therefore record the liabilities to the third-party financing partner on our consolidated balance sheets. Consequently, we consider that the financial lease receivables generated from financial lease contracts with car dealers not settled or extinguished. Therefore, we continue to account for the financial lease receivables on our consolidated balance sheets. We ceased to provide Easy Loan program to car dealers in early 2020.

Financial lease receivables are measured at amortized cost and reported on our consolidated balance sheets at outstanding principal adjusted for the allowance for doubtful accounts/provision for credit losses. Allowance for financial lease receivables is provided when we have determined the balance is impaired. On January 1, 2020, we adopted Accounting Standards Update (ASU) 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and provision for credit losses was provided based on current expected credit losses impairment model.

### **Goodwill**

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination.

Goodwill is not depreciated or amortized but is tested for impairment on an annual basis, and in between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In accordance with the FASB guidance on "Testing of Goodwill for Impairment" a company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we decide, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. Before the adoption of ASU No. 2017-04 Intangibles—Goodwill and Other (Topic 350), if the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the implied fair value of the reporting unit's goodwill and the carrying amount of goodwill will be recorded. We adopted ASU No. 2017-04 starting January 1, 2020, following the new guidance, an impairment charge shall be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. As of March 31, 2020, there was no event or any circumstance that we identified, which indicates that the fair value of our reporting unit was substantially lower than the respective carrying value.

In 2017, we acquired Chefang and Baogu and have consolidated their financial results in our consolidated financial statements since the respective dates of acquisitions. As of March 31, 2020, we recorded goodwill in the amount of RMB4.1 million (US\$0.6 million) and RMB4.2 million (US\$0.6 million) for Chefang and Baogu, respectively. As there were no identifiable intangible assets from the acquisitions of Chefang and Baogu, the goodwill is not amortized but is tested for impairment in accordance with ASC350. In 2018, RMB3.7 million of goodwill impairment loss was recorded for Chefang.

In 2018, we acquired Zhejiang Dongwang Internet Technology Co., Ltd., or Dongwang, and have consolidated its financial results in our consolidated financial statements since the date of acquisition. We divested Dongwang upon the completion of the divestiture of our salvage car related business in January 2020.

### ***Share-based compensation***

We follow ASC 718 to determine whether a share option or a restricted share unit should be classified and accounted for as a liability award or equity award. All grants of share-based awards to employees and directors classified as equity awards are recognized in the financial statements based on their grant-date fair values which are calculated using an option pricing model. We classify the share-based awards granted to employees as equity awards, and have elected to recognize compensation expense relating to the share-based awards with service condition on a graded vesting basis over the requisite service period, which is generally the vesting period.

Under ASC 718, we apply the Binomial option pricing model in determining the fair value of options granted. ASC 718 requires forfeiture rates to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest.

In February 2018, we adopted the Amended and Restated Plan, which was later amended and renamed as the 2018 Second Amended and Restated Share Incentive Plan (the “Amended and Restated Plan”). Under the Amended and Restated Plan, the maximum aggregate number of Class A ordinary shares that may be issued pursuant to all awards granted under the Amended and Restated Plan is 102,040,053.

On September 22, 2019, our board of directors approved a reduction in the exercise price for outstanding options previously granted by our company with an exercise price higher than \$1.03 per ordinary share, up to US\$3.00 per ordinary share, to \$1.03 per share, provided that any participating option holder agrees to amendment in the number of shares subject to his or her option as determined by the plan administrator. We accounted for this reduction as a share option modification which required the remeasurement of these share options at the time of the modification. The total incremental cost as a result of the modification was US\$4.1 million. The incremental cost related to vested options amounted to US\$2.1 million and was recorded in the consolidated statements of comprehensive loss during the year ended December 31, 2019. The incremental cost related to unvested options amounted to US\$2.0 million and will be recorded over the remaining service period.

#### *Options*

We granted 12,819,330, 25,224,000, 4,247,500 and 2,175,300 options to our employees, with a weighted average exercise price of US\$2.13, US\$2.90, US\$1.36 and US\$0.03, for the years ended December 31, 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. No options granted to employees were exercisable as of December 31 2017, whereas 18,659,232, 19,698,819 and 21,373,800 options were exercisable as of December 31, 2018 and 2019 and March 31, 2020, respectively. 9,800,000, 7,300,000, 10,570,575 and 13,234,329 options granted to key management became exercisable as of December 31, 2017, 2018 and 2019 and March 31, 2020, respectively.

Under the Amended and Restated Plan, employees are generally subject to a four-year service schedule, under which an employee earns an entitlement to vest in 25% of his or her option grants at the end of each year of completed service.

As of March 31, 2020, the fair value of vested and nonvested options granted to employees and management amounted to RMB39.2 million (US\$5.5 million) and RMB18.0 million (US\$2.5 million), respectively, and a share-based compensation expense of RMB32.1 million (US\$4.5 million) was recognized for the vested options.

#### *Other share-based awards*

For the year ended December 31, 2016, we recorded share-based compensation expense of RMB226.4 million for issuance and grant of 19,985,520 ordinary shares to our management in April 2016.

In September 2017, one of our preferred shareholders transferred 6,686,020 series A preferred shares and 10,590,390 series B preferred shares with a consideration of US\$41.2 million to Gao Li Group, which is controlled by Mr. Kun Dai, the chairman of our board of directors and chief executive officer. The difference between the transfer price and the fair value of preferred shares transferred was RMB137.7 million and was recognized as compensation expense to Mr. Kun Dai in September 2017.

In June 2018, we recorded share-based compensation expense of RMB620.4 million for the issuance of 17,742,890 restricted shares to Mr. Kun Dai, which were vested immediately upon consummation of a successful initial public offering.

On May 25, 2018, one of our executive officers exercised his vested options to acquire 3,333,330 ordinary shares. In addition, we also offered vesting acceleration to that executive officer's 1,666,670 unvested options on May 25, 2018 and the executive officer also exercised such options to acquire 1,666,670 ordinary shares. Therefore, in May 2018, we recorded all remaining unrecognized compensation costs which were accelerated in the amount of RMB31.8 million.

On June 27, 2018, RMB5.2 million share-based compensation was recorded as the redesignation of our ordinary shares and super voting power was granted to the beneficial owner of our Class B ordinary shares, Mr. Kun Dai.

### **Recent Accounting Pronouncements**

See Item 17 of Part III, "Financial Statements—Note 2—Summary of significant accounting policies—Recent accounting pronouncements."

## **B. Liquidity and Capital Resources**

### **Cash flows and working capital**

In addition to experiencing net losses during the periods presented, we had net cash used in operating activities of RMB1,834.2 million, RMB2,281.3 million, RMB1,194.1 million and RMB411.3 million (US\$58.1 million) in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. Discussions of our cash flows and working capital in this Item 5.B. relate to both discontinued and continuing operations. Our principal sources of liquidity have been proceeds from issuances of equity and equity-linked securities.

- In January 2018, we raised an aggregate of US\$250.0 million by issuing additional preferred shares to certain investors in a private placement.
- In June 2018, we completed our initial public offering in which we issued and sold an aggregate of 25,000,000 ADSs, representing 75,000,000 Class A ordinary shares, resulting in net proceeds to us of US\$204.8 million. Concurrently with our initial public offering, we sold convertible notes to CNCB (Hong Kong) Investment Limited ("the CNCB Note") and Golden Fortune Company Limited ("the GF Note"), resulting in net proceeds to us of US\$100 million and US\$75 million, respectively. The CNCB Note and the GF Note each bore an interest rate of 6% and 6.5% per annum. The convertible notes became due and were paid in June 2019.
- In June 2019, we sold convertible notes in an aggregate principal amount of US\$230 million to Redrock Holding Investments Limited (the "Redrock"), TPG Growth III SF Pte. Ltd. (the "TPG"), 58.com Holdings Inc. (the "58.com"), Zhuhai Guangkong Zhongying Industrial Investment Fund (Limited Partnership), Magic Carpet International Limited and ClearVue UXin Holdings, Ltd. (the "Notes"). The Notes will become due and payable on June 11 and June 12, 2024 unless converted earlier. The purchasers of the convertible notes have the right to convert the convertible notes into Class A ordinary shares of our company during the period from and including the 181st day after the issuance date to and including the maturity date. The conversion price per Class A ordinary share of the Notes equals US\$1.03 and may be adjusted. The Notes each bears an interest rate of 3.75% per annum, payable until the outstanding principal amount is fully paid; provided that if any portion of the convertible notes are duly converted into Class A ordinary shares pursuant to the terms of the convertible notes, no interest accrued on the principal amount being converted shall be payable.

- Between July and November 2019, we sold convertible notes in an aggregate principal amount of US\$50 million to affiliates of PacificBridge Asset Management, or the PacificBridge (the “PB Notes”). Among the PB Notes, notes of US\$20.05 million in principal amount bears an interest rate of 10% per annum (the “10% Notes”), and notes of US\$29.95 million in principal amount bears an interest rate of 11% per annum (the “11% Notes”). The 10% Notes will become due and payable 12 months after the issuance date, and the 11% Notes will become due and payable 15 months after the issuance date, unless converted earlier. The purchasers of the convertible notes have the right to convert the convertible notes into Class A ordinary shares of our company during the period from and including the 181st day after the issuance date to and including the maturity date, which right may be exercised twice only. The conversion prices per Class A ordinary share of the PB Notes are US\$1.663, US\$1.683 and US\$1.7, as applicable, and may be adjusted. The interests are payable until the outstanding principal amount is fully paid; provided that if any portion of the convertible notes are duly converted into Class A ordinary shares pursuant to the terms of the convertible notes, no interest accrued on the principal amount being converted shall be payable.

On July 23, 2020, we entered into agreements with PacificBridge to amend the terms of the PB Notes. Pursuant to the agreements, the parties have agreed that the conversion prices of the PB Notes will be adjusted to our volume weighted average price for the last 30 trading days prior to the signing of the agreements multiplied by 78%, and PacificBridge will convert all the PB Notes into our Class A ordinary shares upon the signing of the agreements. On the same day, PacificBridge converted all the PB Notes into 136,279,973 Class A ordinary shares of ours at the adjusted conversion price.

- As of March 31, 2020, we had an outstanding balance of short-term borrowings of RMB119.1 million (US\$16.8 million) due within 12 months, with a fixed annual interest rate of between 5.9% and 9.8%.

As of March 31, 2020, we had RMB342.5 million (US\$48.4 million) in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and deposits placed with financial institutions that can be added to or withdrawn without limitation. We have been incurring losses from operations since our inception. We incurred net losses from continuing operation of RMB2,034.4 million for the three months ended March 31, 2020. Accumulated deficit amounted to RMB15,488.8 million as of March 31, 2020. The COVID-19 pandemic has caused a general slowdown in economy activity, and the weakened consumer confidence and spending power resulted in a relatively slow recovery in transaction volumes. It also disrupted operating environment for the used car industry in China in general. These factors have adversely affected our business, results of operations, financial condition and cash flows. Although China’s economy has been gradually recovering in the past few months, and the used car market has been slowly picking up since April 2020 as the industry’s infrastructure and supply chain started to resume operations, it may continue to bring significant challenges and uncertainties to the market given the fact that the COVID-19 pandemic is still evolving and its full impact will still depend on future developments. Therefore, the ultimate impact of COVID-19 on us cannot be precisely determined at this time. These conditions and uncertainties could cast substantial doubt on our ability to continue as a going concern.

In response to the situation, we have taken actions to improve our liquidity and cash position. We entered into a supplemental agreement with WeBank to settle our remaining guarantee liabilities associated with the historically-facilitated loans for WeBank. Pursuant to the supplemental agreement, we will pay an aggregate amount of RMB372 million to WeBank from 2020 to 2025 in installments based on an agreed upon settlement schedule, which minimizes our cash flow commitment in the next few years. Upon the signing of the supplemental agreement, we are no longer subject to guarantee obligations in relation to the historically-facilitated loans for WeBank under the condition that we make the instalment payment in accordance with the agreed schedule. In addition, we entered into agreements with PacificBridge to adjust the repayment plan for the PB Notes. With these agreements in place, our liquidity and cash position will be significantly improved. More importantly, we have also proactively taken actions to fundamentally optimize our overall cost structure by upgrading our business and service model and implemented other cost control measures. For example, we have streamlined overall operations by better allocating inspection resources and deploying an online sales consultant team to provide services more efficiently. Considering all these actions, which have alleviated the substantial doubt of our ability to continue as a going concern, we believe that our current cash and cash equivalents, cash considerations received from recent divestiture transactions and the anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements for the next 12 months. See “Item 3.D. Key Information—Risk Factors—Risks Relating to Our Business and Industry— The COVID-19 pandemic could have a material adverse impact on our business, operating results and financial condition” of our Annual Report. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

As of March 31, 2020, 22.8% of our cash and cash equivalents were denominated in Renminbi and held in China, and the remaining cash and cash equivalents, denominated in U.S. dollars or Hong Kong dollars, were held outside China. As of the same date, 0.001% of our cash and cash equivalents were held by our VIEs and their subsidiaries.

Although we consolidate the results of our VIEs and their subsidiaries, we only have access to the assets or earnings of our VIEs and their subsidiaries through our contractual arrangements with our VIEs and their shareholders. See “Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Respective Shareholders” of our Annual Report. For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure.”

In utilizing the proceeds we expect to receive from our initial public offering, we may make additional capital contributions to our PRC subsidiaries, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries or VIEs, or acquire offshore entities with business operations in China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our PRC subsidiaries must be approved by the Ministry of Commerce or its local counterparts; and
- loans by us to our PRC subsidiaries and VIEs to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches.

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange” and “Item 4. Information on the Company—D. Risk Factors—Risks Related to Doing Business in China—PRC regulations on loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC entities” of our Annual Report.

A majority of our revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. Under existing PRC foreign exchange regulations, Renminbi may be converted into foreign exchange for current account items, including profit distributions, interest payments and trade- and service-related foreign exchange transactions. Our PRC subsidiaries may convert Renminbi amounts that they generate in their own business activities, including technical consulting and related service fees pursuant to their contracts with the VIEs, as well as dividends they receive from their own subsidiaries, into foreign exchange and pay them to their non-PRC parent companies in the form of dividends. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with China accounting standards and regulations. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Due to restrictions on the distribution of share capital from our PRC subsidiaries and also as a result of these entities’ unreserved accumulated losses, total restrictions placed on the distribution of our PRC subsidiaries’ net assets was RMB286.9 million (US\$40.5 million), representing 12.2% of our total consolidated net assets as of March 31, 2020. Furthermore, capital account transactions, which include loans, must be approved by and/or registered with SAFE and its local branches. We can provide funding to our PRC subsidiaries and our VIEs and the subsidiaries of the VIEs through loans as long as the loan amount does not exceed the statutory limit, which is twice the amount of the relevant entities’ respective net assets calculated in accordance with China accounting standards.

The following table sets forth a summary of our cash flows for the periods indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2017	2018	2019	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US\$
				(unaudited)	(unaudited)	(unaudited)
	(in thousands)					
<b>Summary Consolidated Statements of Cash</b>						
<b>Flow Data:</b>						
Net cash used in operating activities	(1,834,243)	(2,281,333)	(1,194,101)	(188,061)	(411,271)	(58,082)
Net cash (used in)/generated from investing activities	(586,843)	(1,078,617)	(484,254)	(6,645)	159,898	22,582
Net cash generated from/(used in) financing activities	3,288,842	4,274,052	73,630	(127,066)	(165,519)	(23,376)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3,334	(9,278)	960	(11,983)	4,065	574
Net increase/(decrease) in cash, cash equivalents and restricted cash	871,090	904,824	(1,603,765)	(333,755)	(412,827)	(58,302)
Cash, cash equivalents and restricted cash at beginning of the period	1,038,113	1,730,001	1,812,702	1,812,702	1,185,188	167,381
Cash, cash equivalents and restricted cash at end of the period	1,730,001	1,812,702	1,185,188	1,256,356	797,435	112,620

### **Operating Activities**

Net cash used in operating activities was RMB411.3 million (US\$58.1 million) for the three months ended March 31, 2020. The difference between our net cash used in operating activities and our net loss RMB2,489.6 million (US\$351.6 million) mainly resulted from certain non-cash expenses, including provision for credit losses of RMB1,954.5 million (US\$276.0 million), impairment of net assets transferred of RMB407.7 million (US\$57.6 million), and changes in certain working capital accounts. Changes in the working capital accounts mainly included an increase in loan recognized as a result of payment under the guarantee of RMB251.2 million (US\$35.5 million), and a decrease in payables, accruals and other current liabilities of RMB101.8 million (US\$14.4 million), partially offset by a decrease in receivables, prepaid expenses and other current assets of RMB138.6 million (US\$19.6 million) and a decrease of financial lease receivables of RMB102.7 million (US\$14.5 million). The increase in loan recognized as a result of payment under the guarantee was mainly due to the performance fluctuations of outstanding historically-facilitated loans which were not transferred to Golden Pacer. The decrease in payables, accruals and other current liabilities was mainly due to a decrease of accrued salaries and benefits and tax payables. The decrease in receivables, prepaid expenses and other current assets was mainly due to a decrease of deposits made to non-bank financing partners' accounts as we are no longer working with them. As we ceased to provide Easy Loan program to car dealers, the balance of financial lease receivables decreased.

Net cash used in operating activities was RMB1,194.1 million for the year ended December 31, 2019. In 2019, the difference between our net cash used in operating activities and our net loss RMB1,990.1 million mainly resulted from certain non-cash expenses, including losses from guarantee liabilities of RMB362.6 million, provision for credit losses of RMB271.4 million, share-based compensation of RMB100.3 million, and changes in certain working capital accounts. Changes in the working capital accounts mainly included an increase in loan recognized as a result of payment under the guarantee of RMB1,533.3 million and a decrease in deposit of interests from consumers and payable to financing partners of RMB470.1 million, partially offset by an increase in payables, accruals and other current liabilities of RMB674.9 million and a decrease in advance to consumers on behalf of financing partners of RMB519.8 million. The increase in loan recognized as a result of payment under the guarantee was mainly due to the fluctuation in outstanding facilitated-loan performance. The decrease in deposit of interests from consumers and payable to financing partners was mainly because we no longer collected the upfront deposit of interests from consumers and have gradually paid the remaining interests back to the financing partners. The increase in payables, accruals and other current liabilities was primarily attributable to our expansion of 2C online used car business. The decrease in advance to consumers on behalf of financing partners was primarily because we ceased to provide loan facilitation related services and no longer advanced funds to consumers on behalf of financing partners.

Net cash used in operating activities was RMB2,281.3 million for the year ended December 31, 2018. In 2018, the difference between our net cash used in operating activities and our net loss of RMB1,538.3 million mainly resulted from certain non-cash expenses, including fair value change of derivative liabilities of RMB1,185.1 million, share-based compensation of RMB1,052.0 million, and changes in certain working capital accounts. Changes in the working capital accounts mainly included an increase in receivables, prepaid expenses and other current assets of RMB595.3 million, a decrease in deposit of interests from consumers and payable to financing partners of RMB563.5 million and an increase in advance to sellers of RMB446.4 million, partially offset by an increase in payables, accruals and other current liabilities of RMB654.3 million and an increase in advance to consumers on behalf of financing partners of RMB305.5 million. The increase in receivables, prepaid expenses and other current assets was primarily attributable to the increase of prepaid marketing and consulting expenses. The decrease in deposit of interests from consumers and payable to financing partners was primarily because we no longer collected the deposit of interests from consumers and have paid the remaining interests back to our financing partners. The increase in advance to sellers was primarily attributable to the expansion of 2C online used car transaction business.

Net cash used in operating activities was RMB1,834.2 million for the year ended December 31, 2017. The difference between our net cash used in operating activities and our net loss of RMB2,747.8 million mainly resulted from certain non-cash expenses or gains, including share-based compensation of RMB165.9 million, the fair value change of derivative liabilities of RMB885.8 million, and changes in certain working capital accounts. Changes in the working capital accounts mainly included an increase in payables, accruals and other current liabilities of RMB911.6 million, an increase in deposit of interests from consumers and payable to financing partners of RMB628.9 million, partially offset by an increase in advance to sellers of RMB200.5 million, and an increase in loan recognized as a result of payment under the guarantee of RMB478.5 million. The increase in payables, accruals and other current liability was primarily attributable to our increasing guarantee liabilities driven by the fast growth of our then-existing loan facilitation business. The increase in deposit of interests from consumers and payable to financing partners was primarily attributable to the upfront deposit of interests collected from consumers and payable to financing partners and was in line with the growth of our then-existing loan facilitation business. The increase in advance from buyers collected on behalf of sellers was primarily attributable to the rapid expansion of our 2B business.

### ***Investing Activities***

Net cash generated from investing activities was RMB159.9 million (US\$22.6 million) for the three months ended March 31, 2020, primarily attributable to the proceeds from the divestiture of salvage car related business.

Net cash used in investing activities was RMB484.3 million for the year ended December 31, 2019, primarily attributable to the legal title of restricted cash transferred to Golden Pacer of RMB1,175.9 million in connection with the divestiture of our loan facilitation related business.

Net cash used in investing activities was RMB1,078.6 million for the year ended December 31, 2018, primarily attributable to an increase in short-term investments of RMB595.1 million.

Net cash used in investing activities was RMB586.8 million for the year ended December 31, 2017, which was primarily attributable to the loan extended to a related party of RMB451.4 million, and the cash paid for long term investments of RMB152.7 million.

### ***Financing Activities***

Net cash used in financing activities was RMB165.5 million (US\$23.4 million) for the three months ended March 31, 2020, primarily attributable to the repayment of borrowings.

Net cash generated from financing activities was RMB73.6 million for the year ended December 31, 2019, primarily attributable to net proceeds of RMB1,853.4 million from issuance of convertible notes, and repayment of convertible notes of RMB1,190.2 million.

Net cash generated from financing activities was RMB4,274.1 million for the year ended December 31, 2018, primarily attributable to net proceeds of RMB2,574.0 million from initial public offering and issuance of convertible notes.

Net cash generated from financing activities was RMB3,288.8 million for the year ended December 31, 2017, which was primarily attributable to proceeds of RMB2,721.1 million from issuance of convertible redeemable preferred shares.

### Holding Company Structure

Uxin Limited is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries, our VIEs and their subsidiaries in China. As a result, Uxin Limited’s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with China accounting standards and regulations. Under PRC law, each of our subsidiaries and our VIEs in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on China accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our VIEs may allocate a portion of their after-tax profits based on China accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

The table below sets forth the respective revenues and assets contribution of Uxin Limited and our subsidiaries and our VIEs as of the dates and for the periods indicated:

	Net Revenues					Total Assets			
	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Three Months Ended March 31, 2020	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019	As of March 31, 2020
Uxin Limited and its wholly-owned subsidiaries	87.4 %	87.5 %	89.8 %	95.4 %	94.9 %	90.5 %	96.1 %	91.0 %	90.6 %
VIEs	12.6 %	12.5 %	10.2 %	4.6 %	5.1 %	9.5 %	3.9 %	9.0 %	9.4 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Note: The percentages exclude the inter-company transactions and balances between Uxin Limited and its subsidiaries and the VIEs.

### Capital Expenditures

We made capital expenditures of RMB81.2 million, RMB133.9 million, RMB46.8 million and RMB0.3 million (US\$43 thousand) in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. In these periods our capital expenditures were mainly used for the purchase of computer equipment and software and leasehold improvements. We will continue to make such capital expenditures to support the expected growth of our business.

### C. Research and Development

See “Item 4. Information on the Company—B. Business Overview—Technology” and “Item 4. Information on the Company—B. Business Overview—Intellectual Property” of our Annual Report.

### D. Trend Information

Other than as disclosed elsewhere in this Transition Report, we are not aware of any trends, uncertainties, demands, commitments or events for the three months ended March 31, 2020 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

**E. Off-Balance Sheet Arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

**F. Contractual Obligations**

The following table sets forth our contractual obligations as of March 31, 2020:

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	Greater than 5 years
		(in RMB thousands)			
Borrowings	353,654	119,069	234,585	—	—
Convertible notes	1,983,828	354,255	—	1,629,573	—
Interests payable	411,026	47,217	58,264	305,545	—
Operating lease commitments	40,420	38,497	749	668	506
Total	<u>2,788,928</u>	<u>559,038</u>	<u>293,598</u>	<u>1,935,786</u>	<u>506</u>

The borrowings, convertible notes and interests payable represent our borrowings from commercial banks or other financial institutions for our working capital and the corresponding interests payable, as well as the outstanding convertible notes we issued and the corresponding interests payable.

Our operating lease commitments relate to our leases of offices, including our nationwide service network which are under non-cancellable operating lease agreements.

Other than the above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of March 31, 2020.

See "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources" for a detailed description of our cash flows and working capital.

**Item 8. Financial Information****A. Consolidated Statements and Other Financial Information**

We have appended consolidated financial statements filed as part of this transition report.

**Legal Proceedings**

We and certain of our current and former officers and directors have been named as defendants in two putative securities class actions. Both cases were purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in certain disclosure documents in connection with our initial public offering in June 2018.

The first case, *In re Uxin Limited Securities Litigation*, Index No. 650427/2019 (Sup. Ct. N.Y. Cty.), consolidated six complaints filed in the Supreme Court of the State of New York in January 2019. A Consolidated Amended Complaint was filed in August 5, 2019, and on March 9, 2020, the Court granted in part and denied in part our motion to dismiss. Both Uxin and Plaintiffs appealed the Court's decision and those appeals are in the process of being briefed. The parties also have commenced discovery. The second case, *Machniewicz v. Uxin Limited et al*, Case No. 1:19-cv-00822 (E.D.N.Y.), was filed in the United States District Court for the Eastern District of New York on February 11, 2019. On April 24, 2020, we completed briefing on a motion to dismiss, which remains pending before the Court. The actions otherwise remain in their preliminary stages. For risks and uncertainties relating to the pending cases against us, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have been named as a defendant in a putative shareholder class action lawsuit that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation " of our Annual Report.

We are also subject to ongoing unfair competition, contractual disputes and other proceedings in the PRC, and may be subject to other legal or administrative claims and proceedings arising in the ordinary course of business. Litigations or any other legal or administrative proceedings, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition" of our Annual Report.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

#### Material Modifications to the Rights of Security Holders

None.

## PART III

### Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

### Item 18. Financial Statements

The consolidated financial statements of Uxin Limited, its subsidiaries and its consolidated variable interest entities are included at the end of this Transition Report.

### Item 19. Exhibits

Exhibit Number	Description of Document
1.1	<a href="#">Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.2 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 1, 2018)</a>
2.1	<a href="#">Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.1 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
2.2	<a href="#"><u>Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</u></a>
2.3	<a href="#"><u>Deposit Agreement, among the Registrant, the depository and the holders and beneficial owners of American Depositary Shares issued thereunder dated June 27, 2018 (incorporated by reference to Exhibit 4.3 of the registration statement on Form S-8 (file no. 333-227576), filed by the Registrant with the Securities and Exchange Commission on September 28, 2018)</u></a>
2.4	<a href="#"><u>Shareholders Agreement, between the Registrant and other parties thereto dated as of January 2, 2018 (incorporated by reference to Exhibit 4.4 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
3.1	<a href="#"><u>Description of the Registrant's Securities (incorporated by reference to Exhibit 3.1 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.1	<a href="#"><u>2018 Second Amended and Restated Share Incentive Plan (incorporated by reference to Exhibit 4.1 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 29, 2019)</u></a>
4.2	<a href="#"><u>Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated by reference to Exhibit 10.2 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.3	<a href="#"><u>Form of Employment Agreement between the Registrant and its executive officers (incorporated by reference to Exhibit 10.3 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.4	<a href="#"><u>English translation of the Amended and Restated Exclusive Business Cooperation Agreement between Youxinpai and Youxin Hulian dated September 11, 2014 (incorporated by reference to Exhibit 10.4 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.5	<a href="#"><u>English translation of the Fourth Amended and Restated Equity Interest Pledge Agreement among Youxinpai, Youxin Hulian and Mr. Kun Dai dated November 23, 2016 (incorporated by reference to Exhibit 10.5 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.6	<a href="#"><u>English translation of the Fourth Amended and Restated Power of Attorney issued by Mr. Kun Dai to Youxinpai dated November 23, 2016 (incorporated by reference to Exhibit 10.6 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.7	<a href="#"><u>English translation of the Fifth Amended and Restated Exclusive Option Agreement among Youxinpai, Youxin Hulian and Mr. Kun Dai dated February 4, 2018 (incorporated by reference to Exhibit 10.7 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.8	<a href="#"><u>English translation of the Equity Interest Pledge Agreement among Youxinpai, Youxin Hulian and Beijing Min Si Lian Hua Investment Management Co., Ltd. dated September 11, 2014 (incorporated by reference to Exhibit 10.8 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.9	<a href="#"><u>English translation of the Power of Attorney issued by Beijing Min Si Lian Hua Investment Management Co., Ltd. to Youxinpai dated September 11, 2014 (incorporated by reference to Exhibit 10.9 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.10	<a href="#"><u>English translation of the Amended and Restated Exclusive Option Agreement among Youxinpai, Youxin Hulan and Beijing Min Si Lian Hua Investment Management Co., Ltd. dated February 4, 2018 (incorporated by reference to Exhibit 10.10 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.11	<a href="#"><u>English translation of the Loan Agreement between Youxinpai and Mr. Kun Dai dated November 23, 2016 (incorporated by reference to Exhibit 10.11 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.12	<a href="#"><u>English translation of the Exclusive Business Cooperation Agreement between Yougu and Yishouche dated April 9, 2016 (incorporated by reference to Exhibit 10.12 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.13	<a href="#"><u>English translation of the Equity Interest Pledge Agreement among Yougu, Yishouche and Mr. Kun Dai dated April 9, 2016 (incorporated by reference to Exhibit 10.13 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.14	<a href="#"><u>English translation of the Power of Attorney issued by Mr. Kun Dai to Yougu dated April 9, 2016 (incorporated by reference to Exhibit 10.14 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.15	<a href="#"><u>English translation of the Amended and Restated Exclusive Option Agreement among Yougu, Yishouche and Mr. Kun Dai dated February 4, 2018 (incorporated by reference to Exhibit 10.15 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.16	<a href="#"><u>English translation of the Amended and Restated Equity Interest Pledge Agreement among Yougu, Yishouche and Beijing Min Si Lian Hua Investment Management Co., Ltd. dated February 4, 2018 (incorporated by reference to Exhibit 10.16 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.17	<a href="#"><u>English translation of the Power of Attorney issued by Beijing Min Si Lian Hua Investment Management Co., Ltd. to Yougu dated February 4, 2018 (incorporated by reference to Exhibit 10.17 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.18	<a href="#"><u>English translation of the Amended and Restated Exclusive Option Agreement among Yougu, Yishouche and Beijing Min Si Lian Hua Investment Management Co., Ltd. dated February 4, 2018 (incorporated by reference to Exhibit 10.18 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
4.19	<a href="#"><u>English translation of Vehicle Financing Business Cooperation Agreement by and among Kaifeng and Zhejiang Chouzhou Commercial Bank Co., Ltd. dated November 9, 2016 and Supplemental Agreements dated June 29, 2017, August 17, 2017, and November 28, 2017 (incorporated by reference to Exhibit 10.47 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 22, 2018)</u></a>
4.20	<a href="#"><u>English translation of Vehicle Financing Business Cooperation Agreement by and among Kaifeng and Sichuan XW Bank Co., Ltd. dated June 8, 2017 and Supplemental Agreement dated June 30, 2017 (incorporated by reference to Exhibit 10.48 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 22, 2018)</u></a>

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<b>Exhibit Number</b>	<b>Description of Document</b>
4.21	<a href="#">English translation of the Auto Financing Business Cooperation Agreement by and among Kaifeng and a third-party financing partner dated June 28, 2018 and Supplemental Agreements dated October 19, 2018 and December 7, 2018, respectively (incorporated by reference to Exhibit 4.35 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on April 29, 2019)</a>
4.22	<a href="#">Amended and Restated Share Conversion Agreement by and among Fengshion Capital Investment Fund, LP, LC Fund V, L.P., LC Parallel Fund V, L.P., Fairlubo Auction Company Limited, and the Registrant dated June 8, 2018 (incorporated by reference to Exhibit 10.50 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</a>
4.23	<a href="#">Share Surrender and Loan Settlement Agreement between Mr. Kun Dai, Xin Gao Group Limited and the Registrant dated May 28, 2018 (incorporated by reference to Exhibit 10.51 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</a>
4.24	<a href="#">Convertible Note Purchase Agreement by and among the Registrant, CNCB (Hong Kong) Investment Limited and CNCB (Hong Kong) Capital Limited dated June 9, 2018 (incorporated by reference to Exhibit 10.52 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</a>
4.25	<a href="#">Convertible Note Purchase Agreement by and between the Registrant and Golden Fortune Company Limited dated June 12, 2018 (incorporated by reference to Exhibit 10.53 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</a>
4.26	<a href="#">Form of Underwriting Agreement (incorporated by reference to Exhibit 1.1 of the registration statement on Form F-1/A (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on June 13, 2018)</a>
4.27	<a href="#">Convertible Note Purchase Agreement by and among the Registrant, Mr. Kun Dai, Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd., 58.com Holdings Inc., ClearVue UXin Holdings, Ltd., Magic Carpet International Limited and Zhuhai Guangkong Zhongying Industrial Investment Fund (Limited Partnership) dated May 29, 2019 (incorporated by reference to Exhibit 7.02 of the registration statement on Form 13D (file no. 005-90751) filed by 58.com Holdings Inc. and 58.com Inc. with the Securities and Exchange Commission on June 20, 2019)</a>
4.28	<a href="#">Investors' Rights Agreement by and among the Registrant, Redrock Holding Investments Limited, TPG Growth III SF Pte. Ltd., 58.com Holdings Inc., Mr. Kun Dai, Xin Gao Group Limited, Gao Li Group Limited and JenCap UX dated June 10, 2019 (incorporated by reference to Exhibit 99.2 of the registration statement on Form 13D (file no. 005-90751) filed by Mr. Kun Dai, among others, with the Securities and Exchange Commission on June 20, 2019)</a>
4.29†	<a href="#">Convertible Note Purchase Agreement (First Closing) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 (incorporated by reference to Exhibit 4.29 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</a>
4.30†	<a href="#">Convertible Note Purchase Agreement (Second Closing) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 (incorporated by reference to Exhibit 4.30 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</a>
4.31†	<a href="#">Amendment to Convertible Note Purchase Agreement (Second Closing) by and between the Registrant and PacificBridge Asset Management dated August 13, 2019 (incorporated by reference to Exhibit 4.31 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</a>
4.32†	<a href="#">Convertible Note Purchase Agreement (Third Closing) by and between the Registrant and PacificBridge Asset Management dated July 12, 2019 (incorporated by reference to Exhibit 4.32 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</a>

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<b>Exhibit Number</b>	<b>Description of Document</b>
4.33†	<a href="#"><u>Amendment to Convertible Note Purchase Agreement (Third Closing) by and between the Registrant and PacificBridge Asset Management dated August 13, 2019 (incorporated by reference to Exhibit 4.33 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.34†	<a href="#"><u>Second Amendment to Convertible Note Purchase Agreement (Third Closing) by and between the Registrant and PacificBridge Asset Management dated October 10, 2019 (incorporated by reference to Exhibit 4.34 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.35†	<a href="#"><u>Asset Transfer Agreement by and among the Registrant, Tianjin Wuba Rongxin Information Technology Co., Ltd. and certain other parties dated September 30, 2019 (incorporated by reference to Exhibit 4.35 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.36†	<a href="#"><u>Supplementary Agreements to Assets Transfer Agreement by and among the Registrant, Tianjin Wuba Rongxin Information Technology Co., Ltd. and certain other parties dated April 23, 2020 (incorporated by reference to Exhibit 4.36 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.37†	<a href="#"><u>Equity Acquisition Agreement by and among certain affiliates of the Registrant, Beijing Hengtai Boche Auction Co. Ltd. and certain other parties dated January 15, 2020 (incorporated by reference to Exhibit 4.37 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.38†	<a href="#"><u>Assets and Business Transfer Agreement by and among the Registrant, Beijing 58 Paipai Information Technology Co., Ltd. and certain other parties dated March 24, 2020 (incorporated by reference to Exhibit 4.38 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.39†	<a href="#"><u>Business Cooperation Agreement by and among the Registrant, Beijing 58 Paipai Information Technology Co., Ltd. and certain other parties dated April 14, 2020 (incorporated by reference to Exhibit 4.39 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
4.40*	<a href="#"><u>English translation of Supplemental Agreement to Vehicle Financing Business Cooperation Agreement by and among WeBank, Kai Feng Finance Lease (Hangzhou) Co., Ltd. and certain other parties dated July 23, 2020</u></a>
4.41*	<a href="#"><u>Agreement to Convertible Promissory Note by and between the Registrant and PacificBridge Asset Management dated July 23, 2020</u></a>
4.42*	<a href="#"><u>Agreement to Convertible Promissory Note by and between the Registrant and PacificBridge Asset Management dated July 23, 2020</u></a>
8.1	<a href="#"><u>List of Principal Subsidiaries and Consolidated Affiliated Entities of the Registrant (incorporated by reference to Exhibit 8.1 of the annual report on Form 20-F filed by the Registrant with the Securities and Exchange Commission on May 12, 2020)</u></a>
11.1	<a href="#"><u>Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 of the registration statement on Form F-1 (file no. 333-225266), as amended, filed by the Registrant with the Securities and Exchange Commission on May 29, 2018)</u></a>
12.1*	<a href="#"><u>Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
12.2*	<a href="#"><u>Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
13.1**	<a href="#"><u>Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
13.2**	<a href="#"><u>Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>

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<b>Exhibit Number</b>	<b>Description of Document</b>
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File — the cover page XBRL tags are embedded within the Exhibit 101 Inline XBRL document set

\* Filed herewith

\*\* Furnished herewith

† Certain information has been excluded from this exhibit pursuant to Rule 406 under the Securities Act.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing its transition report on Form 20-F and that it has duly caused and authorized the undersigned to sign this transition report on its behalf.

Uxin Limited

By: /s/ Kun Dai

Name: Kun Dai

Title: Chairman and Chief Executive Officer

Date: July 24, 2020

**UXIN LIMITED**

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<a href="#">Consolidated Statements of Cash Flows for years ended December 31, 2017, 2018, 2019 and the three months ended March 31, 2020</a>	F-6
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UXIN LIMITED

CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2018 AND 2019, AND MARCH 31, 2020  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	December 31, 2018	December 31, 2019	March 31, 2020	
	RMB	RMB	RMB	US\$
			(Unaudited)	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	800,997	478,200	342,504	48,371
Restricted cash	1,011,705	706,988	454,931	64,249
Short-term investments	596,078	—	—	—
Accounts receivables, net	51,610	44,605	6,397	903
Amounts due from related parties	—	51,590	28,070	3,964
Advance to consumers on behalf of financing partners	6	521,908	2,135	—
Loan recognized as a result of payment under the guarantee, net of provision for credit losses of RMB256,639, RMB763,122 and RMB2,190,575 as of December 31, 2018 and 2019, and March 31, 2020, respectively	7	553,688	1,580,464	404,174
Advance to sellers, net	692,714	288,550	132,526	18,716
Other receivables, net of provision for credit losses of RMB6,457, RMB6,119 and RMB51,666 as of December 31, 2018 and 2019, and March 31, 2020, respectively	707,404	440,056	287,753	40,639
Inventory	19,380	13,792	10,314	1,458
Prepaid expenses and other current assets	417,314	158,908	137,148	19,369
Financial lease receivables, net of provision for credit losses of RMB6,890, RMB23,157 and RMB27,250 as of December 31, 2018 and 2019, and March 31, 2020, respectively	294,511	121,820	15,048	2,125
Assets held for sale	3	1,001,325	230,051	—
Net assets transferred	3	—	827,710	420,000
<b>Total current assets</b>	<b>6,668,634</b>	<b>4,944,869</b>	<b>2,238,865</b>	<b>316,189</b>
<b>Non-current assets:</b>				
Property, equipment and software, net	199,271	110,114	87,558	12,366
Intangible assets, net	21,179	190	139	20
Goodwill	110,424	9,541	9,541	1,347
Long-term investments	349,882	272,936	276,762	39,086
Right-of-use assets, net	—	45,446	34,466	4,868
<b>Total non-current assets</b>	<b>680,756</b>	<b>438,227</b>	<b>408,466</b>	<b>57,687</b>
<b>Total assets</b>	<b>7,349,390</b>	<b>5,383,096</b>	<b>2,647,331</b>	<b>373,876</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b> (including amounts of the consolidated VIEs and VIEs' subsidiaries without recourse to the primary beneficiary of RMB261,226, RMB371,474 and RMB74,022 as of December 31, 2018 and 2019, and March 31, 2020, respectively)				
Short-term borrowings and current portion of long-term borrowings	624,588	263,425	119,069	16,816
Accounts payable	156,320	127,836	132,357	18,692
Guarantee liabilities	146,427	388,307	910,949	128,651
Deposit of interests from consumers and payable to financing partners, current	314,231	42,199	25,968	3,667
Advance from buyers collected on behalf of sellers	270,347	147,923	110,493	15,605
Other payables and accruals	1,128,068	1,302,292	1,175,914	166,072
Deferred revenue	115,160	54,267	50,348	7,110
Convertible notes, current	1,188,192	324,644	375,449	53,024
Operating lease liabilities, current	—	32,892	32,842	4,638
Liabilities held for sale	528,498	310,029	143,009	20,197
<b>Total current liabilities</b>	<b>4,471,831</b>	<b>2,993,814</b>	<b>3,076,398</b>	<b>434,472</b>
<b>Non-current liabilities</b>				
Long-term borrowings	481,801	241,026	234,585	33,130
Deposit of interests from consumers and payable to financing partners, non-current	19,356	265	—	—
Deferred tax liabilities	4,759	—	—	—
Convertible notes, non-current	—	1,672,796	1,679,130	237,138
Operating lease liabilities, non-current	—	10,075	1,865	263
<b>Total non-current liabilities</b>	<b>505,916</b>	<b>1,924,162</b>	<b>1,915,580</b>	<b>270,531</b>
<b>Total liabilities</b>	<b>4,977,747</b>	<b>4,917,976</b>	<b>4,991,978</b>	<b>705,003</b>

UXIN LIMITED

CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2018 AND 2019, AND MARCH 31, 2020 (CONTINUED)  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Notes	December 31,	December 31,	March 31,	
		2018	2019	2020	
		RMB	RMB	RMB	US\$
				(Unaudited)	
<b>Contingencies</b>	31				
<b>Shareholders' equity/(deficit)</b>					
Ordinary shares (US\$0.0001 par value, 10,000,000,000 shares authorized as of December 31, 2018 and 2019, and March 31, 2020, respectively; 839,850,038 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of December 31, 2018; 846,807,530 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of December 31, 2019; 846,857,596 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of March 31, 2020)		575	581	581	82
Additional paid-in capital		12,967,986	13,069,560	13,036,989	1,841,175
Accumulated other comprehensive income		86,061	68,192	106,764	15,078
Accumulated deficit		(10,680,489)	(12,669,165)	(15,488,827)	(2,187,440)
<b>Total UXIN LIMITED shareholders' equity/(deficit)</b>		<b>2,374,133</b>	<b>469,168</b>	<b>(2,344,493)</b>	<b>(331,105)</b>
Non-controlling interests		(2,490)	(4,048)	(154)	(22)
<b>Total shareholders' equity/(deficit)</b>		<b>2,371,643</b>	<b>465,120</b>	<b>(2,344,647)</b>	<b>(331,127)</b>
<b>Total liabilities and shareholders' equity/(deficit)</b>		<b>7,349,390</b>	<b>5,383,096</b>	<b>2,647,331</b>	<b>373,876</b>

The accompanying notes are an integral part of these consolidated financial statements

UXIN LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE YEAR ENDED DECEMBER 31, 2017, 2018 AND 2019,  
AND THE THREE MONTHS ENDED MARCH 31, 2020  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	For the year ended December 31,			For the three months ended	
	2017	2018	2019	March 31,	
	RMB	RMB	RMB	RMB	US\$
				(Unaudited)	
<b>Revenues:</b>					
To consumers ("2C")					
– Commission revenue	—	203,158	711,362	48,038	6,784
– Value-added service revenue	—	166,482	636,046	40,456	5,713
Others	309,133	289,450	240,623	15,367	2,170
<b>Total Revenues</b>	<b>309,133</b>	<b>659,090</b>	<b>1,588,031</b>	<b>103,861</b>	<b>14,667</b>
Cost of revenues	(92,735)	(418,852)	(689,292)	(110,714)	(15,636)
<b>Gross profit</b>	<b>216,398</b>	<b>240,238</b>	<b>898,739</b>	<b>(6,853)</b>	<b>(969)</b>
<b>Operating expenses:</b>					
Sales and marketing	(179,328)	(1,488,699)	(1,184,997)	(189,503)	(26,763)
Research and development	—	(124,513)	(140,006)	(31,176)	(4,403)
General and administrative	(389,072)	(1,070,419)	(402,040)	(74,926)	(10,582)
Gains/(losses) from guarantee liabilities	1,840	(4,414)	(194,385)	—	—
Provision for credit losses	(38,075)	(40,626)	(271,372)	(1,939,570)	(273,920)
<b>Total operating expenses</b>	<b>(604,635)</b>	<b>(2,728,671)</b>	<b>(2,192,800)</b>	<b>(2,235,175)</b>	<b>(315,668)</b>
Other operating income	—	—	1,925	56,043	7,915
<b>Loss from continuing operations</b>	<b>(388,237)</b>	<b>(2,488,433)</b>	<b>(1,292,136)</b>	<b>(2,185,985)</b>	<b>(308,722)</b>
Interest income	2,234	24,554	14,958	3,081	435
Interest expenses	(199)	(63,880)	(112,587)	(29,029)	(4,100)
Other income	4,248	23,721	71,142	2,420	342
Other expenses	(3,808)	(25,568)	(36,569)	(10,118)	(1,429)
Foreign exchange (losses) /gains	(627)	(8,232)	4,247	(388)	(55)
Fair value change of derivative liabilities	(885,821)	1,185,090	—	—	—
Gain from disposal of investments, net	—	—	28,257	—	—
Impairment of long-term investment	—	—	(37,775)	—	—
Gain from disposal of subsidiaries	—	—	—	179,020	25,282
<b>Loss from continuing operations before income tax expense</b>	<b>(1,272,210)</b>	<b>(1,352,748)</b>	<b>(1,360,463)</b>	<b>(2,040,999)</b>	<b>(288,247)</b>
Income tax (expense)/credit	(211)	(1,644)	2,554	(326)	(46)
Equity in income of affiliates	3,597	2,631	30,231	6,940	980
<b>Net loss from continuing operations, net of tax</b>	<b>(1,268,824)</b>	<b>(1,351,761)</b>	<b>(1,327,678)</b>	<b>(2,034,385)</b>	<b>(287,313)</b>
Less: net loss attributable to non-controlling interests shareholders	(25,202)	(15,771)	(1,452)	(5,383)	(760)
<b>Net loss from continuing operations, attributable to UXIN LIMITED</b>	<b>(1,243,622)</b>	<b>(1,335,990)</b>	<b>(1,326,226)</b>	<b>(2,029,002)</b>	<b>(286,553)</b>
<b>Discontinued operations</b>					
Loss from discontinued operations before income tax	(1,478,615)	(173,583)	(659,458)	(455,177)	(64,283)
Income tax expense	(359)	(12,941)	(2,992)	—	—
<b>Net loss from discontinued operations, net of tax</b>	<b>(1,478,974)</b>	<b>(186,524)</b>	<b>(662,450)</b>	<b>(455,177)</b>	<b>(64,283)</b>
<b>Net loss from discontinued operations, attributable to UXIN LIMITED</b>	<b>(1,478,974)</b>	<b>(186,524)</b>	<b>(662,450)</b>	<b>(455,177)</b>	<b>(64,283)</b>
<b>Net loss</b>	<b>(2,747,798)</b>	<b>(1,538,285)</b>	<b>(1,990,128)</b>	<b>(2,489,562)</b>	<b>(351,596)</b>
Less: net loss attributable to non-controlling interests shareholders	(25,202)	(15,771)	(1,452)	(5,383)	(760)
<b>Net loss attributable to UXIN LIMITED</b>	<b>(2,722,596)</b>	<b>(1,522,514)</b>	<b>(1,988,676)</b>	<b>(2,484,179)</b>	<b>(350,836)</b>
Accretion on redeemable preferred shares	(555,824)	(318,951)	—	—	—
Deemed dividend to preferred shareholders	(587,564)	(544,773)	—	—	—
Deemed dividend from preferred shareholders	92,779	—	—	—	—
<b>Net loss attributable to ordinary shareholders</b>	<b>(3,773,205)</b>	<b>(2,386,238)</b>	<b>(1,988,676)</b>	<b>(2,484,179)</b>	<b>(350,836)</b>
<b>Net loss</b>	<b>(2,747,798)</b>	<b>(1,538,285)</b>	<b>(1,990,128)</b>	<b>(2,489,562)</b>	<b>(351,596)</b>
Foreign currency translation	43,406	4,818	(17,976)	40,028	5,653
<b>Total comprehensive loss</b>	<b>(2,704,392)</b>	<b>(1,533,467)</b>	<b>(2,008,104)</b>	<b>(2,449,534)</b>	<b>(345,943)</b>
Less: total comprehensive loss attributable to non-controlling interests shareholders	(27,861)	(22,359)	(1,558)	(3,927)	(555)
<b>Total comprehensive loss attributable to UXIN LIMITED</b>	<b>(2,676,531)</b>	<b>(1,511,108)</b>	<b>(2,006,546)</b>	<b>(2,445,607)</b>	<b>(345,388)</b>
Net loss from continuing operations, attributable to ordinary shareholders	(2,294,231)	(2,199,714)	(1,326,226)	(2,029,002)	(286,553)
Net loss from discontinued operations, attributable to ordinary shareholders	(1,478,974)	(186,524)	(662,450)	(455,177)	(64,283)
<b>Net loss attributable to ordinary shareholders</b>	<b>(3,773,205)</b>	<b>(2,386,238)</b>	<b>(1,988,676)</b>	<b>(2,484,179)</b>	<b>(350,836)</b>
Weighted average number of ordinary shares used in computing net loss per share, basic and diluted	49,318,860	477,848,763	886,613,598	888,460,868	888,460,868
<b>Loss per share for ordinary shareholders, basic</b>					
Continuing operations	(46.52)	(4.60)	(1.50)	(2.28)	(0.32)
Discontinued operations	(29.99)	(0.39)	(0.75)	(0.51)	(0.07)
<b>Loss per share for ordinary shareholders, diluted</b>					
Continuing operations	(46.52)	(4.60)	(1.50)	(2.28)	(0.32)
Discontinued operations	(29.99)	(0.39)	(0.75)	(0.51)	(0.07)

The accompanying notes are an integral part of these consolidated financial statements.

**UXIN LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT)/EQUITY**  
**FOR THE YAER ENDED DECEMBER 31, 2017, 2018 AND 2019,**  
**AND THE THREE MONTHS ENDED MARCH 31, 2020**  
**(All amounts in thousands, except for share and per share data, unless otherwise noted)**

	Ordinary share (US \$0.0001 par value)		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total UXIN LIMITED shareholders' deficit	Non- controlling interest	Total shareholders' deficit
	Number of shares	Amount RMB						
<b>Balance as of December 31, 2016</b>	49,318,860	30	—	30,542	(4,462,333)	(4,431,761)	(12,091)	(4,443,852)
Foreign currency translation adjustments	—	—	—	46,065	—	46,065	(2,659)	43,406
Net loss	—	—	—	—	(2,722,596)	(2,722,596)	(25,202)	(2,747,798)
Share-based compensation	—	—	165,873	—	—	165,873	—	165,873
Transaction with non-controlling interests	—	—	—	—	(45,357)	(45,357)	(18,851)	(64,208)
Accretion on preferred shares to redemption value	—	—	(73,094)	—	(482,730)	(555,824)	—	(555,824)
Non-controlling interests arising from business combination	—	—	—	—	—	—	8,342	8,342
Deemed dividend to preferred shareholders	—	—	—	—	(587,564)	(587,564)	—	(587,564)
Deemed dividend from preferred shareholders	—	—	(92,779)	—	92,779	—	—	—
<b>Balance as of December 31, 2017</b>	49,318,860	30	—	76,607	(8,207,801)	(8,131,164)	(50,461)	(8,181,625)
<b>Balance as of December 31, 2017</b>	49,318,860	30	—	76,607	(8,207,801)	(8,131,164)	(50,461)	(8,181,625)
Foreign currency translation adjustments	—	—	—	11,407	—	11,407	(6,589)	4,818
Net loss	—	—	—	—	(1,522,514)	(1,522,514)	(15,771)	(1,538,285)
Share-based compensation	—	—	151,274	—	—	151,274	—	151,274
Issuance of restricted shares to Mr. Kun Dai	17,742,890	11	620,435	—	—	620,446	—	620,446
Issuance of ordinary shares due to exercise of the share option	8,479,505	5	286,676	—	—	286,681	—	286,681
Conversion of redeemable preferred shares	743,343,820	486	11,012,694	—	—	11,013,180	—	11,013,180
Deemed dividend to preferred shareholders	—	—	—	—	(544,773)	(544,773)	—	(544,773)
Accretion on preferred shares to redemption value	—	—	(38,582)	—	(280,369)	(318,951)	—	(318,951)
Issuance of ordinary shares upon Initial Public Offering	75,000,000	50	1,342,831	—	—	1,342,881	—	1,342,881
Repurchase of the surrender shares	(26,251,889)	(16)	(573,600)	—	(125,064)	(698,680)	—	(698,680)
Fairlubo Auction Company Limited share swap	13,026,713	9	161,294	(1,953)	—	159,350	74,561	233,911
Transaction with non-controlling interests	—	—	(182)	—	—	(182)	(4,819)	(5,001)
40,809,861 ordinary shares were redesignated to Class B ordinary shares with super voting power granted to Mr. Kun Dai	—	—	5,146	—	32	5,178	589	5,767
<b>Balance as of December 31, 2018</b>	880,659,899	575	12,967,986	86,061	(10,680,489)	2,374,133	(2,490)	2,371,643
<b>Balance as of December 31, 2018</b>	880,659,899	575	12,967,986	86,061	(10,680,489)	2,374,133	(2,490)	2,371,643
Foreign currency translation adjustments	—	—	—	(17,869)	—	(17,869)	(106)	(17,975)
Net loss	—	—	—	—	(1,988,676)	(1,988,676)	(1,452)	(1,990,128)
Issuance of ordinary shares due to exercise of the share option	6,957,492	6	1,279	—	—	1,285	—	1,285
Share-based compensation	—	—	100,295	—	—	100,295	—	100,295
<b>Balance as of December 31, 2019</b>	887,617,391	581	13,069,560	68,192	(12,669,165)	469,168	(4,048)	465,120
<b>Balance as of December 31, 2019</b>	887,617,391	581	13,069,560	68,192	(12,669,165)	469,168	(4,048)	465,120
Cumulative effect of adoption of new accounting standard (Note 2.32)	—	—	—	—	(319,036)	(319,036)	—	(319,036)
<b>Balance as of January 1, 2020</b>	887,617,391	581	13,069,560	68,192	(12,988,201)	150,132	(4,048)	146,084
Foreign currency translation adjustments	—	—	—	38,572	—	38,572	1,456	40,028
Net loss	—	—	—	—	(2,484,179)	(2,484,179)	(5,383)	(2,489,562)
Issuance of ordinary shares due to exercise of the share option	50,066	—	—	—	—	—	—	—
Share-based compensation	—	—	(32,571)	—	—	(32,571)	—	(32,571)
Repurchase of ordinary shares from Fairlubo's minority interest	—	—	—	—	(16,447)	(16,447)	7,821	(8,626)
<b>Balance as of March 31, 2020 (unaudited)</b>	887,667,457	581	13,036,989	106,764	(15,488,827)	(2,344,493)	(154)	(2,344,647)

The accompanying notes are an integral part of these consolidated financial statements.

UXIN LIMITED

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017, 2018 AND 2019,**  
**AND THE THREE MONTHS ENDED MARCH 31, 2020**  
**(All amounts in thousands, except for share and per share data, unless otherwise noted)**

	For the year ended December 31,			For the three months ended March 31,	
	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	US\$ (Unaudited)
<b>Cash flows from operating activities:</b>					
Net loss (continuing and discontinued operations)	(2,747,798)	(1,538,285)	(1,990,128)	(2,489,562)	(351,596)
<b>Adjustments to reconcile net loss to net cash generated from operating activities:</b>					
Shared-based compensation	165,873	1,052,032	100,295	(32,571)	(4,600)
Depreciation of property, equipment and software	68,185	88,803	88,939	21,339	3,014
Amortization of intangible assets	3,678	5,619	6,892	87	12
Amortization of right-of-use assets	—	—	75,924	1,252	177
Loss from disposal of property, equipment and software	1,542	290	2,710	1,210	171
Equity in income of affiliates	(3,597)	(2,631)	(30,231)	(6,940)	(980)
Cash dividend received	—	—	4,389	—	—
(Gains)/losses from guarantee liabilities	(2,284)	1,931	362,597	—	—
Accrual of allowance for doubtful accounts	1,604	19,703	1,411	—	—
Deferred income tax liabilities	(620)	(1,107)	(1,678)	—	—
Impairment of long-term investment	—	—	37,775	—	—
Gains from disposal of long-term investment, net	—	—	(28,257)	—	—
Gain from disposal of subsidiaries	—	—	—	(179,020)	(25,282)
Provision for credit losses	38,075	40,626	271,372	1,954,516	276,030
Fair value change of derivative liabilities	885,821	(1,185,090)	—	—	—
Goodwill impairment	—	3,670	—	—	—
Impairment of net assets transferred	—	—	—	407,710	57,580
Guarantee income	—	—	—	(44,471)	(6,281)
<b>Changes in operating assets and liabilities:</b>					
Receivables, prepaid expenses and other current assets	(222,391)	(595,277)	315,726	138,588	19,572
Amounts due from related parties	—	—	(51,590)	23,520	3,322
Advance to consumers on behalf of financing partners	(796,278)	305,509	519,773	2,135	302
Loan recognized as a result of payment under the guarantee	(478,492)	(409,093)	(1,533,259)	(251,163)	(35,471)
Advance to sellers	(200,513)	(446,427)	347,402	58,185	8,217
Financial lease receivables	(26,832)	141,517	156,301	102,680	14,501
Inventory	(67,252)	58,561	5,588	3,478	491
Payables, accruals and other current liabilities	911,639	654,281	674,946	(101,829)	(14,378)
Deposit of interests from consumers and payable to financing partners	628,889	(563,527)	(470,105)	(16,496)	(2,330)
Deferred revenue	6,508	87,562	(60,893)	(3,919)	(553)
<b>Net cash used in operating activities</b>	<b>(1,834,243)</b>	<b>(2,281,333)</b>	<b>(1,194,101)</b>	<b>(411,271)</b>	<b>(58,082)</b>
<b>Cash flows from investing activities:</b>					
Proceeds from disposal of property, equipment and software	885	7,735	43,611	451	64
Purchase of property, equipment and software	(81,211)	(133,907)	(46,820)	(307)	(43)
Cash paid for long-term investments	(152,723)	(189,450)	—	—	—
Cash paid for acquisition, net of cash acquired	(3,575)	(66,339)	—	—	—
Proceeds from disposal of long-term investments	5,048	—	96,838	2,741	387
Decrease/(increase) in short-term investments	96,118	(595,078)	597,984	—	—
Loan extended to a related party	(451,385)	(101,578)	—	—	—
Cash deposits transferred to Golden Pacer (Note 3)	—	—	(1,175,867)	—	—
Proceeds from disposal of subsidiaries, net of cash disposed (Note 4)	—	—	—	157,013	22,174
<b>Net cash (used in)/generated from investing activities</b>	<b>(586,843)</b>	<b>(1,078,617)</b>	<b>(484,254)</b>	<b>159,898</b>	<b>22,582</b>

UXIN LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017, 2018 AND 2019,  
AND THE THREE MONTHS ENDED MARCH 31, 2020 (CONTINUED)  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	For the year ended December 31,			For the three months ended March 31,	
	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	US\$
<b>Cash flows from financing activities:</b>				<b>(Unaudited)</b>	
Proceeds from borrowings	800,887	1,209,431	132,809	—	—
Net proceeds from issuance of convertible notes	—	—	1,853,381	—	—
Net proceeds from issuance of convertible redeemable preferred shares	2,721,065	1,674,408	—	—	—
Repayment of convertible notes	—	—	(1,190,182)	—	—
Repayment of borrowings	(204,068)	(1,183,797)	(735,294)	(159,148)	(22,476)
Acquisition of non-controlling interest in a subsidiary	(29,042)	—	—	—	—
Net proceeds from initial public offering and issuance of convertible notes	—	2,574,010	—	—	—
Proceeds from exercise of options	—	—	12,916	629	89
Repurchase of ordinary shares from Fairlubo's minority interest	—	—	—	(7,000)	(989)
<b>Net cash generated from/ (used in) financing activities</b>	<b>3,288,842</b>	<b>4,274,052</b>	<b>73,630</b>	<b>(165,519)</b>	<b>(23,376)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>3,334</b>	<b>(9,278)</b>	<b>960</b>	<b>4,065</b>	<b>574</b>
<b>Net increase/(decrease) in cash, cash equivalents and restricted cash</b>	<b>871,090</b>	<b>904,824</b>	<b>(1,603,765)</b>	<b>(412,827)</b>	<b>(58,302)</b>
Cash, cash equivalents and restricted cash recorded in held for sale assets at beginning of the period	—	179,202	1,001,325	25,074	3,541
Cash, cash equivalents and restricted cash at beginning of the period	1,038,113	1,730,001	1,812,702	1,185,188	167,381
Cash, cash equivalents and restricted cash recorded in held for sale assets at end of the period	179,202	1,001,325	25,074	—	—
<b>Cash, cash equivalents and restricted cash at end of the period</b>	<b>1,730,001</b>	<b>1,812,702</b>	<b>1,185,188</b>	<b>797,435</b>	<b>112,620</b>
<b>Supplemental disclosure of cash flow information</b>					
—Cash paid for income tax	6,429	4,575	7,754	1,115	157
—Cash paid for interest	6,386	32,113	77,924	—	—
<b>Supplemental schedule of non-cash investing and financing activities</b>					
—Accretion on redeemable preferred shares	555,824	318,951	—	—	—
—Deemed dividend to preferred shareholders	587,564	544,773	—	—	—
—Deemed dividend from preferred shareholders	92,779	—	—	—	—
—Repurchase of the surrender shares	—	746,253	—	—	—
—Unreceived disposal consideration	—	—	—	130,000	18,360
—Unpaid repurchase consideration to minority interest	—	—	—	8,319	1,175

  

	December 31,			March 31,	
	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	US\$
Cash and cash equivalents	291,973	800,997	478,200	342,504	48,371
Restricted cash	1,438,028	1,011,705	706,988	454,931	64,249
Cash, cash equivalents and restricted cash reclassified as held for sale assets	179,202	1,001,325	25,074	—	—
<b>Total cash, cash equivalents and restricted cash</b>	<b>1,909,203</b>	<b>2,814,027</b>	<b>1,210,262</b>	<b>797,435</b>	<b>112,620</b>

The accompanying notes are an integral part of these consolidated financial statements.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 1. PRINCIPAL ACTIVITIES AND ORGANIZATION

The accompanying consolidated financial statements include the financial statements of Uxin Limited (the “Company” or “Uxin”), its subsidiaries and variable interest entities (“VIEs”). The Company, its subsidiaries and the consolidated VIEs are collectively referred to as the “Group”.

The Company was incorporated under the law of the Cayman Islands as the exempted limited liability company on December 8, 2011. The Company serves as an investment holding company and currently has no operations of its own.

In 2016, the Group spun off its 2B business through a transfer of the equity interest of Youxinpai (Beijing) Information Technology Co., Ltd. (“Youxinpai”), a subsidiary of the Company, to a series of shareholders, which represented the same offshore shareholders of the Company, i.e. same shareholders with their respective onshore and offshore entities. In 2017, the Company made its strategic decision for the existing shareholders of Youxinpai to transfer 100% equity interest in Youxinpai to the Company (referred to as “the Reorganization”).

On June 27, 2018, the Company completed its IPO on NASDAQ Global Select Market under the symbol “UXIN”. The Company offered 25,000,000 American Depositary Shares (“ADS”). Each ADS represents three ordinary share and was sold to the public at US\$9.00 per ADS. Also, the Company entered into Convertible Note Purchase Agreements with CNCB (Hong Kong) Investment Limited (the “CNCB (Hong Kong)”) and Golden Fortune Company Limited (the “Golden Fortune”) concurrently with the closing of IPO. Net proceeds raised by the Company from the IPO and private placement in total amounted to approximately US\$382.1 million (equivalent to RMB 2.6 billion) after deducting underwriting discounts commissions and other offering expenses.

The Group’s principal operation and geographic market is in the People’s Republic of China (“PRC”). In order to devote all resources towards developing and scaling up its online used car business and to relieve its future growth from additional guarantee obligations or credit risks, the Group made a series of strategic divestiture transactions (the “Divestiture Transactions”) that occurred during 2019 and subsequent period in 2020. Prior to these Divestiture Transactions disclosed in below paragraphs, the Group was primarily engaged in operating used car e-commerce platforms through its mobile applications (Uxin Used Car / Uxin Auction) and websites (www.xin.com / www.youxinpai.com), facilitating used car transaction services (2B / 2C) and facilitating financing solutions offered by third-party financing partners to buyers for their used car purchases (2C).

#### Divestiture Transactions

On January 16, 2020, the Company entered into definitive agreements with Beijing Hengtai Boche Auction Co. Ltd. (“Boche”) to divest its salvage car related business in exchange for a total cash consideration of RMB330 million. The cash consideration was further modified and revised to RMB295 million due to working capital adjustment. The transaction contemplated under the definitive agreements was closed in January 2020. Starting from January 31, 2020, the Company no longer retained power of control over salvage cars related business and accordingly deconsolidated related subsidiaries, mainly including Beijing Youxin Fengshun Lubao Vehicle Auction Co., Ltd., Beijing Fengshun Lubao Automotive Auction Co., Ltd., Zhejiang Dongwang Internet Technology Co., Ltd. and their wholly-owned subsidiaries (“Salvage Car Related Subsidiaries”), from the Company’s consolidated financial statements.

On March 24, 2020, the Company entered into definitive agreements with 58.com to sell its 2B online used car auction business in exchange for a total gross consideration of US\$105 million. The transaction contemplated under the definitive agreements was closed in April 2020.

On July 12, 2019 and September 30, 2019, the Company entered into a binding term sheet and definitive agreements, respectively, with Golden Pacer relating to the divestiture of its entire 2C intra-regional business and loan facilitation related service. On April 23, 2020, the Company entered into supplemental agreements with Golden Pacer to modify and supplement certain terms and conditions in connection with the divestiture. Pursuant to the series of agreements, the Company has divested its entire 2C intra-regional business to Golden Pacer and ceased to provide loan facilitation related guarantee starting from the three months ended December 31, 2019. The transaction contemplated under the definitive and supplemental agreements was closed on April 23, 2020.

After the Divestiture Transactions, the Group will primarily operate its cross-regional online used car transaction business (2C).

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**1. PRINCIPAL ACTIVITIES AND ORGANIZATION (CONTINUED)**

As of March 31, 2020, the Company's principal subsidiaries and consolidated VIEs are as follows:

Subsidiaries	Place of incorporation	Date of incorporation or acquisition	Percentage of direct or indirect	Principal activities
Youxinpai (Beijing) Information Technology Co., Ltd.	Beijing	June 15, 2012	100 %	Used car auction
Youhan (Shanghai) Information Technology Co., Ltd.	Shanghai	December 25, 2015	100 %	Used car auction
Kai Feng Finance Lease (Hangzhou) Co., Ltd.	Hangzhou	March 25, 2013	100 %	Loan facilitation
Bo Yu Finance Lease (Tianjin) Co., Ltd.	Tianjin	March 6, 2015	100 %	Loan facilitation
Yougu (Shanghai) Information Technology Co., Ltd.	Shanghai	March 13, 2015	100 %	Online used car transaction service
Youxin (Shanxi) Technology Information Co., Ltd.	Xi'an	April 27, 2018	100 %	Online used car transaction service
Youyuan (Beijing) Information Technology Co., Ltd.	Beijing	October 21, 2016	100 %	Online used car transaction service
Youfang (Beijing) Information Technology Co., Ltd.	Beijing	March 25, 2016	100 %	Online used car transaction service

As of March 31, 2020, the Company's principal subsidiaries and consolidated VIEs are as follows:

VIEs	Place of incorporation	Date of incorporation or acquisition	Percentage of direct or indirect	Principal activities
Youxin Internet (Beijing) Information Technology Co., Ltd.	Beijing	August 11, 2011	99.99 %	Auction platform
Youxin Yishouche (Beijing) Information Technology Co., Ltd.	Beijing	March 12, 2015	99.99 %	Transaction service

**Liquidity**

The Company has been incurring losses from operations since inception. The Company incurred net losses from continuing operation of RMB1,268.8 million, RMB1,351.8 million, RMB1,327.7 million for the years ended December 31, 2017, 2018 and 2019 and RMB2,034.4 million for the three months ended March 31, 2020, respectively. Accumulated deficit amounted to RMB10,680.5 million, RMB12,669.2 million and RMB15,488.8 million as of December 31, 2018 and 2019 and March 31, 2020, respectively. The COVID-19 pandemic has caused a general slowdown in China's economy and the weakened consumer confidence and spending power. It also disrupted operating environment for the Company's business and used car industry in general resulted in a relatively slow recovery in transaction volumes which have adversely affected the Company's business, results of operations, financial condition and cash flows. Although China's economy has been gradually recovering in the past few months, and the used car market has been slowly picking up since April 2020 as the industry's infrastructure and supply chains started to resume operations, it may continue to bring significant challenges and uncertainties to the market given the fact that the COVID-19 pandemic is still evolving and its full impact will still depend on future developments. Accordingly, the full extent of impact on the Company cannot be determined at this time and will depend on future developments that are highly uncertain including as a result of new information that may emerge, however, the Company has made estimates of the impact of COVID-19 within the financial statements and there may be changes to those estimates in future periods. These conditions and uncertainties could cast substantial doubt on the Company's ability to continue as a going concern.

On July 23, 2020, the Company entered into a supplemental agreement with WeBank to settle the Company's remaining guarantee liabilities associated with the historically-facilitated loans for WeBank. Pursuant to the agreement, the Company will pay an aggregate amount of RMB372 million to WeBank from 2020 to 2025 as guarantee settlement with a maximum annual settlement amount of no more than RMB84 million. Upon the signing of the supplemental agreement, the Company is no longer subject to guarantee obligations in relation to its historically-facilitated loans for WeBank under the condition that the Company makes the installment payments based on the agreed-upon schedule in the supplemental agreement.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 1. PRINCIPAL ACTIVITIES AND ORGANIZATION (CONTINUED)

On July 23, 2020, the Company entered into agreements with holders of 2020 Notes and 2021 Notes (Note 20) to amend the terms of the convertible notes. Pursuant to the agreements, the parties have agreed that the conversion price of the convertible notes will be adjusted to the Company's volume weighted average stock price for Class A ordinary shares of last 30 trading days prior to the signing of the agreements multiplied by 78%, and holders of the 2020 Notes and 2021 Notes will convert all the convertible notes into Class A ordinary shares upon the signing of the agreements. On the same day, holders of the 2020 Notes and 2021 Notes converted all their convertible notes into 136,279,973 Class A ordinary shares of the Company at the adjusted conversion price.

In addition to these major agreements recently entered, the Company has proactively taken actions to fundamentally optimize overall cost structure by upgrading its business and service model and implemented other cost control measures. For example, the Company has streamlined overall operations by better allocating inspection resources and deploying online sales consultant team to provide services more efficiently. Taking into consideration all these actions mentioned above, which have alleviated the substantial doubt of the Company's ability to continue as a going concern, the Company believes that its current cash and cash equivalents, cash considerations received from recent divestiture transactions and cash flows from operations will be sufficient to meet its anticipated working capital requirements for the next 12 months.

#### 2. PRINCIPAL ACCOUNTING POLICIES

##### 2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Significant accounting policies followed by the Group in the preparation of its accompanying consolidated financial statements are summarized below.

##### 2.2 Discontinued operations

A component of a reporting entity or a group of components of a reporting entity that are disposed or meet all of the criteria to be classified as held for sale in accordance with ASC 205-20-45-1E Initial Criteria for Classification of Held for Sale, such as the management, having the authority to approve the action, commits to a plan to sell the disposal group, should be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a strategic shift or (2) have a major impact on an entity's financial results and operations. Examples include a disposal of a major geographical location, line of business, or other significant part of the entity, or disposal of a major equity method investment.

Non-current assets or disposal groups are classified as assets held for sale when the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset.

Once a disposed business meets the criteria of held for sales and be reported as a discontinued operation, According to ASC 205-20-45-10, in the period(s) that a discontinued operation is classified as held for sale and for all prior periods presented, the assets and liabilities of the discontinued operation shall be presented separately in the asset and liability sections, respectively, of the Consolidated Balance Sheet.

In the Consolidated statement of comprehensive loss, result from discontinued operations is reported separately from the income and expenses from continuing operations and prior periods are presented on a comparative basis. Cash flows for discontinuing operations are presented separately (Note 3).

The following accounting policies support the basis of presentation of the Divestiture Transactions disclosed in Note 1.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Discontinued operations (continued)

#### *Divestiture of 2C intra-regional business and loan-facilitation related service*

On July 12, 2019 and September 30, 2019, the Company entered into a binding term sheet and definitive agreements with Golden Pacer relating to the divestiture of its entire 2C intra-regional business and loan facilitation related service, respectively. On April 23, 2020, the Company entered into supplemental agreements with Golden Pacer to modify and supplement certain terms and conditions in connection with the divestiture. Pursuant to the series of agreements, the Company has divested its entire 2C intra-regional business to Golden Pacer and ceased to provide loan facilitation related guarantee starting from the three months ended December 31, 2019.

Pre-transferred net assets related to the divestiture of 2C intra-regional business and loan facilitation related service were reclassified as Net assets transferred as of December 31, 2019 and March 31, 2020, while results of operations related to the discontinued operations were recorded in loss from discontinued operations in the Consolidated Statements of Comprehensive Loss.

#### *Divestiture of 2B business*

On March 24, 2020, the Company entered into definitive agreements with 58.com to sell its 2B online used car auction business.

Assets and liabilities related to the divestiture of 2B online used car auction business were reclassified as assets/liabilities held for sale as of December 31, 2019 and March 31, 2020, while results of operations related to discontinued operations were recorded in loss from discontinued operations in the Consolidated Statements of Comprehensive Loss.

#### *Divestiture of salvage car related business*

On January 16, 2020, the Company entered into definitive agreements with Boche to divest its salvage car related business. Starting from January 31, 2020, the Company no longer retained power of control over salvage cars related business and accordingly deconsolidated Salvage Car Related Subsidiaries from the Company's consolidated financial statements.

Assets and liabilities related to the divestiture of salvage car business were reclassified as assets held for sale of RMB230.1 million and liabilities held for sale of RMB199.1 million as of December 31, 2019. The divestiture of the Company's salvage car business did not meet the criteria of discontinued operations and the results of operations were not presented as discontinued operations.

### 2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIEs and VIEs' subsidiaries.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors; to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

The Company applies the guidance codified in Accounting Standard Codification 810, Consolidations ("ASC 810") on accounting for VIEs and their respective subsidiaries, which requires certain variable interest entities to be consolidated by the primary beneficiary of the entity in which it has a controlling financial interest. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor.

All transactions and balances between the Company, its subsidiaries, VIEs and VIEs' subsidiaries have been eliminated upon consolidation.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of consolidation (continued)

#### *Variable interest entities*

In order to comply with PRC regulatory requirements restricting foreign ownership of internet information services under value-added telecommunications services and certain other businesses in China, the Company operates online platforms that provide internet information services and engages in other foreign-ownership-restricted businesses through certain PRC domestic companies, whose equity interests are held by certain management members of the Company (“Nominee Shareholders”). The Company obtained control over these PRC domestic companies by entering into a series of Contractual Arrangements with these PRC domestic companies and their respective Nominee Shareholders. These contractual agreements cannot be terminated by the Nominee Shareholders or the PRC domestic companies. As a result, the Company which maintains the ability to control these PRC domestic companies is entitled to substantially all of the economic benefits from these PRC domestic companies and is obligated to absorb expected losses of these PRC domestic companies. Management concluded that these PRC domestic companies are VIEs of the Company, of which the Company is the ultimate primary beneficiary. As such, the Group consolidated financial results of these PRC domestic companies and their subsidiaries. The principal terms of the agreements entered into amongst the VIEs, their respective shareholders and the Group’s subsidiaries (“Primary Beneficiaries”) are further described below.

Prior to the Divestiture Transactions, the Company primarily operated 2B and 2C online platforms through one of the VIEs, Youxin Hulian via the contractual agreements. In January 2015, the MIIT eliminates the restrictions on foreign ownership in the SHFTZ Notice for enterprises in Shanghai Pilot Free Trade Zone that provide online data processing and transaction processing services (operating E-commerce) under value-added telecommunications services. Certain of our eligible WFOE and subsidiary of WFOE, Yougu and Youhan applied for and obtained the VATS Licenses to conduct E-commerce in 2015 and 2016, and they have been operating our 2B and 2C online platforms since then. After the Divestiture Transactions, the continued operations will still be primarily operated by the Company’s subsidiaries.

Currently, Youxin Hulian and Yishouche hold the VATS Licenses for internet information services to operate other online platforms of the Company and they may hold equity interests of subsidiaries conducting business that are restricted with foreign ownership.

#### *Loan Agreements*

Pursuant to the relevant loan agreements, the Group’s relevant PRC subsidiary has granted interest-free loans to the relevant Nominee Shareholders of the relevant VIE with the sole purpose of providing funds necessary for the capital injection to the relevant VIEs. Only the Group’s relevant PRC subsidiary can require the Nominee Shareholder to settle the loan amount with the equity interests of relevant VIEs, subject to any applicable PRC laws, rules and regulations. And both parties have agreed that any proceeds from sale of the Nominee Shareholder’s equity interest in relevant VIE should be repaid to the Group’s relevant PRC subsidiary. The terms of the loan agreements are ten years and can be extended with the written consent of both parties before its expiration.

#### *Exclusive option agreements*

The Nominee Shareholders of the VIEs have granted the Group’s relevant PRC subsidiaries the exclusive and irrevocable right to purchase or to designate one or more person(s) at their discretion to purchase part or all of the equity interests in the VIEs from the Nominee Shareholders for a purchase price at any time, subject to the lowest price permitted by PRC laws and regulations. The VIEs and their Nominee Shareholders have agreed that without prior written consent of the Group’s relevant PRC subsidiaries, their respective Nominee Shareholders cannot sell, transfer, pledge or dispose their equity interests, and the VIEs cannot sell, transfer, pledge or dispose, but not limit to the equity interest, significant assets, significant revenue and significant business. Also as agreed, the VIEs cannot declare any dividend or change capitalization structure of the VIEs and cannot enter into any loan or investment agreements. Furthermore, the Nominee Shareholders have agreed that any proceeds but not limited to the sales of the Nominee Shareholders’ equity interest in relevant VIEs should be gratuitously paid to the Group’s relevant PRC subsidiaries or one or more person(s) at their discretion.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.3 Basis of consolidation (continued)

###### *Power of attorney*

Pursuant to the irrevocable power of attorney, each of the Nominee Shareholders appointed the Group's relevant PRC subsidiaries as their attorney-in-fact to exercise all shareholder rights under PRC law and the relevant articles of association, including but not limited to, attending shareholders meetings, voting on their behalf on all matters requiring shareholder approval, including but not limited to sale, transfer, pledge, or disposition of all or part of the Nominee Shareholders' equity interests, and designation and appointing the legal representative, directors, supervisors, chief executive officer and other senior management members of the VIEs. Each power of attorney will remain in force during the period when the Nominee Shareholders continue to be shareholders of the VIEs. Each Nominee Shareholder has waived all the rights which have been authorized to the person designated by the Group's relevant PRC subsidiaries under each power of attorney.

###### *Exclusive business cooperation agreement*

Pursuant to the exclusive business cooperation agreement, the Group's relevant PRC subsidiaries have agreed to provide to the VIEs services, including, but not limited to, development, maintenance and update software, design, installation, daily management, maintenance and updating of the network system, hardware and database design, marketing. The VIEs shall pay to the Group's relevant PRC subsidiaries service fees determined based on the complexity and difficulty of the services, title of and time consumed by employees, contents and value of the services, operation conditions and market price of the service provided. The agreement shall remain in full force and effect unless terminated in accordance with the provisions of this Agreement or terminated in writing by the Group's relevant PRC subsidiaries.

###### *Equity pledge agreements*

Pursuant to the relevant equity pledge agreements, the Nominee Shareholders of the VIEs have pledged all of their equity interests in relevant VIEs to the Group's relevant PRC subsidiaries as collateral for all of their to direct, indirect and derivate losses and anticipated profits of the PRC subsidiaries incurred in the event of default and to secure their obligations under the above agreements. The relevant PRC subsidiaries are entitled to have any dividends based on the pledged equity interest in relevant VIEs. The Nominee Shareholders may not transfer or assign the equity interests, the rights and obligations in the equity pledge agreements and may not create or permit to create any pledges which may have an adverse effect on the rights or benefits of the Group's relevant PRC subsidiaries without the Group's relevant PRC subsidiaries' pre-approval. In addition, the Group's relevant PRC subsidiaries are entitled to purchase at a discount, auction or sell the equity interests pledged and have priority to obtain the proceeds from above auctions or sales, if an event of default happens. The equity pledge agreements will expire only when the Nominee Shareholders have completed all their obligations under the above agreements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.3 Basis of consolidation (continued)***Risks in relation to the VIE structure*

In the opinion of the Company's legal counsel, (i) the ownership structure relating to the VIEs of the Company is in compliance with existing PRC laws and regulations; and (ii) the contractual arrangements with the VIEs and their Nominee Shareholders are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect.

However, uncertainties in the interpretation and application of current and future PRC laws, regulations and rules could cause the Company's current ownership structure to be found in violation of any existing or future PRC laws or regulations and could limit the Company's ability, through the Primary Beneficiaries, to enforce its rights under these contractual arrangements. Furthermore, Nominee Shareholders of the VIEs may have interests that are different with those of the Company, which could potentially increase the risk that they would seek to act in contrary to the terms of the aforementioned agreements.

In addition, if the current structure or any of the contractual arrangements were found to be in violation of any existing or future PRC law, the Company may be subject to penalties, which may include but not be limited to, the cancellation or revocation of the Company's business and operating licenses, being required to restructure the Company's operations or discontinue the Company's operating activities. The imposition of any of these or other penalties may result in a material and adverse effect on the Company's ability to conduct its operations. In such case, the Company may not be able to operate or control the VIEs, which may result in deconsolidation of the VIEs.

There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, the Company cannot be assured that the PRC government authorities will not ultimately take a view that is contrary to the Company's belief and the opinion of its PRC legal counsel. In March 2019, the draft Foreign Investment Law was submitted to the National People's Congress for review and was approved on March 15, 2019, which will come into effect from January 1, 2020. The approved Foreign Investment Law does not touch upon the relevant concepts and regulatory regimes that were historically suggested for the regulation of VIE structures, and thus this regulatory topic remains unclear under the Foreign Investment Law. Since the Foreign Investment Law is new, there are substantial uncertainties exist with respect to its implementation and interpretation and the possibility that such entities will be deemed as foreign-invested enterprise and subject to relevant restrictions in the future shall not be excluded. If the contractual arrangements establishing the Company's VIE structure are found to be in violation of any existing law and regulations or future PRC laws and regulations, the relevant PRC government authorities will have broad discretion in dealing with such violation, including, without limitation, levying fines, confiscating income or the income of affiliated Chinese entities, revoking business licenses or the business licenses of affiliated Chinese entities, requiring affiliated Chinese entities to restructure ownership structure or operations and requiring affiliated Chinese entities to discontinue any portion or all of value-added telecommunications, E-commerce and internet information services. Any of these actions could cause significant disruption to the Company's business operations, and have a severe adverse impact on the Company's cash flows, financial position and operating performance. If the imposing of these penalties cause the Company to lose its rights to direct the activities of and receive economic benefits from its VIEs, which in turn may restrict the Company's ability to consolidate and reflect in its financial statements the financial position and results of operations of its VIEs.

Pursuant to the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs, and can have assets transferred freely out of the VIEs without any restrictions. Therefore, the Company considers there to be no assets of a consolidated VIE that can be used only to settle obligations of the VIE, except for registered capital of the VIEs amounting to a total of RMB144.2 million, RMB144.2 million and RMB104.0 million as of December 31, 2018 and 2019, and March 31, 2020, respectively. As all the consolidated VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the consolidated VIEs.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Basis of consolidation (continued)**

The following table sets forth the assets, liabilities and results of operations and cash flows of the VIEs and their subsidiaries taken as a whole, which are included in the Group's consolidated financial statements. Transactions between the VIEs and their subsidiaries are eliminated in the balances presented below:

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Cash and cash equivalents	67,940	913	1,852
Amounts due from related parties	165,940	201,303	195,345
Accounts receivable	6,957	7,073	2,613
Other receivables, net	95,297	74,283	32,578
Inventory	2,120	2,120	2,120
Prepaid expense and other current assets	22,364	2,600	2,545
Assets held for sale	—	150,767	—
Long-term investments	27,427	30,028	6,065
Property, equipment and software, net	12,436	4,398	4,224
Intangible assets, net	17,295	11,085	375
Goodwill	38,246	—	—
<b>Total assets</b>	<b>456,022</b>	<b>484,570</b>	<b>247,717</b>
Accounts payable	7,379	3	4
Amounts due to related parties	914,109	880,079	779,960
Current portion of long-term borrowings	281	—	—
Liabilities held for sale	—	176,902	—
Deferred tax liability	3,725	2,667	—
Other payables and accruals	249,841	191,902	74,018
<b>Total liabilities</b>	<b>1,175,335</b>	<b>1,251,553</b>	<b>853,982</b>
	<b>For the year ended December 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
	<b>For the three months ended March 31,</b>		
	<b>2020</b>		
	<b>RMB</b>		
	<b>(Unaudited)</b>		
Total revenues	244,830	416,578	160,626
Cost of revenues	(130,099)	(156,093)	(46,670)
Net loss	(603,030)	(85,882)	(47,672)
Net cash used in operating activities	(584,072)	(51,713)	(45,393)
Net cash (used in)/generated from investing activities	(5,529)	(67,516)	3,071
Net cash generated from financing activities	604,314	81,489	319
Net increase/(decrease) in cash and cash equivalents	14,713	(37,740)	(42,003)
Cash and cash equivalents at beginning of the period	90,967	105,680	67,940
Cash and cash equivalents reclassified as held for sale assets	—	—	25,024
Cash and cash equivalents at end of the period	105,680	67,940	913

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.4 Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets, long-lived assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates. On an ongoing basis, the Company's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Company to revise its estimates. Significant accounting estimates reflected in the Group's consolidated financial statements include, but are not limited to, provision for credit losses for loan recognized as a result of payment under the guarantee, guarantee liabilities and forfeiture rate of share-based compensation.

##### 2.5 Fair value measurements

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 — Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data

Level 3 — Unobservable inputs which are supported by little or no market activity

Financial instruments of the Company primarily comprise of cash equivalents, short-term investment, accounts receivable, loan recognized as a result of payment under the guarantee, finance lease receivables, short-term borrowings, accounts payable, guarantee liabilities and deposit of interests collected from customers and payable to financing partners. As of December 31, 2018 and 2019, and March 31, 2020, their carrying values approximated their fair values because of their generally short maturities. The fair value of the guarantee liabilities recorded at the inception of the loan was estimated based on the third-party appraisal's report.

##### 2.6 Foreign currencies

The Group uses Renminbi ("RMB") as its reporting currency. The USD ("US\$") is the functional currency of the Group's entities incorporated in Cayman Islands, British Virgin Islands and Hong Kong, and the RMB is the functional currency of the Group's PRC subsidiaries.

Transactions denominated in other than the functional currencies are translated into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in other than the functional currency are translated at the balance sheet date exchange rate. The resulting exchange differences are recorded in the Consolidated Statements of Comprehensive Loss.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.6 Foreign currencies (continued)

The financial statements of the Group are translated from the functional currency to the reporting currency, RMB. Assets and liabilities of the subsidiaries are translated into RMB using the exchange rate in effect at each balance sheet date. Income and expenses are translated at the average exchange rates prevailing for the year. Foreign currency translation adjustments arising from these are reflected in the accumulated other comprehensive income. The exchange rates used for translation on at the end of the year of 2018 and 2019, and three months ended March 31, 2020 were US\$1.00=RMB 6.8632, RMB 6.9762 and RMB7.0851, respectively, representing the index rates stipulated by the People's Bank of China.

Transactions of the Consolidated Balance Sheets, the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Cash Flows from RMB into US\$ as of and for the three months ended March 31, 2020 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB 7.0808, representing the index rates stipulated by the Board of Governors of the Federal Reserve System. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on March 31, 2020, or at any other rate.

##### 2.7 Cash and cash equivalents

Cash includes currency on hand and deposits held by financial institutions that can be added to or withdrawn without limitation. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amount of cash and with original maturities from the date of purchase of generally three months or less.

##### 2.8 Restricted cash and short-term investment

Cash restricted as to withdrawal or for use or pledged as security is reported separately on the face of the Consolidated Balance Sheets. In the ordinary course of business, the third-party financing partners offer financing solutions to buyers (the "Borrowers") and the Company is required to provide a guarantee (Note 2.13 guarantee liabilities). As a result, the Company, as the guarantor, is required to maintain a separate guarantee fund, held as an escrow account with the third-party financing partners. This guarantee fund is required to be maintained at a fixed percentage of the balance of all loans outstanding. Beginning in the three months ended December 31, 2019, the Group no longer provides loan facilitation related services through its online platform.

As of December 31, 2018 and 2019, and March 31, 2020, the restricted cash in relation to guarantee represented 7.5%, 4.4% and 3.4% of the outstanding facilitated loan balance, respectively.

Short-term investments are mainly comprised of time deposits and investment products placed with banks with original maturities longer than three months but less than one year.

##### 2.9 Inventory

Inventories consist of GPS devices, auto check equipments and others. Inventories are valued at the lower of cost or market. Cost of inventories is determined by the weighted-average method. Adjustments are recorded to write down the carrying amount of any obsolete and excess inventory to its estimated net realizable value. The Group continually evaluates the recoverability based on assumptions about future customer demand and market conditions. The evaluation may take into consideration inventory aging, expected demand, anticipated sales price, and other factors. The write-down is equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future customer demand and market conditions. As of December 31, 2018, inventories mainly included GPS devices and auto check equipments of RMB8.1 million and RMB1.4 million, respectively. As of December 31, 2019, inventories mainly included GPS devices and auto check equipments of RMB11.1 million and RMB1.4 million, respectively. As of March 31, 2020, inventories mainly included GPS devices and auto check equipments of RMB14.3 million and RMB1.4 million, respectively.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.10 Accounts receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Group makes credit assessments of customers to assess the collectability of contract amounts prior to entering into contracts. The Group makes specific allowance for doubtful accounts when facts and circumstances indicate that the receivable is unlikely to be collected. The allowance of accounts receivable was nil as of December 31, 2018 and 2019. The provision for credit losses for accounts receivables was RMB 19.4 million as of March 31, 2020.

##### 2.11 Advance to consumers on behalf of financing partners

Before the three months ended December 31, 2019, the Group facilitates loans extended by third-party financing partners to consumers through its online platform. The Group started to cooperate with third-party financing partners beginning September 2015. From September 2015, the third-party financing partners provided all the funds for the consumer loans, while the Group provides services to facilitate such financing transactions. Pursuant to the cooperation agreements entered into with third-party financing partners, for the purpose of registering the collaterals over the cars purchased by consumers with relevant government authorities, the Group advances the funds needed to purchase the car to the consumer on financing partners' behalf to the applicable car dealers directly. The balance represents a legal claim of the Group from third-party financing partners. The third-party financing partners shall pay the corresponding amount to the Group as agreed in the cooperation agreements. The Group no longer provides loan facilitation related services through its online platform since the three months ended December 31, 2019. As of December 31, 2018 and 2019, and March 31, 2020, the advances to consumers on behalf of financing partners were RMB521.9 million, RMB2.1 million and nil, respectively.

##### 2.12 Financial lease receivables

Financial lease receivables include dealer inventory financing receivables and receivables generated from finance lease arrangements.

The Group used to provide short-term inventory financing to certain selected car dealers. Those car dealers can apply and obtain loans through the Easy Loan program. The Group used to provide funding to the dealer and may in turn obtain financing from one of our financing partners to fund the Easy Loan program. In order to fund the Easy Loan program, the Group and a third-party financing partner entered into a financing business cooperation agreement, which established that loans provided to dealers are made with direct connection to the financial lease contracts entered into between the Group and the dealers for the underlying cars. Accordingly, the Group was considered as the primary obligor in the lending relationship and therefore records the liabilities to the third-party financing partner on its Consolidated Balance Sheets. Consequently, the Group considered that the financial lease receivables generated from financial lease contracts with car dealers were not settled or extinguished. Therefore, the Group accounted for the financial lease receivables on its Consolidated Balance Sheets. Starting from early 2020, the Group ceased to provide Easy Loan program to car dealers.

The Group started to cooperate with third-party financing partners from September 2015. Before September 2015, the Group entered into finance lease arrangements with consumers who needed financing for car purchases. In the three months ended September 30, 2018, the Group started to provide funds in the form of financial lease agreements to selected Borrowers in addition to the financing facilitated by the Group for the purchase of the cars. Starting from the three months ended March 31, 2020, the Group ceased to provide such funds.

Financial lease receivables are measured at amortized cost and reported on the Consolidated Balance Sheets at outstanding principal adjusted for the allowance for doubtful accounts/provision for credit losses. Allowance for doubtful accounts is provided when the Group has determined the balance is impaired. On January 1, 2020, the Group adopted Accounting Standards Update (ASU) 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13") and provision for credit losses was provided based on current expected credit losses impairment model (Note 2.32).

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.13 Guarantee liabilities

Before the three months ended December 31, 2019, the third-party financing partners offered financing solutions to the Borrowers and the Company was required to provide a guarantee in the event of default.

Before January 1, 2020, the financial guarantee was within the scope of ASC Topic 460, Guarantees. The portion of the contract consideration that relates to ASC 460 must first be allocated to the guarantee, with the residual portion of the transaction price being recorded under ASC Topic 606, "Revenue from Contracts with Customers". The liability was recognized at fair value at the inception of the guarantee.

Subsequent to the initial recognition of the guarantee liabilities, the Company's guarantee obligations were measured in a combination of two components: (i) ASC 460 component and (ii) ASC 450 component. The liability recorded based on ASC 460 was determined on a contract-by-contract basis and was reduced as the Company was released from the underlying risk, meaning as the loan was repaid by the Borrower or when the financing partners were compensated in the event of a default. The liability was reduced only as the Company was released from the underlying risk. This component was a stand ready obligation which was not subject to the probable threshold used to record a contingent obligation. The other component was a contingent liability determined using historical experience of borrower defaults, representing the obligation to make future payments, measured using the guidance per ASC 450, Contingencies. Subsequent to the initial recognition, the guarantee obligation was measured at the greater of the amount determined per ASC 460 (guarantee liability) and the amount determined based on ASC 450 (contingent liability). As stated in ASC 460-10-35-1, the guarantee liability should generally be reduced by recording a credit to net income as the guarantor was released from the guaranteed risk. Accordingly, the guarantee liabilities were recognized in "gains/(losses) from guarantee liabilities" in the Consolidated Statements of Comprehensive Loss by a systematic and rational amortization method, e.g. over the term of the loan.

Effective on January 1, 2020, the Company adopted ASU 2016-13 using the modified retrospective transition approach (Note 2.32). The initial adoption resulted in a recognition of a separate contingent liability in the full amount, in addition to financial guarantee liabilities measured under ASC 460. Subsequent to the initial adoption, the Company's guarantee obligations are measured in separated two components (i) ASC 460 component and (ii) ASC 326 component. In accordance with ASC 460-10-30-5, both guarantee obligations and an allowance for credit losses (calculating using the current expected credit losses - CECL - impairment model) are recorded for financial guarantees in the scope of ASC 326. The liability recorded based on ASC 460 is determined on a contract-by-contract basis and is reduced as the Company is released from the underlying risk, meaning as the loan is repaid by the Borrower or when the financing partners are compensated in the event of a default. The liability is reduced only as the Company is released from the underlying risk. This component is a stand ready obligation which is not subject to the probable threshold used to record a contingent obligation. The other component is a contingent liability determined using the CECL model per ASC 326 Financial Instruments - Credit Losses. Subsequent to the initial recognition, ASC 460 component is recorded in "other operating income" in the Consolidated Statements of Comprehensive Loss as the guarantor is released from the guaranteed risk by a systematic and rational amortization method, e.g. over the term of the loan. ASC 326 component is re-measured at each period end and recognized in provision for credit loss in Consolidated Statements of Comprehensive Loss.

As of December 31, 2018 and 2019, and March 31, 2020, the amount of maximum potential future payment that the Group could be required to make under the guarantee for the underlying facilitated loan balance was RMB27.6 billion, RMB15.5 billion and RMB12.9 billion, respectively. Based on management assessment, the estimated value of collateral approximated amounts of maximum potential future payments.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.14 Property, equipment and software, net

Property, equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives, taking into account any estimated residual value:

Electronic equipment	3 years
Furniture	5 years
Vehicles and motors	4 years
Software	5 years
Leasehold improvement	lesser of the term of the lease or the estimated useful lives of the assets

The Company recognized the gain or loss on the disposal of property, equipment and software in the Consolidated Statements of Comprehensive Loss.

##### 2.15 Intangible assets, net

Intangible assets represent software copyright and supplier relationship acquired. These intangible assets are carried at acquisition cost less accumulated amortization and amortized on a straight line basis over their estimated useful lives of the respective assets, which is usually 5 years.

Separately identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

##### 2.16 Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination.

Goodwill is not depreciated or amortized but is tested for impairment on an annual basis, and in between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In accordance with the FASB guidance on “Testing of Goodwill for Impairment” a company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the company decides, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. Before the adoption of ASU No. 2017-04 Intangibles—Goodwill and Other (Topic 350), if the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference between the implied fair value of the reporting unit’s goodwill and the carrying amount of goodwill will be recorded. The Company adopted ASU No. 2017-04 starting January 1, 2020, following the new guidance, an impairment charge shall be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.17 Long-term investments

In accordance with ASC 323 Investment—Equity Method and Joint Ventures, the Company accounts for an equity investment over which it has significant influence but does not own a majority of the equity interest or otherwise controls and the investments are either common stock or in substance common stock using the equity method. The Company's share of the investee's profit and loss is recognized in the earnings of the period.

Equity securities without readily determinable fair values are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes. Prior to fiscal 2018, these securities were accounted for using the cost method of accounting, measured at cost less other-than-temporary impairment.

The Group also invests in convertible redeemable securities. These securities are reported at fair value, classified and accounted for as available-for-sale debt securities in investment securities. The treatment of a decline in the fair value of an individual security is based on whether the decline is other-than-temporary. The Group assesses its available-for-sale debt securities for other-than-temporary impairment by considering factors including, but not limited to, its ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Investments classified as available-for-sale debt securities are reported at fair value with unrealized gains or losses, if any, recorded in accumulated other comprehensive income as a component of shareholders' equity. If the Group determines a decline in fair value is other-than-temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is accounted for as a realized loss charged in others, net in the Consolidated Statements of Comprehensive Loss. The fair value of the investment would not be adjusted for subsequent recoveries for increases in fair value.

##### 2.18 Impairment of long-lived assets and intangible assets with definite lives

Long-lived assets including intangible assets with definite lives are assessed for impairment, whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable in accordance with ASC 360, Property, Plant and Equipment. The Company measures the carrying amount of long-lived assets against the estimated undiscounted future cash flows associated with it. The impairment exists when the estimated undiscounted future cash flows are less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. No impairment of long-lived assets was recognized for the years ended December 31, 2018 and 2019, and three months ended March 31, 2020.

##### 2.19 Deferred revenue

Deferred revenue mainly represents warranty program provided by the Company and the share of fee revenue earned by the appointed depository of the Company. The warranty program includes a 6-month or 10,000 kilometer and 1-year or 20,000 kilometer warranty, covering both maintenance and all major structural components. Starting from March 2020, the Group provides Buyer with upgraded service with 1-year or 20,000-kilometer warranty program and no longer provided 6-month or 10,000 kilometer warrant program. As of December 31, 2018 and 2019, and March 31, 2020, the deferred revenue was RMB115.2 million, RMB54.3 million and RMB50.3 million, respectively.

##### 2.20 Warranty liabilities

Starting from March 2020, the Company provides one-year return policy for all vehicles sold through the Company's platform, covering certain major damages caused by severe accidents that occurred prior to the sale but were not originally identified through the inspection program the Company provided. The Company accrues a warranty reserve for all vehicles sold through the Company's platform, which includes the Company's best estimate of the projected costs for returns under warranties. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the Company's relatively short history of operations, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when the Company accumulates more actual data and experience in the future. As of March 31, 2020, the warranty liabilities was RMB 0.3 million and recorded in the other payables and accruals. Warranty expense is recorded as a component of sales and marketing expense in the Consolidated Statements of Comprehensive Loss.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.21 Revenue recognition

Prior to the Divestiture Transactions occurred during 2019 and subsequent period in 2020 disclosed in Note 1, the Group used to primarily engage in operating used car e-commerce platforms through its mobile applications (Uxin Used Car / Uxin Auction) and websites (www.xin.com / www.youxinpai.com), facilitating used car transaction services (2B / 2C) and facilitating financing solutions offered by third-party financing partners to buyers for their used car purchases (2C). Revenues generated from these businesses were presented as three revenue streams as Transaction facilitation revenue and Loan facilitation revenue to consumers (2C), and Transaction facilitation revenue to business (2B). Meanwhile, the Group has been focusing more on the 2C cross-regional service business since second half of 2018. The cross-regional transactions mean transactions completed on the Company's platform where the buyer completes the purchase of a car without having physically inspected the car on-site, which primarily comprise transactions where the buyer is located in a different city from which the car purchased. Whereas the 2C intra-regional transactions mainly include similar transactions when the consumers are located in the same city as where the cars are located.

Starting from the three months ended September 30, 2019, given the divestiture of 2C intra-regional business and loan facilitation service to Golden Pacer (Note 1), the Group modified its existing/surviving cross-regional service contract and no longer provides loan guarantee service. Therefore, 2C cross-regional business is renamed as Online used car transaction to consumers. Accordingly, the revenues generated from the Online used car transaction are renamed as 2C - Commission revenue, and value-added service revenue starting in the three months ended September 30, 2019 and beyond. For the divestiture of 2C business, the Group presented the results as discontinued operations for the year of 2019 and all the prior comparable periods (Note 3).

Besides these two main revenue streams, the Group always has Other revenue generated from the other services and businesses throughout all periods.

The Group adopted ASC Topic 606, "Revenue from Contracts with Customers" for all periods presented. Consistent with the criteria of Topic 606, the Group recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. To achieve that core principle, an entity should apply five steps defined under Topic 606. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Revenue arrangements with multiple performance obligations are divided into separate units of accounting. The Company considered appropriate method to allocate the transaction price to each performance obligations, based on the relative standalone selling prices of the services provided. In estimating the standalone selling price for the services that are not directly observable, the Company considered the suitable methods included in ASC 606-10-21-34, and determined the adjusted market assessment approach is the most appropriate method. When estimating the relative standalone selling prices, the Group considers selling prices of similar services. Revenue is recognized upon transfer of control of these promised services to a customer.

The Group, from time to time, provides incentives to consumers. These incentives are given in the form of discount coupon to consumers. As these incentives were provided without any distinct good or service in return, these incentives have been recorded as reduction of revenue, pursuant to the guidance under ASC 606.

Revenue is recorded net off cash incentives and value-added-tax collected from customers.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.21 Revenue recognition (continued)

###### *Online used car transaction services*

The Company's online platform and offline infrastructure enable consumers to buy used cars online via online used car transaction services. The online used car transaction services help individual consumers complete their purchases of cars without having the consumers physically inspect the cars on-site, which primarily apply for the transactions when the consumers are located in different cities from where the cars are located. The Company's offline infrastructure provides consumers with payment and settlement, delivery and fulfilment services (including logistics and delivery, title transfer and vehicle registration), and warranty services. The Company uses www.xin.com as its 2C online platform, which assists in publishing the used cars of car dealers (the "B", the "Dealer" or the "Seller") for consumers (the "C", the "Consumer", or the "Buyer"). The online used car business mainly includes three services as follows:

- **Broker transaction (or commission-related service):** The Company provides used car purchase assistance, used car inspection services, title transfer and title registration service, as well as logistics service during the purchase process. The Company charges the Consumer the commission fees based on agreed percentage of final car sales price;
- **Value-added service:** For the Consumers that have financing needs, the Company provides additional services to Consumers based on agreed amount or agreed percentages, including but not limited to the following:
  1. Channel service:
    - Uxin provides advice on financial solutions and refer Consumers to financing platforms
    - Uxin helps check the documents in relation to application of financial products prepared by Consumers
  2. Safety-guaranteed service:
    - Uxin provides GPS purchase and installation service
    - Uxin provides other assistances to Consumers if necessary, such as sharing the GPS trajectory when there is a car theft, etc.
  3. Mortgage service:
    - Uxin assists in mortgage registration process if needed
    - Uxin assists on the purchase of insurance policy offered by insurance company
- **Warranty service:** is provided for selected cars sold with Uxin's authentication, e.g. for cars sold with "Uxin golden authentication", the Group provides the Buyer with 30-day return due to significant issues that existed prior to deal close & 1-year or 20,000-kilometer warranty service for qualified issues up to the car price; For cars sold with "Uxin silver authentication", the Group provides the Buyer with 30-day return due to issues that existed prior to deal close & 6-month or 10,000-kilometer warranty service for qualified issues up to RMB 20,000. Starting from March 2020, the Group provides Buyer with upgraded service with 1-year or 20,000-kilometer warranty program and 1-year return policy (Note 2.20) for selected cars.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.21 Revenue recognition (continued)

The Company determined the Consumer as customer of the online used car business in accordance with ASC 606, the Company collects the fees for both of the Broker transaction service and Value-added service from the Consumer, only. The Company may sell the Broker transaction service alone, but does not sell the Value-added service or warranty service individually or separately. These two services are sold together with the Commission-related service either separately or collectively. Each of these services is identified as one performance obligation. The Company allocates the transaction price to each of these performance obligations on a relative standalone selling price basis or market price, based on different type of the contract or combined contracts.

The Company recognizes both the Commission revenue from the Broker transaction service and the Value-added services upon the closing of car sale; For warranty service (6-month and 1-year types only), since the Consumer receives, consumes and benefits the warranty service simultaneously when the Company performs the service, therefore the Company recognizes the warranty revenue over the warranty period, i.e. 6-month or 1-year period. Revenue derives from value-added service and warranty service were collectively reported as Value-added service revenue on the Company's Consolidated Statement of Comprehensive Loss.

##### *Others*

Other revenue is mainly comprised of sales of commission of salvage cars sales, interest income of financial lease, etc.

In the three months ended September 30, 2018, the Group started to provide funds in the form of financial lease agreements to selected Borrowers in addition to the financing facilitated by the Group for the purchase of the cars. In these arrangements, the Group is considered the originator of the financing and held such creditor's rights. The Group generates interest income from these arrangements. Interest income is recognized over the financial lease period, taking into account of the principal outstanding and the effective interest rate over the period to maturity.

##### 2C

Given the divestiture of the Group's 2C intra-regional business and loan-facilitation related service, the Group presented the results of the these business as discontinued operation for the year of 2019 and all the prior comparable periods (Note 3) based on the following recognition policy:

The Company's online platform and offline infrastructure facilitates used car dealers to list and sell its used cars to individual consumers via cross-regional service and intra-regional service. The Company started its cross-regional transaction facilitation service in the three months ended March 31, 2018. The cross-regional transaction facilitation services help individual consumers complete their purchases of cars without having the consumers physically inspect the cars on-site, which primarily apply for the transactions when the consumers are located in different cities from where the cars are located; whereas intra-regional transaction facilitation services cater to local individual consumers. For each used car sold through intra-regional 2C business with financing solutions and each used car sold through cross-regional 2C business with or without financing solutions, the Company charges a transaction facilitation service fee to the consumer that equals the higher of a certain percentage of the price of the car and a minimum fee. The Company used to charge transaction facilitation service fees to car dealers for each used car sold through its intra-regional 2C business without financing solutions. Starting in the second half of 2018, to further facilitate market expansion, the Company gradually discontinued charging car dealers transaction facilitation service fees in intra-regional transactions without financing solutions. The transaction facilitation service fee is for services provided through its platform in connecting consumers with used car sellers, facilitating car sales to consumers and providing after-sale warranty. The Company's offline infrastructure provides consumers with vehicle inspection, payment and settlement, delivery and fulfillment services, and warranty services. The Company has identified two performance obligations for these transactions—warranty services and other transaction facilitation services. The revenue relating to warranty services is deferred and recognized over the warranty period as the Company stands ready to perform during that period. Other than the warranty services provided, the transaction facilitation revenue is recognized at a point in time when the service is rendered, which occurs upon the completion of the successful transaction.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.21 Revenue recognition (continued)

2B

Given the divestiture of the Group's entire 2B online used car auction business occurred in the three months ended March 31, 2020, the Group presented the results of the 2B business as discontinued operation for the year of 2019 and all the prior comparable periods (Note 3) based on the following revenue recognition policy:

Launched in 2011, the Company's 2B business, Uxin Auction ("优信拍"), caters to business buyers with a comprehensive suite of solutions, connecting businesses with one another across China, helping them source vehicles, optimizing their turnover and facilitating cross-regional transactions. Business sellers include used car dealers, 4S dealership, which are dealerships that are authorized to sell the products of a single brand of automobiles and provide key automobile-related services, car rental companies, auto manufactures and large corporation that may need to dispose of large fleets of used cars. Cars are sold through Uxin Auction through online auctions. The Group earns transaction facilitation income upon each successful close of an auction from buyers. Transaction facilitation income, which is a certain percentage of the selling price of the underlying car or a minimum amount is recognized at a point in time following the transfer of control of such services to the customer, which occurs upon the completion of a successful transaction. As the Company does not assume inventory risk for the used cars, it is considered to be an agent in accordance with ASC 606. Accordingly, the Company recognizes the transaction facilitation income when the performance obligation is satisfied.

Remaining performance obligations

Revenue allocated to remaining performance obligations represents that portion of the overall transaction price that has been received (or for which the Group has an unconditional right to payment) allocated to performance obligations that the Group has not yet fulfilled, which is presented as deferred revenue that has not yet been recognized. As of March 31, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations was RMB27.4 million, reflecting the Group's remaining obligations. The Group expects to recognize approximately 100% of the revenue over the next 12 months.

##### 2.22 Value-added-tax ("VAT") and surcharges

The Company's subsidiaries and VIEs are subject to value-added tax and related surcharges on the revenues earned for services provided in the PRC. The applicable value-added-tax rate for general VAT payers is set out in the following table.

Type of service	Applicable VAT rate (%)
Commission	6 %
Value-added service	6 %
Other services	6 %

The surcharges (i.e. urban construction and maintenance tax, educational surtax, local educational surtax), vary from 5% to 12% of the value-added-tax depending on the tax payer's location. The surcharges are recorded in the cost of revenue in the Consolidated Statements of Comprehensive Loss.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.23 Cost of revenues

Cost of revenues primarily consists of salaries and benefits expenses, cost of title transfer and registration, delivery and logistics cost, rental for transaction centers, platform maintenance cost, GPS tracking device costs, cost of warranty services provided, etc. Cost of revenues in relation to 2B related business was reclassified as discontinued operations.

##### 2.24 Sales and marketing expenses

Sales and marketing expenses primarily consist of salaries and benefits expenses for sales and marketing personnel, and advertising and promotion expenses. Advertising and promotion expenses primarily include branding advertisements, online traffic acquisition costs and costs incurred in other marketing activities. Advertising costs are expensed as incurred and the total amounts charged to the Consolidated Statements of Comprehensive Loss amounted to approximately RMB27.6 million, RMB889.0 million, RMB443.6 million and RMB50.0 million for the years ended December 31, 2017, 2018 and 2019, and three months ended March 31, 2020, respectively.

##### 2.25 Research and development expenses

Research and development expenses primarily consist of salaries and benefits expenses, fees for outsourced technical services and depreciation of servers and computers relating to research and development.

All research and development costs are expensed as incurred. Software development costs required to be capitalized under ASC 350-40, Internal-Use Software, were not material to our consolidated financial statements.

##### 2.26 General and administrative expenses

General and administrative expenses primarily consist of salaries and benefits and share-based compensation for employees engaged in management and administration positions or involved in general corporate functions, office rental, professional service fees and depreciation.

##### 2.27 Share-based compensation

The Company follows ASC 718 to determine whether a share option or a restricted share unit should be classified and accounted for as a liability award or equity award. All grants of share-based awards to employees and directors classified as equity awards are recognized in the financial statements based on their grant date fair values which are calculated using an option pricing model. The Company classifies the share-based awards granted to employees as equity award, and has elected to recognize compensation expense on share-based awards with service condition on a graded vesting basis over the requisite service period, which is generally the vesting period.

Under ASC 718, the Company applies the Binominal option pricing model in determining the fair value of options granted. ASC 718 requires forfeiture rates to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.28 Taxation

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carries forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of comprehensive loss in the period of the enactment of the change.

The Group considers positive and negative evidence when determining whether a portion or all of its deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, its experience with tax attributes expiring unused, and its tax planning strategies. The ultimate realization of deferred tax assets is dependent upon its ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, the Group has considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trend of profits expected to be reflected within the industry.

The Group recognizes a tax benefit associated with an uncertain tax position when, in its judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the Group initially and subsequently measures the tax benefit as the largest amount that the Group judges to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The Group's liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The Group's effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. The Group classifies interest and penalties recognized on the liability for unrecognized tax benefits as income tax expense.

##### 2.29 Business combinations and non-controlling interests

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 "Business Combinations." The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by the Company to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total costs of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statements of Comprehensive Loss. During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Consolidated Statements of Comprehensive Loss.

In a business combination achieved in stages, the Company remeasures the previously held equity interest in the acquire immediately before obtaining control at its acquisition date fair value and the remeasurement gain or loss, if any, is recognized in the Consolidated Statements of Comprehensive Loss.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 2.29 Business combinations and non-controlling interests (continued)

For the Company's majority owned subsidiaries and consolidated VIEs, a non-controlling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Company. When the non-controlling interest is contingently redeemable upon the occurrence of a conditional event, which is not solely within the control of the Company, the non-controlling interest is classified as mezzanine equity. Consolidated net loss on the Consolidated Statements of Comprehensive Loss includes net loss attributable to non-controlling interests when applicable.

##### 2.30 Loss per share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, the net loss is allocated between ordinary shares and other participating securities based on their participating rights. Net loss is not allocated to other participating securities if based on their contractual terms they are not obligated to share in the loss. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preferred shares using the if-converted method, and shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted loss per share calculation when inclusion of such shares would be anti-dilutive.

##### 2.31 Operating leases

The Company applied ASC 842, Leases, on January 1, 2019 on modified retrospective basis and has elected not to recast comparative periods. The Company has elected the package of practical expedients on the adoption date, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any expired or existing leases. The Company determines if an arrangement is or contains a lease at inception. Operating leases are primarily for offices and stores and are included in Right-of-use assets, net, Operating lease liabilities, current and Operating lease liabilities, non-current on its Consolidated Balance Sheet. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and Operating lease liabilities represent obligation to make lease payment arising from the lease. The operating lease right of use assets and liabilities are recognized at lease commencement date based on the present value of lease payment over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The right of use assets also includes any lease payments made. The Company's lease term may include options to extend or terminate the lease. Renewal options are considered within the operating lease right of use assets and liabilities when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For operating lease with a term of one year or less, the Company has elected to not recognize a lease liability or lease right of use asset on its Consolidated Balance Sheet. Instead, it recognizes the lease payment as expense on a straight-line basis over the lease term. Short-term lease costs are immaterial to its Consolidated Statements of Comprehensive Loss. The Company has operating lease agreements with insignificant non-lease components and has elected the practical expedient to combine and account for lease and non-lease components as a single lease component.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.32 New accounting standard adopted by the Company

Effective on January 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”) under a modified retrospective transition. This guidance replaces the existing “incurred loss” methodology, and introduces a forward-looking expected loss approach referred to as a current expected credit losses (“CECL”) methodology. Under the incurred loss methodology, credit losses are only recognized when the losses are probable of having been incurred. The CECL methodology requires that the full amount of expected credit losses for the lifetime of the financial instrument be recorded at the time it is originated or acquired, considering relevant historical experience, current conditions and reasonable and supportable forecasts incorporating forward-looking information that affect the collectability of financial assets, and adjusted for changes in expected lifetime credit losses subsequently, which may require earlier recognition of credit losses.

(i) Impact on financial statements

The Company adopted ASU 2016-13 using the modified retrospective transition approach and recognized a cumulative-effect adjustment to the opening balance of accumulated deficit in the consolidated financial statements. Results for reporting periods beginning after January 1, 2020 are presented using the CECL methodology while comparative information continues to be reported in accordance with the incurred loss methodology in effect for prior periods.

The following table shows the overall adjustments recognized for each individual line item.

Consolidated Balance Sheet (extract)	<u>December 31, 2019</u> RMB	<u>ASC 326 adjustment</u> RMB	<u>January 1, 2020</u> RMB (Unaudited)
<b>Current assets</b>			
Accounts receivable, net	44,605	(16,348)	28,257
Loan recognized as a result of payment under the guarantee, net	1,580,464	(172,843)	1,407,621
Advance to sellers, net	288,550	(31,577)	256,973
Other receivables, net	440,056	(8,434)	431,622
Financial lease receivables, net	121,820	(839)	120,981
<b>Total assets</b>	<b>5,383,096</b>	<b>(230,041)</b>	<b>5,153,055</b>
Guarantee liabilities	388,307	88,995	477,302
<b>Total liabilities</b>	<b>4,917,976</b>	<b>88,995</b>	<b>5,006,971</b>
<b>Shareholders' equity</b>			
Accumulated deficit	(12,669,165)	(319,036)	(12,988,201)
<b>Total liabilities and shareholders' equity</b>	<b>5,383,096</b>	<b>(230,041)</b>	<b>5,153,055</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.32 New accounting standard adopted by the Company (continued)

(ii) Impact of adoption

The Company has several types of financial assets and liabilities that are subject to ASC 326's new CECL model. The CECL reserves for credit loss represents the Company's best estimate of the expected lifetime credit losses for account receivables, loans recognized as a result of payment under the guarantee, advance to sellers, other receivables, financial lease receivables and guarantee liabilities as of the balance sheet date. The adequacy of the reserves for credit losses is assessed quarterly; and the assumptions and models used in establishing the allowance are evaluated regularly. Because credit losses can vary substantially over time, estimating credit loss reserves requires us to estimate lifetime expected credit losses by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. The Company has lowered its forecasts on selected economic factors, such as GDP, to reflect the adverse impact of the COVID -19 pandemic.

1. Measurement of CECL reserve

The Company estimates its CECL reserve for different financial instruments using various methods including the probability-of-default method, the loss rate method, the roll rate method and the discounted cash flow method.

- For guarantee liability, the probability-of-default method is used, where the lifetime CECL reserve is measured as the product of the ending balance and two key parameters, the lifetime Probability of Default (PD) and Loss Given Default (LGD). The calibration of PD and LGD starts with the Company's historical information. Both are further adjusted to incorporate the impacts of macroeconomic conditions, recent portfolio performance, as well as the observed industry experience.
- For loan recognized as a result of payment under the guarantee and financial lease receivables, the loss rate method is applied as the comprehensive product impact of PD and LGD.
- The roll rate model is adopted for account receivable; while for some other receivable which cannot be pooled with financial assets with similar risk characteristics, the reserve for credit losses are evaluated on an individual basis using the discounted cash flow method.

Note that to incorporate the forward-looking impacts based on the Company's best macroeconomic forecasts, quantitative adjustments are applied to key parameters such as PD, LGD, loss rates, and roll rates on a collective basis. The Company groups its financial instruments into pools by credit status, product types, account receivable aging schedule, collateral types and other risk characteristics as appropriate in the calibration and adjustments of these parameters.

1.1 Loan recognized as a result of payment under the guarantee

*Assumptions Used:* The credit loss allowance of Loan recognized as a result of payment under the guarantee based on the Company's assumptions regarding:

- *Loss rate:* The loss percentage of the outstanding balance. It considers the historical loss information, the recent performance of this portfolio, categories of credit status (normal, attention and secondary), the collateral, and the Company's forecasts of selected macroeconomic factors.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**2.32 New accounting standard adopted by the Company (continued)**

*Sensitivity Analysis:*

Change in the assumptions would affect the allowance for credit loss of Loan recognized as a result of payment under the guarantee. The effect of the indicated increase/decrease in the assumptions for the Company is as follows (in thousands):

Assumption	Basis Point Change	Increase/(Decrease)
Loss rate	+/- 100	[21,906/ (21,906)]

1.2 Financial lease receivables

*Assumptions Used:* The allowance for credit loss of financial lease receivable is based on the Company's assumptions regarding:

- *Loss rate:* The loss percentage of the outstanding balance. It considers the historical and recent performance of the portfolio, the delinquency status, and the Company's forecasts of selected macroeconomic factors.

*Sensitivity Analysis:*

Change in the assumptions would affect the allowance for credit loss of lease receivable. The effect of the indicated increase/decrease in the assumptions for Company is as follows (in thousands):

Assumption	Basis Point Change	Increase/(Decrease)
Loss rate	+/- 100	[273/ (273)]

1.3 Account receivable

*Assumptions Used:* The allowance for credit loss of account receivable is based on the Company's assumptions regarding:

- *Payback period.* The Company uses the roll rate method to estimate expected credit losses for account receivable with similar risk characteristics on a pool basis. For each pool, the Company first estimates its payback period based on relevant historical receivable payback information. Then the Company estimates the credit allowances based on the payback period, the historical distribution of each aging bucket, and the impacts of macroeconomic factors.

*Sensitivity Analysis.*

Change in the assumptions would affect the allowance for credit loss of account receivable. The effect of the indicated increase/decrease in the assumptions for the Company is as follows (in thousands):

Assumption	Basis Point Change	Increase/(Decrease)
Payback period	+/- 3 months	[ 2,296/ (3,281)]

1.4 Guarantee liabilities

*Assumptions Used:* The credit loss allowance for guarantee liabilities is based on the Company's assumptions regarding:

- *PD (lifetime):* The expected probability of payment and time to default of the guaranteed contracts, which considers vintage and recent performance information of such portfolio and macroeconomic factors.
- *LGD:* The percentage of the expected balance due at default that is not recoverable. For each credit status (normal, attention, secondary), the parameter is assessed based on collateral information and future recoveries.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 2.32 New accounting standard adopted by the Company (continued)

#### Sensitivity Analysis:

Change in the assumptions would affect the allowance for guarantee liability. The effect of the indicated increase/decrease in the assumptions for the Company is as follows (in thousands):

Assumption	Basis Point Change	Increase/(Decrease)
PD (lifetime)	+/- 100	[7,030/ (7,030)]
LGD	+/- 100	[7,030/ (7,030)]

Finance assets 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, and a failure to make contractual payments for a period of greater than [90 days] past due. Provision for credit losses on finance assets is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 2.33 Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU provides an exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. This update also (1) requires an entity to recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, (2) requires an entity to evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which goodwill was originally recognized for accounting purposes and when it should be considered a separate transaction, and (3) requires that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The standard is effective for the Company for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact.

In January 2020, the FASB issued ASU 2020-01 Investments—Equity securities (Topic 321), Investments—Equity method and joint ventures (Topic 323), and Derivatives and hedging (Topic 815)—Clarifying the interactions between Topic 321, Topic 323, and Topic 815. The amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The amendments also clarify that for the purpose of applying paragraph 815-10-15-141(a) an entity should not consider whether, upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in Topic 323 or the fair value option in accordance with the financial instruments guidance in Topic 825. The standard is effective for the Company for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

3. DISCONTINUED OPERATIONS

*Divestiture of 2C intra-regional business and loan-facilitation related service*

On July 12, 2019 and September 30, 2019, the Company entered into a binding term sheet and definitive agreements with Golden Pacer relating to the divestiture of its entire 2C intra-regional business and loan facilitation related service, respectively. On April 23, 2020, the Company entered into supplemental agreements with Golden Pacer to modify and supplement certain terms and conditions in connection with the divestiture. Pursuant to the series of agreements, the Company has divested its entire 2C intra-regional business to Golden Pacer and ceased to provide loan facilitation related guarantee starting from the three months ended December 31, 2019.

Results of the discontinued operations of 2C intra-regional business and loan facilitation related service were as follows:

	For the year ended December 31,			For the three months ended
	2017	2018	2019	March 31,
	RMB	RMB	RMB	RMB
				(Unaudited)
<b>Revenues</b>				
To consumers				
Transaction facilitation revenue	230,250	481,055	391,447	—
Loan facilitation revenue	944,406	1,568,705	1,141,981	—
<b>Total revenues</b>	<b>1,174,656</b>	<b>2,049,760</b>	<b>1,533,428</b>	<b>—</b>
Cost of revenues	(478,137)	(427,548)	(296,347)	—
<b>Gross profit</b>	<b>696,519</b>	<b>1,622,212</b>	<b>1,237,081</b>	<b>—</b>
<b>Operating expenses</b>				
Sales and marketing	(1,758,892)	(1,010,446)	(1,018,483)	—
Research and development	(201,082)	(185,488)	(155,168)	—
General and administrative	(99,361)	(504,066)	(486,098)	—
Gains/(losses) from guarantee liabilities	444	2,483	(168,212)	—
Impairment for net assets transferred	—	—	—	(407,709)
<b>Total operating expenses</b>	<b>(2,058,891)</b>	<b>(1,697,517)</b>	<b>(1,827,961)</b>	<b>(407,709)</b>
<b>Loss from operations</b>	<b>(1,362,372)</b>	<b>(75,305)</b>	<b>(590,880)</b>	<b>—</b>
Interest income, net	(32,218)	(81,128)	(14,355)	—
Other expenses, net	(12,552)	(14,965)	(4,468)	—
Foreign exchange gain	1,104	—	534	—
<b>Loss from discontinued operations before income tax expense</b>	<b>(1,406,038)</b>	<b>(171,398)</b>	<b>(609,169)</b>	<b>(407,709)</b>
Income tax expense	(359)	(12,941)	(2,992)	—
<b>Net loss from discontinued operations</b>	<b>(1,406,397)</b>	<b>(184,339)</b>	<b>(612,161)</b>	<b>(407,709)</b>

In the three months ended December 31, 2019, the Company transferred the legal titles of assets and liabilities in relation to the historically-facilitated loans for XW bank to Golden Pacer as one of the pre-closing conditions with no consideration exchanged. The transaction contemplated under the definitive and supplemental agreements was closed upon the signing of the supplemental agreements on April 23, 2020. Due to the legal titles of the assets and liabilities being transferred prior to year-end of 2019 while the transaction was not closed until April 23, 2020, these pre-transferred assets and liabilities were reclassified on a net basis under the name of “Net assets transferred” as of December 31, 2019 and March 31, 2020. During the three months ended March 31, 2020, the “Net assets transferred” was further impaired in the value due to the ongoing negative impacts from the COVID-19 pandemic and the decline of underlying asset quality.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**3. DISCONTINUED OPERATIONS (CONTINUED)**

*Divestiture of 2C intra-regional business and loan-facilitation related service (continued)*

The related assets and liabilities classified as held for sale of 2C intra-regional business and loan facilitation related service as of December 31, 2018 were as follows:

	<b>December 31, 2018</b>
	<b>RMB</b>
<b>Asset</b>	
Restricted cash	1,001,325
<b>Total asset held for sale</b>	<b>1,001,325</b>
<b>Liabilities</b>	
Guarantee liabilities	174,828
Deposit for interest collected from consumers and payable to financing partners - current	168,596
<b>Total current liabilities</b>	<b>343,424</b>
Deposit for interest collected from consumers and payable to financing partners - non-current	10,386
<b>Total non-current liabilities</b>	<b>10,386</b>
<b>Total liabilities held for sale</b>	<b>353,810</b>

The cash flow summary of the discontinued operations of 2C intra-regional business and loan facilitation related service were as follows:

	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Net cash used in operating activities	(1,526,122)	(808,893)	(821,185)
Net cash used in investing activities	(2,491)	(4,642)	(187)

*Divestiture of 2B business*

On March 24, 2020, the Company entered into definitive agreements with 58.com to sell its 2B online used car auction business.

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

3. DISCONTINUED OPERATIONS (CONTINUED)

Results of the discontinued operations of 2B business were as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB
Transaction facilitation revenue	467,583	606,599	283,711	22,426
Cost of revenues	(176,916)	(292,595)	(157,653)	(15,109)
<b>Gross profit</b>	<b>290,667</b>	<b>314,004</b>	<b>126,058</b>	<b>7,317</b>
<b>Operating expenses</b>				
Sales and marketing	(264,919)	(187,811)	(120,082)	(22,453)
Research and development	(24,928)	(19,429)	(13,629)	(2,970)
General and administrative	(73,397)	(108,949)	(42,636)	(14,415)
Provision for credit loss	—	—	—	(14,947)
<b>Total operating expenses</b>	<b>(363,244)</b>	<b>(316,189)</b>	<b>(176,347)</b>	<b>(54,785)</b>
<b>Net loss from discontinued operations</b>	<b>(72,577)</b>	<b>(2,185)</b>	<b>(50,289)</b>	<b>(47,468)</b>

Liabilities classified as held for sale of 2B business were as follows:

	December 31, 2018	December 31, 2019	March 31, 2020
	RMB	RMB	RMB
Advance from buyers collected on behalf of sellers	105,456	50,396	89,096
Other payables and accruals	69,232	60,525	53,913
<b>Total liabilities held for sale</b>	<b>174,688</b>	<b>110,921</b>	<b>143,009</b>

The condensed cash flows of the discontinued operations of 2B business were as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB
Net cash generated from/ (used in) operating activities	27,897	(20,699)	2,338	(34,967)
Net cash (used in)/generated from investing activities	(17,206)	(40,180)	1,159	(25)

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**4. DISPOSAL OF SUBSIDIARIES**

On January 16, 2020, the Company entered into definitive agreements with Boche to divest its salvage car related business in exchange for a total cash consideration of RMB 295 million, of which RMB 18.6 million was related to the repayment of intercompany loans provided by the Company. Concurrently in January 2020, Fairlubo Auction Company Limited repurchased the remaining 5.06% ordinary shares from minority interest with a total cash consideration of RMB 16.7 million, of which RMB 7.0 million was paid in March 2020. Prior to the repurchase, the Company owned 94.94% ordinary shares of Fairlubo.

Starting from January 31, 2020, the Company no longer retained power of control over salvage cars related business and accordingly deconsolidated Salvage Car Related Subsidiaries from the Company's consolidated financial statements.

On January 31, 2020, the Company calculated a gain regarding such disposition as follows:

	<b>January 31, 2020</b>
	<b>RMB</b>
Total proceeds	295,000
Less: The repayment of intercompany loans provided by the Company	(18,581)
Net consideration	276,419
Less: Cash and cash equivalents	7,987
Accounts receivable, net	5,203
Prepaid expenses and other current assets	4,137
Advance to sellers, net	57,364
Other receivables, net	81,566
Property, equipment and software, net	2,398
Intangible assets, net	12,333
Goodwill	124,383
Accounts payable	(5,729)
Advance from buyers collected on behalf of sellers	(80,372)
Other payables and accruals	(108,790)
Deferred income tax liability	(3,081)
Net assets of salvage cars related business	97,399
Gain on disposal of salvage car-related business	179,020

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 5. BUSINESS COMBINATION

During the periods presented, the Company completed several transactions to acquire controlling shares to enrich its products and to expand its business. The Company makes estimates and judgments in determining the fair value of the acquired assets and liabilities, based in part on independent appraisal reports as well as its experience with purchasing similar assets and liabilities in similar industries. The amount excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recorded as goodwill. The major acquisitions during the periods presented are as follows:

##### *Acquisition of Beijing Youxin Chefang Automotive Technical Service Co., Ltd. ("Chefang")*

Chefang is a company that engages in services related to car maintenance. In order to enhance the service quality to consumers, on October 8, 2015, the Company acquired 26% ordinary equity interests in Chefang with the consideration of RMB10 million. On September 28, 2016, the Company paid RMB10 million with which the acquired ordinary equity interests in Chefang increased to 40.96%. On May 31, 2017, the Company acquired further 10.04% ordinary equity interest in Chefang with the consideration of RMB3 million in cash and obtained the power to control Chefang with the accumulated acquired ordinary equity interests stepped up to 51%. These investments were accounted for under equity method due to significant influence the Group has over Chefang until the control was obtained and the investments were in the form of ordinary shares. The goodwill recognized for the acquisition was RMB7.8 million. The Group also recognized a gain of RMB3.9 million upon the acquisition of the remeasurement of previously held equity interests. In the three months ended December 31, 2018, the Company acquired further 49% ordinary equity interest in Chefang with the consideration of RMB 2.0 million in cash and controlled Chefang with the accumulated acquired ordinary equity interests stepped up to 100%. RMB3.7 million goodwill impairment was recorded for the year ended December 31, 2018.

##### *Acquisition of Baogu Vehicle Technology Service (Beijing) Co., Ltd. ("Baogu")*

In order to enhance the service quality to consumers, in June 2015, the Company acquired 30% ordinary shares of Baogu, a vehicle warranty service provider, and accounted for the investment using equity method. The purchase consideration was RMB12.2 million. In August 2017, the Company acquired the remaining 70% ordinary shares of Baogu with consideration of RMB4 million in cash and obtained the power to control Baogu. The investment in the first 30% of ordinary shares of Baogu was accounted for under equity method due to significant influence the Group had over Baogu until the Group obtained control of Baogu. The goodwill recognized from the acquisition was RMB4.2 million. The Group also recognized a gain of RMB1.3 million upon the acquisition of the remeasurement of previously held equity interests.

The results of the acquired entities' operations have been included in continuing operation in the Company's consolidated financial statements since their respective dates of acquisition.

##### *Acquisition/disposal of Zhejiang Dongwang Internet Technology Co., Ltd. ("Dongwang") and Fairlubo Auction Company Limited ("Fairlubo")*

In addition to the above mentioned business transactions, the Company acquired Fairlubo in 2015 and Dongwang in 2018, both of which engage in salvage car related business. On January 16, 2020, the Company entered into definitive agreements with Boche to divest its salvage car related business. Upon the completion of the transaction on January 31, 2020, the Company no longer retained power of control over salvage car related business, and accordingly the Salvage Car Related Subsidiaries was disposed by the Company.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**6. ADVANCE TO CONSUMERS ON BEHALF OF FINANCING PARTNERS**

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Advance to consumers on behalf of financing partners	521,908	2,135	—

The Group used to facilitate loans extended by third-party financing partners to consumers through their online platform before the three months ended December 31, 2019. The third-party financing partners provided all the funds for the consumer loans, while the Group provided services to facilitate such financing transactions. Pursuant to the cooperation agreements entered into with third-party financing partners, for the purpose of registering the collateral over the car purchased by consumers with relevant government authorities, the Group advanced the funds needed to purchase the car to the consumer on financing partners' behalf to the applicable car dealers directly. The third-party financing partners paid the corresponding amounts to the Group as agreed in the corporation agreements. Starting in the three months ended December 31, 2019, the Company ceased to provide loan facilitation related services and no longer advanced funds to consumers on behalf of financing partners.

**7. LOAN RECOGNIZED AS A RESULT OF PAYMENT UNDER THE GUARANTEE**

The third-party financing partners offer financing solutions to the Borrowers and the Group is required to provide a guarantee. In the event of a payment default from the Borrower, the Group is required to repay the monthly installment or full amount of outstanding loan to the financing partner as the guarantor. As such, the Group recognized loan receivables as a result of payment under the guarantee deducted by an allowance to its expected recoverable amounts in the consolidated balance sheets.

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Loan recognized as a result of payment under the guarantee	810,327	2,343,586	2,594,749
Less: allowance for doubtful accounts/provision for credit losses	(256,639)	(763,122)	(2,190,575)
	<u>553,688</u>	<u>1,580,464</u>	<u>404,174</u>

An aging analysis of loan recognized as result of payment under the guarantee is as follows:

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Up to 6 months	329,350	1,094,920	1,140,756
6 months to 12 months	274,179	507,321	425,500
Over 12 months	206,798	741,345	1,028,493
	<u>810,327</u>	<u>2,343,586</u>	<u>2,594,749</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

7. LOAN RECOGNIZED AS A RESULT OF PAYMENT UNDER THE GUARANTEE (CONTINUED)

The Company relies on the consumers' credit history, loan-to-value ratio and other certain application information to evaluate and rank their risk on an ongoing basis. The credit grades represent the relative likelihood of repayment. Customers assigned a grade of "Normal" are determined to have the highest probability of repayment, customers assigned a grade of "Attention" are determined to have a lower probability of repayment, and customers assigned a grade of "Secondary" are determined to have a lowest probability of repayment. Loan performance is reviewed on a recurring basis to identify whether the assigned grades adequately reflect the customers' likelihood of repayment.

The balance of loan recognized as result of payment under the guarantee by grade of monitored credit risk quality indicator as of December 31, 2018 and 2019, and March 31, 2020 were listed as below:

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Normal	286,644	807,023	283,259
Attention	229,474	1,156,067	364,895
Secondary	294,209	380,496	1,946,595
	<u>810,327</u>	<u>2,343,586</u>	<u>2,594,749</u>

Loan recognized as a result of payment under the guarantee of RMB433.9 million was pledged as collateral for long-term borrowings of RMB1.6 million and current portion of long-term borrowings of RMB112.3 million (Note 15).

The movement of allowance for doubtful accounts/provision for credit losses for the years ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020 was as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017 RMB	2018 RMB	2019 RMB	2020 RMB (Unaudited)
<b>Beginning balance of the period</b>	<b>(7,222)</b>	<b>(189,305)</b>	<b>(256,639)</b>	<b>(763,122)</b>
Changes on initial application of ASU 2016-13 (i)	—	—	—	(172,843)
Addition	(184,586)	(257,953)	(398,167)	(326,204)
Provision for credit losses (ii)	(36,474)	(37,961)	(255,105)	(1,039,367)
Write-off	15,606	37,757	—	48,908
Bought out by certain non-bank financing institutions without recourse	—	85,560	—	—
Payments from the borrowers or other recoveries	23,371	105,263	146,789	62,053
<b>Ending balance of the period</b>	<b><u>(189,305)</u></b>	<b><u>(256,639)</u></b>	<b><u>(763,122)</u></b>	<b><u>(2,190,575)</u></b>

(i) The Company adopted ASU 2016-13 using the modified retrospective transition approach. The adjustments arising from the new CECL model are recognized in the opening Consolidated Balance Sheet on January 1, 2020.

(ii) Due to the impact of a series of regulations governing lending and debt collection promulgated by relevant authorities in the three months ended December 31, 2019, the performance of the loan recognized as a result of payment under the guarantee has been adversely affected, and significant provision for additional credit losses was incurred in the fourth quarter of 2019, taking into the consideration of credit grades, vehicle collateral repossession and residual value of vehicle collateral. Due to the COVID-19 pandemic, the performance of the loan recognized as a result of payment under the guarantee has been adversely affected further, which resulted in further provision for credit losses in the three months ended March 31, 2020.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**7. LOAN RECOGNIZED AS A RESULT OF PAYMENT UNDER THE GUARANTEE (CONTINUED)**

The following table explains the changes in the loss allowance of loan recognized as result of payment under the guarantee by grade of monitored credit risk quality indicator as of March 31, 2020:

	<u>Normal</u>	<u>Attention</u>	<u>Secondary</u>	<u>Total</u>
	RMB	RMB	RMB	RMB
<b>Beginning balance of the period</b>	<b>(248,244)</b>	<b>(387,398)</b>	<b>(127,480)</b>	<b>(763,122)</b>
Changes on initial application of ASU 2016-13	78,387	(104,137)	(147,093)	(172,843)
Additions	(326,204)	—	—	(326,204)
Write-off	—	—	48,908	48,908
Provision for credit losses	(171,397)	(788,149)	(79,821)	(1,039,367)
Payments from the borrowers or other recoveries	57,871	2,372	1,810	62,053
Transfer				
Transfer from Normal to Attention	126,621	(126,621)	—	—
Transfer from Normal to Secondary	386,773	—	(386,773)	—
Transfer from Attention to Secondary	—	1,237,102	(1,237,102)	—
Transfer from Attention to Normal	(2,069)	2,069	—	—
Transfer from Secondary to Attention	—	(31)	31	—
Transfer from Secondary to Normal	(52)	—	52	—
<b>Ending balance of the period</b>	<b><u>(98,314)</u></b>	<b><u>(164,793)</u></b>	<b><u>(1,927,468)</u></b>	<b><u>(2,190,575)</u></b>

**8. ADVANCE TO SELLERS**

	<u>December 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	2018	2019	2020
	RMB	RMB	RMB
			(Unaudited)
Advance to sellers	692,714	288,550	134,214
Less: allowance for doubtful accounts/provision for credit losses	—	—	(1,688)
	<u>692,714</u>	<u>288,550</u>	<u>132,526</u>

The movement of allowance for doubtful accounts/provision for credit losses for the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020, was as follows:

	<u>For the three months</u>
	<u>ended March 31,</u>
	2020
	RMB
	(Unaudited)
<b>Beginning balance as of December 31, 2019</b>	<b>—</b>
Cumulative effect of adopting ASU 2016-13	(31,577)
Addition	(65,659)
Write-off	95,548
<b>Ending balance as of March 31, 2020</b>	<b><u>(1,688)</u></b>

When facilitating used car transaction, the Group connects the sellers and buyers and provides service in relation to the cash flow remittance, for example, the Group collects the cash from buyers and remits to sellers. The balance represents the prepayments to sellers by the Group. Due to the Divestiture Transactions, the Group no longer conducted 2B business, and uncollected balance related with 2B business as of March 31, 2020 was written off.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**9. OTHER RECEIVABLES, NET**

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Consideration receivable (Note 4)	—	—	130,000
Rental and other deposits	77,902	89,761	78,322
Deposits in non-bank financing partners (i)	502,550	294,763	52,751
Staff advance	55,652	28,080	24,813
Receivables from third-party payment settlement platform	34,787	7,143	11,228
Others	42,970	26,428	42,305
	<u>713,861</u>	<u>446,175</u>	<u>339,419</u>
Less: allowance for doubtful accounts/provision for credit losses	(6,457)	(6,119)	(51,666)
	<u>707,404</u>	<u>440,056</u>	<u>287,753</u>

- (i) In relation with the Company's historically-facilitated loans for non-banking financial institutions, which were not transferred to Golden Pacer during the divestiture of loan facilitation related business (Note 3), the Company, as the guarantor, is required to deposit a separate guarantee fund with those financial institutions.

The movement of allowance for doubtful accounts/provision for credit losses for the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020, was as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017 RMB	2018 RMB	2019 RMB	2020 RMB (Unaudited)
<b>Beginning balance of the period</b>	(269)	(272)	(6,457)	(6,119)
Changes on initial application of ASU 2016-13	—	—	—	(8,434)
Addition	(3)	(23,608)	(1,411)	(39,748)
Write-off	—	17,423	—	2,635
Reclassified as assets held for sale	—	—	1,749	—
<b>Ending balance of the period</b>	<u>(272)</u>	<u>(6,457)</u>	<u>(6,119)</u>	<u>(51,666)</u>

**10. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
VAT-input deductible	64,237	74,746	75,624
Prepaid non-banking financing partners service fees	26,295	21,335	12,705
Prepaid consulting and professional service fees	37,236	13,124	12,264
Prepaid marketing expense	218,145	12,627	11,744
Prepaid rental expense	46,581	16,560	6,484
Others	24,820	20,516	18,327
	<u>417,314</u>	<u>158,908</u>	<u>137,148</u>

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**11. FINANCIAL LEASE RECEIVABLES**

Financial lease receivables include dealer inventory financing receivables and receivables generated from finance lease arrangements entered into with consumers.

The following table presents financial lease receivables as of December 31, 2018 and 2019, and March 31, 2020, respectively.

	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
	RMB	RMB	RMB (Unaudited)
Financial lease receivables due from car dealers	239,854	130,631	27,870
Less: allowance for doubtful accounts/provision for credit losses	—	(16,390)	(20,318)
	<u>239,854</u>	<u>114,241</u>	<u>7,552</u>
Financial lease receivables due from consumers	61,547	14,346	14,428
Less: allowance for doubtful accounts/provision for credit losses	(6,890)	(6,767)	(6,932)
	<u>54,657</u>	<u>7,579</u>	<u>7,496</u>
Financial lease receivables, net	<u>294,511</u>	<u>121,820</u>	<u>15,048</u>

The following present the aging of past-due financial lease receivables as of December 31, 2018:

	<u>1-90 days</u>	<u>Above 90 days</u>	<u>Total past due</u>	<u>Current</u>	<u>Total</u>
	RMB	RMB	RMB	RMB	RMB
Financial lease receivables due from car dealers	—	—	—	239,854	239,854
Financial lease receivables due from consumers	—	7,748	7,748	53,799	61,547
	<u>—</u>	<u>7,748</u>	<u>7,748</u>	<u>293,653</u>	<u>301,401</u>

The following presents the aging of past-due financial lease receivables as of December 31, 2019:

	<u>1-90 days</u>	<u>Above 90 days</u>	<u>Total past due</u>	<u>Current</u>	<u>Total</u>
	RMB	RMB	RMB	RMB	RMB
Financial lease receivables due from car dealers	1,510	14,628	16,138	114,493	130,631
Financial lease receivables due from consumers	—	6,767	6,767	7,579	14,346
	<u>1,510</u>	<u>21,395</u>	<u>22,905</u>	<u>122,072</u>	<u>144,977</u>

The following present the aging of past-due financial lease receivables as of March 31, 2020:

	<u>1-90 days</u>	<u>Above 90 days</u>	<u>Total past due</u>	<u>Current</u>	<u>Total</u>
	RMB	RMB	RMB	RMB	RMB
Financial lease receivables due from car dealers	4,750	16,400	21,150	6,720	27,870
Financial lease receivables from consumers	—	14,428	14,428	—	14,428
	<u>4,750</u>	<u>30,828</u>	<u>35,578</u>	<u>6,720</u>	<u>42,298</u>

UXIN LIMITED

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11. FINANCIAL LEASE RECEIVABLES (CONTINUED)

The credit quality analysis of financial lease receivables as of March 31, 2020, was as follows:

	Amortized cost basis by origination year					Total RMB
	December 31,				March 31,	
	2016 RMB	2017 RMB	2018 RMB	2019 RMB	2020 RMB	
Current	—	—	—	—	6,720	6,720
Past due						
1-90 days past due	—	—	—	—	4,750	4,750
Greater than 90 days past due	10,324	3,320	10,745	6,319	120	30,828
	<u>10,324</u>	<u>3,320</u>	<u>10,745</u>	<u>6,319</u>	<u>11,590</u>	<u>42,298</u>

The movement of provision for credit losses for the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020 was as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB
<b>Beginning balance of the period</b>	(2,624)	(4,225)	(6,890)	(23,157)
Changes on initial application of ASU 2016-13	—	—	—	(839)
Provision for credit losses	(1,601)	(2,665)	(16,267)	(3,254)
<b>Ending balance of the period</b>	<u>(4,225)</u>	<u>(6,890)</u>	<u>(23,157)</u>	<u>(27,250)</u>

The following lists the components of the net investment in financial lease receivables due from car dealers and consumers as of December 31, 2018 and 2019, and March 31, 2020.

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Total minimum lease payments to be received	303,273	146,006	42,640
Less: allowance for uncollectibles	(6,890)	(23,157)	(27,250)
Net minimum lease payments receivable	296,383	122,849	15,390
Less: unearned income	(1,872)	(1,029)	(342)
Net investment	<u>294,511</u>	<u>121,820</u>	<u>15,048</u>

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**12. PROPERTY, EQUIPMENT AND SOFTWARE, NET**

Property, equipment and software, net, consist of the following:

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
<b>Cost</b>			
Leasehold improvement	147,704	155,548	159,780
Computer equipment	194,513	155,419	149,134
Software	23,500	26,031	26,032
Furniture	19,611	23,491	19,143
Vehicle and motor	12,220	6,553	3,761
Construction in progress	13,629	4,763	3,553
<b>Total property, equipment and software</b>	<b>411,177</b>	<b>371,805</b>	<b>361,403</b>
<b>Less: accumulated depreciation and amortization</b>			
Leasehold improvement	(100,269)	(142,774)	(145,134)
Computer equipment	(90,134)	(99,358)	(109,323)
Software	(6,523)	(8,453)	(9,077)
Furniture	(8,037)	(8,311)	(8,823)
Vehicle and motor	(6,943)	(2,795)	(1,488)
<b>Total accumulated depreciation and amortization</b>	<b>(211,906)</b>	<b>(261,691)</b>	<b>(273,845)</b>
<b>Net book value</b>	<b>199,271</b>	<b>110,114</b>	<b>87,558</b>

The total amounts charged to the Consolidated Statements of Comprehensive Loss for depreciation and amortization expenses amounted to approximately RMB68.2 million, RMB88.8 million and RMB88.9 million for the year ended December 31, 2017, 2018 and 2019, respectively, and RMB21.3 million for the three months ended March 31, 2020.

**13. INTANGIBLE ASSETS, NET**

Acquired intangible assets, net, consist of the following:

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
Supplier relationship	18,200	—	—
Software copyright	7,000	—	—
Others	10,002	3,490	3,490
<b>Total intangible assets</b>	<b>35,202</b>	<b>3,490</b>	<b>3,490</b>
<b>Less: amortization</b>	<b>(14,023)</b>	<b>(3,300)</b>	<b>(3,351)</b>
<b>Net book value</b>	<b>21,179</b>	<b>190</b>	<b>139</b>

A total net book value of RMB12.3 million intangible assets related with salvage car business, mainly including supplier relationship, software copyright, was reclassified to assets held for sale as of December 31, 2019. The total amounts charged to the Consolidated Statements of Comprehensive Loss for amortization expenses amounted to approximately RMB3.7 million, RMB5.6 million and RMB6.9 million for the year ended December 31, 2017, 2018 and 2019, respectively, and RMB0.1 million for the three months ended March 31, 2020.

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**13. INTANGIBLE ASSETS, NET (CONTINUED)**

The annual estimated amortization expense for intangible assets subject to amortization for the remaining periods is as follows:

	March 31, 2020 RMB
Remaining months of 2020	111
2021	28
	139

**14. LONG-TERM INVESTMENTS**

The Group's long-term investments consist of the following:

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
<i>Available-for-sales debt security investment</i>			
Orange Inc.	41,179	41,857	—
Less: impairment	—	(37,775)	—
Foreign currency translation adjustment	—	(968)	—
	41,179	3,114	—
<i>Equity method investments</i>			
Jincheng Consumer Finance (Sichuan) Co., Ltd. ("Jincheng")	236,642	263,792	270,696
Beijing Gangjian Shoubao Cultural Media Center LLP	—	4,500	4,500
Weiche Information Technology Co., Ltd. ("Weiche")	2,006	1,530	1,566
	238,648	269,822	276,762
<i>Measurement alternative method investments</i>			
ClearVue Pony Holdings Limited. ("ClearVue Pony")	68,632	—	—
Bai'an Online Property Insurance Co., Ltd. ("Bai'an")	1,423	—	—
	70,055	—	—
Total long-term investments	349,882	272,936	276,762

Major investments of the Company during the year ended December 31, 2018 and 2019, and the three months ended March 31, 2020, are summarized as follows:

*Investment accounted for as available-for-sale debt security investment*

Investment in Orange Inc.

In June 2017, the Group subscribed convertible preferred shares of Orange Inc., a technology company, for a consideration of US\$6 million. The Group's investment represented 10.26% of the equity interests, on an if-converted basis. The preferred shares were not considered in-substance ordinary shares as they provide substantive redemption rights, liquidation rights and fixed dividends to the Group, which are not available to ordinary shareholders. Thus the investment was classified as an available-for-sale investment in debt securities. As Orange Inc. incurred continuous losses starting from 2019 and began to liquidate the business in June 2019, the Company recorded other-than-temporary impairment of US\$5.6 million (equivalent to RMB 38.7 million) as of December 31, 2019. As of March 31, 2020, Orange Inc. had completed the liquidation process, and the Company was entitled to a total of RMB 3.1 million residual profit distribution, of which RMB 2.7 million had been received.

## UXIN LIMITED

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 14. LONG-TERM INVESTMENTS (CONTINUED)

##### Investments accounted for using equity method

###### Investment in Jincheng

In September 2017, the Company invested in Jincheng, a professional consumer financial service company. The Company acquired 19% ordinary equity interest with a total consideration of RMB 233.0 million. The Company exercises significant influence in Jincheng and therefore accounts for this as a long-term investment using equity method. In 2019, dividends of RMB 4.4 million was received from Jincheng.

###### Investment in Beijing Gangjian Shoubao Cultural Media Center LLP

In April 2019, the Company invested in Beijing Gangjian Shoubao Cultural Media Center LLP, focusing on advertising and media business. The Company is one of the limited partners and does not have control of the partnership. The investee has not started to operate yet.

###### Investment in Weiche

In May 2018, the Company invested in Weiche, a professional information technology company focusing on technology development and technology consulting service. The Company acquired 40% ordinary equity interest with a total consideration of RMB 3 million. The Company exercises significant influence in Weiche and therefore accounts for this as a long-term investment using equity method.

##### Investments accounted for using a measurement alternative

The Group does not have significant influence over these equity investments which do not have readily determinable market value, and therefore accounted for these investments using a measurement alternative.

###### Investment in ClearVue Pony

The Company's wholly-owned subsidiary Xin Limited entered into an agreement with ClearVue Partner II, L.P to establish ClearVue Pony to invest in Pony AI, a technology company focusing on automobiles pilotless system. After the transaction, the Company held 23.8% ownership with a consideration of US\$10 million. Since the Company did not appoint Board member in ClearVue Pony and could not exercise significant influence, this investment accounted for as long-term investment using measurement alternative. In April 2019, the Company disposed the investment for a total cash consideration of US\$16 million, with a net investment gain of US\$4.3 million (equivalent to RMB29.5 million) recorded in gains from disposal of long-term investment, net on the Consolidated Statement of Comprehensive Loss.

###### Investment in Bai'an

In April 2019, the Company disposed the investment in Bai'an for a total cash consideration of RMB0.2 million, with the investment loss of RMB1.2 million recorded in gain from disposal of long-term investment, net on the Consolidated Statement of Comprehensive Loss.

**UXIN LIMITED**

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**15. SHORT-TERM AND LONG-TERM BORROWINGS**

The following table presents short-term and long-term borrowings from commercial banks or other institutions as of December 31, 2018 and 2019, and March 31, 2020. Short-term borrowings include borrowings with maturity terms shorter than one year and the current portion of the long-term borrowings.

<u>Funding Partners</u>	<u>Fixed annual interest rate</u>	<u>Term</u>	<u>December 31, 2018 RMB</u>	<u>December 31, 2019 RMB</u>	<u>March 31, 2020 RMB (Unaudited)</u>
Short-term borrowings	8.2%	within 12 months	325,715	111,122	6,720
Current portion of long-term borrowings	5.9%-9.8%	mature before March 31, 2021	298,873	152,303	112,349
Long-term borrowings	5.0%-6.7%	2 - 4 years	481,801	241,026	234,585
			<u>1,106,389</u>	<u>504,451</u>	<u>353,654</u>

Long-term borrowings of RMB1.6 million and current portion of long-term borrowings of RMB112.3 million were secured by loan recognized as a result of payment under the guarantee of RMB433.9 million as at March 31, 2020 (Note 7).

Short-term borrowings of RMB6.7 million were secured by financial lease receivable due from car dealers of RMB 27.9 million (Note 11).

The weighted average interest rate for the outstanding borrowings was approximately 6.5%, 6.1% and 5.6 % as of December 31, 2018 and 2019, and March 31, 2020, respectively.

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**16. GUARANTEE LIABILITIES**

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
Guarantee liabilities – stand ready	146,427	388,307	207,997
Guarantee liabilities – contingent (i)	—	—	702,952
	<u>146,427</u>	<u>388,307</u>	<u>910,949</u>

- (i) Financial guarantees in the scope of ASC 460, Guarantees, are in the scope of CECL impairment model in ASU 2016-13, and a contingent guarantee liability with an allowance for credit losses was recorded at the initial adoption and subsequently measured using CECL model.

The movement of guarantee liabilities – stand ready was as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017 RMB	2018 RMB	2019 RMB	2020 RMB (Unaudited)
<b>Beginning balance of the period</b>	<b>76,325</b>	<b>173,907</b>	<b>321,255</b>	<b>388,307</b>
Changes on initial application of ASU 2016-13	—	—	—	(135,839)
Fair value of guarantee liabilities upon the inception of new guarantees	284,452	403,370	405,084	—
Guarantee settled	(184,586)	(257,953)	(398,167)	—
(Gains)/losses from guarantee liabilities	(2,284)	1,931	362,597	—
Reclassified as liabilities held for sale (Note 3)	(33,802)	(174,828)	—	—
Net assets transferred (Note 3)	—	—	(302,462)	—
Guarantee income (Note 21)	—	—	—	(44,471)
<b>Ending balance of the period</b>	<b>140,105</b>	<b>146,427</b>	<b>388,307</b>	<b>207,997</b>

The movement of guarantee liabilities - contingent was as follows:

	For the three months ended March 31, 2020 RMB (Unaudited)
<b>Beginning balance of the period</b>	<b>—</b>
Changes on initial application of ASU 2016-13	224,834
Guarantee settled	(326,204)
Provision for credit losses	804,322
<b>Ending balance of the period</b>	<b>702,952</b>

Pursuant to the series of agreements with Golden Pacer, the Company ceased to provide loan facilitation related business starting from the three months ended December 31, 2019. The remaining balances of guarantee liabilities as of March 31, 2020 are related to the guarantee obligations associated with the portion of the Company's historically-facilitated loans which were not transferred to Golden Pacer during the divestiture of the Company's loan facilitation related business (Note 3). The Company is also actively seeking appropriate solutions to properly settle and relieve itself from the remaining guarantee obligations to mitigate any relevant compliance risk associated with the newly promulgated laws and regulations, including the most recent Financing Guarantee Circular 37 promulgated in October 2019.

The terms of the guarantee range from 2 years to 4 years, as of March 31, 2020.

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**17. DEPOSIT OF INTERESTS FROM CONSUMERS AND PAYABLE TO FINANCING PARTNERS**

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
Deposit of interests from consumers and payable to financing partners	333,587	42,464	25,968
Less: current portion	(314,231)	(42,199)	(25,968)
Non-current portion	<u>19,356</u>	<u>265</u>	<u>—</u>

The Group facilitates loans extended by third-party financing partners to consumers through online platform. The third-party financing partners provide all the funds for the consumer loans, while the Group provides services to facilitate such financing transactions, including collection of interest deposits from the consumers at inception. The interest deposit approximates all the interest throughout the life of the loan. The balance represents the interest deposits from the consumers and subsequently payable to the financing partners. Since the three months ended June 30, 2018, the Group ceased the practice of collecting interest on behalf of the financing partners, and the down payments made by the consumers no longer include deposits of interest.

As part of the transaction with Golden Pacer, the legal title of deposit of interest from consumers and payable to financing partners related with XW bank was transferred to Golden Pacer in the three months ended December 31, 2019 (Note 3). Total amount was RMB45.7 million. The remaining balance as of March 31, 2020 represents the interest deposits payable to the remaining financing partners that were not part of the Golden Pacer transaction.

**18. ADVANCE FROM BUYERS COLLECTED ON BEHALF OF SELLERS**

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
Advance from buyers collected on behalf of sellers	<u>270,347</u>	<u>147,923</u>	<u>110,493</u>

When facilitating online used car transaction, the Group connects sellers and buyers and provides service in relation to the cash flow remittance, for example, the Group collects the cash from buyers and remits to sellers. The balance represents the advance payments collected from buyers, which are subsequently paid to sellers in a short period of time.

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**19. OTHER PAYABLES AND ACCRUALS**

	December 31, 2018	December 31, 2019	March 31, 2020
	RMB	RMB	RMB
			(Unaudited)
Accrued advertising expenses	407,557	373,563	351,868
Accrued service fee for transaction support	14,151	233,970	228,053
Accrued service fee for IT and office support	101,833	98,371	131,068
Installments collected on behalf of financing partners	46,445	138,080	115,256
Accrued salaries and benefits	185,597	150,465	100,724
Tax payables	102,324	104,496	87,930
Deposits	137,844	77,709	74,679
Interest payable	61,434	25,447	27,753
Contract liabilities	9,704	27,025	17,344
Others	61,179	73,166	41,239
	<u>1,128,068</u>	<u>1,302,292</u>	<u>1,175,914</u>

**20. CONVERTIBLE NOTES**

	December 31, 2018	December 31, 2019	March 31, 2020
	RMB	RMB	RMB
			(Unaudited)
2019 Notes	1,201,060	—	—
2020 Notes	—	330,934	345,939
2021 Notes	—	34,998	36,595
2024 Notes	—	1,638,485	1,679,130
Less: debt issuance cost	(12,868)	(6,977)	(7,085)
	<u>1,188,192</u>	<u>1,997,440</u>	<u>2,054,579</u>

**Description of 2019 Notes**

On June 9, 2018, the Company entered into a Convertible Note Purchase Agreement with CNCB (Hong Kong) Investment Limited (the “CNCB (Hong Kong)”), a company incorporated under the laws of Hong Kong. CNCB (Hong Kong) agreed to purchase convertible notes from the Company in the total principal amount of US\$100 million (equivalent to RMB 686.3 million) bearing interest rate of 6% per annum. On June 12, 2018, the Company entered into the other Convertible Note Purchase Agreement with Golden Fortune Company Limited (the “Golden Fortune”), a company incorporated under the laws of the Cayman Islands and whose investment manager is ICBC Asset Management (Global) Company Limited. Golden Fortune agreed to purchase convertible notes from the Company in the total principal amount of US\$75 million (equivalent to RMB 514.7 million) bearing interest rate of 6.5% per annum. Both of convertible notes (the “Notes”) would mature in 363 days since the offering date. CNCB (Hong Kong) and Golden Fortune may elect to convert their respective Notes into Class A ordinary shares from the 181st day after June 27, 2018 with conversion price per ordinary shares equal to 109.5% and 108% of IPO price per ordinary share, respectively. These two notes are together called 2019 Notes. The Company repaid the 2019 Notes shortly before due at the end of June 2019.

The Company has accounted for the 2019 Notes as a single instrument. The value of the 2019 Notes is measured by the cash received. The Company recorded the interest expenses according to its annual interest rate. There was no BCF attribute to the 2019 Notes as the set conversion price for each of the Notes was greater than the fair value of the ordinary share at the date of the issuance.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 20. CONVERTIBLE NOTES (CONTINUED)

##### *Description of 2020 Notes*

On July 12, 2019, the Company entered into a convertible note purchase agreement with PacificBridget Diamond CB Fund 1 with an aggregate principal amount of US\$6.2 million bearing interest rate of 10% per annum due on July 12, 2020 and US\$14.4 million bearing interest rate of 11% per annum due on October 12, 2020. Debt issuance cost was US\$0.4 million. The Company also entered into a convertible note purchase agreement with PacificBridget Diamond CB Fund 2 on the same day with an aggregate principal amount of US\$1.5 million bearing interest rate of 10% per annum due on July 12, 2020 and US\$2.7 million bearing interest rate of 11% per annum due on October 12, 2020. Debt issuance cost was US\$0.1 million and is being amortized to interest expense. The Notes may be converted, at an initial conversion rate of 200.4 ADSs per US\$1,000 principal amount of the Notes (which represents an initial conversion price of US\$4.99 per ADS) upon maturity.

On August 16, 2019, the Company entered into a convertible note purchase agreement with PacificBridget Inner Circle Mezzanine 1 with an aggregate principal amount of US\$6.58 million bearing interest rate of 10% per annum due on August 16, 2020. Debt issuance cost was US\$0.1 million. The Company also entered into a convertible note purchase agreement with PacificBridget TMT Mezzanine 1 on the same day with an aggregate principal amount of US\$7.93 million bearing interest rate of 11% per annum due on November 12, 2020. Debt issuance cost was US\$0.2 million and is being amortized to interest expense. The Notes may be converted, at an initial conversion rate of 198.06 ADSs per US\$1,000 principal amount of the Notes (which represents an initial conversion price of US\$5.05 per ADS) upon maturity.

On October 10, 2019, the Company entered into a convertible note purchase agreement with PacificBridget Global Mezzanine 1 with an aggregate principal amount of US\$5.77 million bearing interest rate of 10% per annum due on October 9, 2020. Debt issuance cost was US\$0.1 million and is being amortized to interest expense. The Notes may be converted, at an initial conversion rate of 196.08 ADSs per US\$1,000 principal amount of the Notes (which represents an initial conversion price of US\$5.10 per ADS) upon maturity.

Above convertible notes together are called 2020 Notes.

##### *Description of 2021 Notes*

On November 18, 2019, the Company entered into a convertible note purchase agreement with PacificBridge Overseas Pioneer 1 with an aggregate principal amount of US\$4.92 million bearing interest rate of 11% per annum due on February 7, 2021. Debt issuance cost was US\$0.1 million and is being amortized to interest expense. 2021 Notes may be converted, at an initial conversion rate of 196.1 ADSs per US\$1,000 principal amount of the 2020 Notes (which represents an initial conversion price of US\$5.10 per ADS) upon maturity.

##### *Description of 2024 Notes*

The Company entered into a convertible note purchase agreement with affiliates of 58.com, Warburg Pincus, TPG and certain other investors on May 28, 2019, pursuant to which the Company issued and sold convertible notes in an aggregate principal amount of US\$230 million on June 10, 2019 bearing 3.75% interest rate per annum due on June 9, 2024 ("2024 Notes"). Early redemption is permitted if requested by holders in advance in writing three years after June 9, 2019. 2024 Notes may be converted, at an initial conversion rate of 323.6246 ADSs per US\$1,000 principal amount of the 2020 Notes (which represents an initial conversion price of US\$3.09 per ADS) upon maturity.

The Company has accounted for the 2020 Notes, 2021 Notes and 2024 Notes as a single instrument each. The value of the 2020 Notes, 2021 Notes and 2024 Notes are measured by the cash received. The debt issuance cost was recorded as a reduction to the long-term debts and are amortized as interest expenses using the effective interest method.

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**21. OTHER OPERATING INCOME**

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB
Guarantee income (Note 16)	—	—	—	44,471
Government grant	—	—	—	11,572
VAT in super deduction	—	—	1,925	—
	—	—	1,925	56,043

From 2019, in accordance with "the Notice of Regulations on Deepening the Reform of Value-Added Tax Reform" and relevant government policies announced by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of China, several subsidiaries of the Company, is allowed to enjoy additional 10% VAT-in deduction for any services it purchased ("VAT-in super deduction") from April 1, 2019 to December 31, 2021. The VAT-in super deduction is considered as operating given that all VAT-in were derived from the purchases for that subsidiaries' daily operations in nature, and therefore is presented in "Other operating income" in the Consolidation Statements of Comprehensive Loss.

**22. OPERATING LEASE**

The Company has operating leases primarily for office and operation space. The Company's operating lease arrangements have remaining terms of one year to nine years.

Supplemental consolidated balance sheet information related to leases were as follows:

	December 31, 2019	March 31, 2020
	RMB	RMB
		(Unaudited)
<b>Right-of-use assets</b>	<b>45,446</b>	<b>34,466</b>
Operating lease liabilities - current	32,892	32,842
Operating lease liabilities – non-current	10,075	1,865
<b>Total lease liabilities</b>	<b>42,967</b>	<b>34,707</b>
Weighted average remaining lease term	1.75	1.20
Weighted average discount rate	6.14 %	5.52 %

Total operating lease costs were RMB161.3 million for the year ended December 31, 2019, including RMB58.7 million recorded from continuing business and RMB102.6 million from discontinued operations. Total short-term lease cost were RMB75.3 million for the year ended December 31, 2019, including RMB10.6 million recorded from continuing business and RMB64.7 million from discontinued operations.

Total operating lease costs were RMB18.8 million for the three months ended March 31, 2020, including RMB11.7 million recorded from continuing business and RMB7.1 million from discontinued operations. Total short-term lease cost were RMB5.4 million for the three months ended March 31, 2020, including RMB2.6 million recorded from continuing business and RMB2.8 million from discontinued operations.

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**22. OPERATING LEASE (CONTINUED)**

Supplemental cash flow information related to leases in both continuing and discontinued operations were as follows:

	<b>For the year ended December 31, 2019</b>	<b>For the three months ended March 31, 2020</b>
	<b>RMB</b>	<b>RMB (Unaudited)</b>
Cash paid for amounts included in the measurement of lease liabilities	134,071	8,503
Right-of-use assets obtained in exchange for operating lease liabilities	87,350	311

Maturities of lease liabilities are as follows:

	<b>March 31, 2020</b>
	<b>RMB</b>
Remaining months of 2020	33,885
2021	415
2022	334
2023	334
2024	334
Thereafter	506
Total operating lease payments	35,808
Less: imputed interest	(1,101)
Total lease liabilities	34,707

At December 31, 2019 and 2018, minimum lease payments for operating leases under the previous lease standard ("ASC 840") were as follows:

	<b>December 31, 2019</b>
	<b>RMB</b>
2020	34,236
2021	8,668
2022	334
2023	334
2024	334
Thereafter	712
Total operating lease payments	44,618
Less: imputed interest	(1,651)
Total lease liabilities	42,967

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**22. OPERATING LEASE (CONTINUED)**

	<b>December 31, 2018</b>
	<b>RMB</b>
2019	102,057
2020	51,969
2021	30,392
2022	26,913
2023	23,203
Thereafter	110,980
<b>Total operating lease payments</b>	<b>345,514</b>

For the year ended December 31, 2017 and 2018, the Company recognized lease expense of RMB137.2 million and RMB201.8 million, respectively.

**23. RELATED PARTY BALANCES AND TRANSACTIONS**

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2019:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Baidu (Hong Kong) Limited (“Baidu”)	Preferred Shareholder of the Company before June 27, 2018 and Class A ordinary shareholder of the Company after June 27, 2018
Baogu	An associate of the Group before August 31, 2017
Shanghai Xiao Qing Information Technology Co., Ltd. (“Xiao Qing”) 58.com	An associate of the Group 2024 Notes holder who appointed one of the Board members of the Company

Details of related party balances as of December 31, 2018 and 2019, and March 31, 2020, transactions for the year ended December 31, 2018 and 2019, and the three months ended March 31, 2020 were as follows:

*Amounts due from related parties*

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<i>Prepaid advertising expenses</i>			<b>(Unaudited)</b>
58.com	—	51,590	28,070
	—	51,590	28,070

**23. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)**

*Transactions with related parties*

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

	For the year ended December 31,			For the three months ended
	2017	2018	2019	March 31,
	RMB	RMB	RMB	RMB
<i>Service provided by the related parties</i>				(Unaudited)
58.com	—	—	47,054	23,520
Baidu	780	1,391	—	—
Baogu	10,747	—	—	—
Xiao Qing	1,503	—	—	—
	<u>13,030</u>	<u>1,391</u>	<u>47,054</u>	<u>23,520</u>

**24. INCOME TAX EXPENSE**

*Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

*British Virgin Islands*

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains.

*Hong Kong*

Under the current Hong Kong Inland Revenue Ordinance, the Group's subsidiaries in Hong Kong are subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

*China*

On March 16, 2007, the National People's Congress of PRC enacted a new Corporate Income Tax Law ("new CIT law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies would be subject to corporate income tax at a uniform rate of 25%. The new CIT law became effective on January 1, 2008. Under the new CIT law, preferential tax treatments will continue to be granted to entities which conduct businesses in certain encouraged sectors and to entities otherwise classified as "High and New Technology Enterprises" or "Software Enterprises".

Youxinpai (Beijing) Information Technology Co., Ltd. and Youfang (Beijing) Information Technology Co., Ltd. have been qualified as "high and new technology enterprise" and enjoys a preferential income tax rate of 15% from 2019 to 2021. Youxin Internet (Beijing) Information Technology Co., Ltd. has been qualified as "Software Enterprises" and enjoys the preferential period for preferential tax treatments shall be calculated from the profit-making year, and the enterprise was exempted from CIT in 2016 and 2017, and will be allowed a 50% tax reduction at a statutory rate of 25% in 2018, 2019 and 2020.

Tax holiday had no impact as there is no taxable profit for Youxinpai (Beijing) Information Technology Co., Ltd., Youxin Internet (Beijing) Information Technology Co., Ltd. and Youfang (Beijing) Information Technology Co. for the year ended December 31, 2018 and 2019, and the three months ended March 31, 2020.

The Group's other PRC subsidiaries, VIEs and VIEs' subsidiaries are subject to the statutory income tax rate of 25%.

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**24. INCOME TAX EXPENSE (CONTINUED)**

*Withholding tax on undistributed dividends*

The new CIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “actual management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the “actual management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, etc., of a non-PRC company is located.” Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The new CIT law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The Company did not record any dividend withholding tax, as it has no retained earnings for any of the periods presented.

*Composition of income tax expense*

The current and deferred portions of income tax expense included in the Consolidated Statements of Comprehensive Loss during the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020 are as follows:

	<b>For the year ended December 31,</b>			<b>For the three</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>months ended</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>March 31,</b>
				<b>2020</b>
				<b>RMB</b>
				<b>(Unaudited)</b>
<i>Continuing operations:</i>				
– Current income tax (expense)/credit	(831)	(2,751)	876	(326)
– Deferred income tax credit	620	1,107	1,678	—
	<u>(211)</u>	<u>(1,644)</u>	<u>2,554</u>	<u>(326)</u>
<i>Discontinued operations:</i>				
– Current income tax expense	(359)	(12,941)	(2,992)	—
<b>Total income tax expense</b>	<u>(570)</u>	<u>(14,585)</u>	<u>(438)</u>	<u>(326)</u>

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**24. INCOME TAX EXPENSE (CONTINUED)**

*Reconciliation of the differences between statutory tax rate and the effective tax rate*

Reconciliation of the differences between the statutory EIT rate applicable to losses of the consolidated entities and the income tax expenses of the Company:

	For the year ended December 31,			For the three months ended March 31,
	2017 RMB	2020 RMB	2019 RMB	2020 RMB (Unaudited)
Loss before tax from continuing operations	(1,272,210)	(1,352,748)	(1,360,463)	(2,040,999)
Loss before tax from discontinued operations	(1,478,615)	(173,583)	(659,458)	(455,177)
Loss before tax	(2,750,825)	(1,526,331)	(2,019,921)	(2,496,176)
Income tax computed at PRC statutory tax rate	(687,706)	(381,583)	(504,980)	(624,044)
Effect of different tax rate	6,709	(21,369)	42,085	16,601
Non-deductible expense	241,114	93,925	180,699	167,020
Change of valuation allowance	439,313	294,442	281,758	440,097
	<u>(570)</u>	<u>(14,585)</u>	<u>(438)</u>	<u>(326)</u>

*Deferred tax assets and deferred tax liabilities*

The following table sets forth the significant components of the deferred tax assets:

	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
<b>Deferred tax assets</b>			
Net accumulated losses-carry forward	636,440	780,265	803,540
Deductible advertising expense	540,627	617,918	543,471
Provision for credit losses	—	67,843	488,629
Accruals	68,271	67,067	138,468
Allowance	6,915	918	-
Less: valuation allowance	(1,252,253)	(1,534,011)	(1,974,108)
Net deferred tax assets	<u>—</u>	<u>—</u>	<u>—</u>
	December 31, 2018 RMB	December 31, 2019 RMB	March 31, 2020 RMB (Unaudited)
<b>Deferred tax liabilities</b>			
Intangible assets arisen from business combinations	4,759	3,081	—
Reclassified to liabilities held for sale	—	(3,081)	—
Net deferred tax liabilities	<u>4,759</u>	<u>—</u>	<u>—</u>

**24. INCOME TAX EXPENSE (CONTINUED)**

*Movement of valuation allowance*

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	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB (Unaudited)
Balance at beginning of the period	(518,498)	(957,811)	(1,252,253)	(1,534,011)
Changes of valuation allowance	(439,313)	(294,442)	(281,758)	(440,097)
Balance at end of the period	<u>(957,811)</u>	<u>(1,252,253)</u>	<u>(1,534,011)</u>	<u>(1,974,108)</u>

As of March 31, 2020, the Group had net operating loss carries forwards of approximately RMB 3,888.1 million which arose from the subsidiaries, VIEs and VIEs' subsidiaries established in the PRC. For Youxinpai (Beijing) Information Technology Co., Ltd and Youfang (Beijing) Information Technology Co., Ltd. which have been qualified as "high and technology enterprise", its loss carries forwards will expire from 2020 to 2029 according to newly issued Caishui 2018[78]. For all other remaining subsidiaries in China, the loss carries forwards will expire from 2020 to 2024.

A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated deficit, the existence of taxable temporary differences and reversal periods.

The Group has incurred net accumulated operating losses for income tax purposes since its inception. The Group believes that it is more likely than not that these net accumulated operating losses and other deferred tax assets will not be utilized in the future. Therefore, the Group has provided full valuation allowances for the deferred tax assets as of December 31, 2018 and 2019, and March 31, 2020.

## 25. ORDINARY SHARES

As of December 31, 2018 and 2019, and March 31, 2020, 10,000,000,000 ordinary shares had been authorized respectively. A total of 887,667,457 ordinary shares, par value US\$0.0001 per share, consists of 846,857,596 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of March 31, 2020. A total of 887,617,391 ordinary shares, par value US\$0.0001 per share, consists of 846,807,530 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of December 31, 2019. A total of 880,659,899 ordinary shares, par value US\$0.0001 per share, consists of 839,850,038 Class A ordinary shares and 40,809,861 Class B ordinary shares, had been issued and outstanding as of December 31, 2018. 40,809,861 ordinary shares were redesignated to Class B ordinary shares with super voting power (one share with ten votes) granted to Mr. Kun Dai, Founder and CEO of the Group, upon the completion of the IPO.

The Company issued and granted 17,742,890 restricted shares to Mr. Kun Dai on May 14, 2018. The restricted shares were vested immediately upon consummation of the IPO. On May 25, 2018, one of the Company's executive officers exercised his vested stock options to acquire 3,333,330 ordinary shares of the Company. In addition, the Company also offered vesting acceleration to that executive officer's 1,666,670 unvested stock options on May 25, 2018 and the executive officer also exercised such stock options to acquire 1,666,670 ordinary shares of the Company. Besides of which, certain option holders exercised their stock options and acquired 3,479,505 ordinary shares.

Immediately prior to the completion of the IPO, all classes of preferred shares of the Company were converted and redesignated as 743,343,820 Class A ordinary shares on a one-for-one basis, all ordinary shares of the Company were redesignated as Class B ordinary share. Mr. Kun Dai, founder, chairman and chief executive officer of the Company, will be deemed to beneficially own all of our issued Class B ordinary shares

On June 27, 2018, the Company completed its IPO on NASDAQ Global Select Market. The Company offered 75,000,000 Class A ordinary shares which represented 25,000,000 ADS.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 25. ORDINARY SHARES (CONTINUED)

Pursuant to an agreement entered into by the Company with Mr. Kun Dai and Xin Gao Group on May 28, 2018, Mr. Kun Dai and Xin Gao Group agreed to surrender and deliver 37,990,839 shares held by Xin Gao Group to the Company, and the Company agreed to accept these surrendered shares to settle all the outstanding principal and interest accrued of the loan due from Xin Gao Group, Mr. Kun Dai and Gao Li Group.

Fairlubo Share Swap represents the issuance of 13,026,713 Class A ordinary shares upon the conversion of Fairlubo shares held by certain Fairlubo shareholders upon completion of this offering, at an initial public offering price of US\$9.00 per ADS.

#### 26. SHARE-BASED COMPENSATION

On March 26, 2013, the Company adopted the 2013 Stock Incentive Plan ("2013 Plan").

Under the 2013 Plan, the Company's Board of Directors has approved that a maximum aggregate number of shares that may be issued pursuant to all awards granted under the 2013 Plan shall be 34,275,990 shares. On November 13, 2015, the Company increased the maximum number of shares available for grants of awards to 40,942,650. On April 20, 2016, the Company increased the maximum number of shares available to 65,000,000.

On February 14, 2018, the Company adopted the 2018 Amended and Restated Share Incentive Plan ("2018 Plan ") and replaced 2013 Plan. Under the 2018 Plan, the Company increased the maximum number of shares available to 87,742,890.

On November 19, 2018, the Company amended and restated the 2018 Plan, and renamed it 2018 Second Amended and Restated Incentive Plan ("2018 Second Plan"). Under the 2018 Second Plan, the Company increased the maximum number of shares available to 102,040,053.

Stock options granted to an employee under the 2018 Second Plan are generally be exercisable upon the Company completes a Qualified IPO or a defined Corporate Transaction (i.e. change of control, etc.) and the employee renders service to the Company in accordance with a stipulated service schedule. Employees are generally subject to a four-year service schedule, under which an employee earns an entitlement to vest in 25% of his option grants at the end of each year of completed service.

For the Company's key management grantee, the vested stock options granted could be retained and be exercised until the earlier of (i) any day commencing from the day that is six (6) months prior to the anticipated consummation of an IPO, or (ii) the day immediately prior to the consummation of a Corporate Transaction before March 26, 2023. For the Company's employee grantee, prior to the Company completes a Qualified IPO or Corporate Transaction, the stock options granted to the employee shall be forfeited three months after termination of employment of the employee. The Company's key management, management and employee grantees are collectively hereafter referred to as "Grantees".

The Company accounted for the share based compensation costs using an acceleration method over the requisite service period for the award based on the fair value on their respectively grant date.

##### *Option modification*

On September 22, 2019, the Company's board of directors approved a reduction in the exercise price for all outstanding options previously granted by the Company with any exercise prices which were higher than US\$1.03 per ordinary share, up to US\$3.00 per ordinary share, to US\$1.03 per ordinary share, provided that any participating option holder agrees to amendment in the number of shares subject to his or her option as determined by the plan administrator. The Company accounted for this reduction as a share option modification which required the remeasurement of these share options at the time of the modification. The total incremental cost as a result of the modification was US\$4.1 million. The incremental cost related to vested options amounted to US\$2.1 million and was recorded in the Consolidated Statements of Comprehensive Loss in the year ended December 31, 2019. The incremental cost related to unvested options amounted to US\$2.0 million and will be recorded over the remaining service period.

The Company granted 12,819,330, 25,224,000, 4,247,500 and 2,175,300 stock options to Grantees for the years ended December 31, 2017, 2018 and 2019, and three months ended March 31, 2020, respectively.

**UXIN LIMITED**

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**26. SHARE-BASED COMPENSATION (CONTINUED)**

The following table sets forth the stock options activity for the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020:

	Number of shares	Weighted- average exercise price US\$	Weighted average remaining contractual term	Aggregate intrinsic value 000'US\$	Weighted average fair value of options US\$
Outstanding as of January 1, 2017	31,572,960	0.45	8.02	57,467.59	0.85
Granted	12,819,330	2.13	—	—	1.72
Forfeited	(3,146,130)	1.31	—	—	1.06
Outstanding as of December 31, 2017	<u>41,246,160</u>	0.90	7.53	147,427.66	1.10
Granted	25,224,000	2.90	—	—	3.32
Forfeited	(2,822,511)	2.39	—	—	2.32
Exercised	(8,452,649)	0.20	—	—	1.23
Outstanding as of December 31, 2018	<u>55,195,000</u>	1.85	7.74	27,773.18	2.03
Granted	4,247,500	1.36	—	—	0.02
Forfeited	(11,454,468)	2.36	—	—	2.65
Exercised	(6,772,504)	0.03	—	—	0.54
Modified	(5,873,482)	2.82	—	—	2.95
Outstanding as of December 31, 2019	<u>35,342,046</u>	1.81	8.33	31,391.17	1.72
Granted	2,175,300	0.03	—	—	—
Forfeited	(5,186,508)	1.14	—	—	2.09
Outstanding as of March 31, 2020	<u>32,330,838</u>	1.79	6.81	25,530.99	1.55

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the underlying stock at each reporting date.

Prior to the initial public offering, in determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation in connection with employee stock options, the Company, with the assistance of independent appraisers, performed retrospective valuations instead of contemporaneous valuations because, at the time of the valuation dates, the Company's financial and limited human resources were principally focused on business development efforts. This approach is consistent with the guidance prescribed by the AICPA Audit and Accounting Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the Practice Aid. Specifically, the "Level B" recommendation in paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**26. SHARE-BASED COMPENSATION (CONTINUED)**

The Company, with the assistance of an independent valuation firm, evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate our enterprise value. The Company and its appraisers considered the market and cost approaches as inappropriate for valuing ordinary shares because no exactly comparable market transaction could be found for the market valuation approach and the cost approach does not directly incorporate information about the economic benefits contributed by our business operations. Consequently, we and our appraisers relied solely on the income approach in determining the fair value of our ordinary shares. This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to our company.

The income approach involves applying discounted cash flow analysis based on the Company's projected cash flow using management's best estimate as of the valuation dates. Estimating future cash flow requires us to analyze projected revenue growth, gross margins, operating expense levels, effective tax rates, capital expenditures, working capital requirements, and discount rates. The Company's projected revenues were based on expected annual growth rates derived from a combination of its historical experience and the general trend in this industry. The revenue and cost assumptions the Company used are consistent with its long-term business plan and market conditions in this industry. The Company also have to make complex and subjective judgments regarding its unique business risks, its limited operating history, and future prospects at the time of grant. Other assumptions the Company used in deriving the fair value of its equity include:

- no material changes will occur in the applicable future periods in the existing political, legal, fiscal or economic conditions in China;
- no material changes will occur in the current taxation law in China and the applicable tax rates will remain consistent;
- the Company has the ability to retain competent management and key personnel to support our ongoing operations; and
- industry trends and market conditions for the used car e-commerce businesses will not deviate significantly from current forecasts.

After initial public offering in June 2018, the fair value of ordinary shares is determined by the closing market price of the ordinary shares on the relevant grant dates.

Options granted to Grantees were measured at fair value on the dates of grant using the Binomial Option Pricing Model with the following assumptions:

	<b>For the year ended December 31,</b>			<b>For the three months ended March 31,</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Expected volatility	43%-51%	42%-47%	44%~45%	46%~49%
Risk-free interest rate (per annum)	2.08%-2.32%	2.49%~2.69%	1.6%~1.9%	0.3%~0.7%
Exercise multiple	2.8/2.2	2.8/2.2	2.8/2.2	2.8/2.2
Expected dividend yield	0%	0%	0%	0%
Contractual term (in years)	10	10	10	10

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**26. SHARE-BASED COMPENSATION (CONTINUED)**

The expected volatility was estimated based on the historical volatility of comparable peer public companies with a time horizon close to the expected term of the Company's options. The risk-free interest rate was estimated based on the yield to maturity of U.S. treasury bonds denominated in US\$ for a term consistent with the expected term of the Company's options in effect at the option valuation date. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of empirical studies on the actual exercise behavior of employees. The expected dividend yield is zero as the Company has never declared or paid any cash dividends on its shares, and the Company does not anticipate any dividend payments in the foreseeable future. The expected term is the contract life of the option.

For the Company's stock options granted to Grantees, the completion of an IPO or the Corporate Transaction is considered to be a performance condition of the awards. An IPO or the Corporate Transaction, is not considered to be probable until it is completed. Under ASC 718, compensation cost should be accrued if it is probable that the performance condition will be achieved. As a result, no compensation expense will be recognized related to these options until the completion of an IPO or the Corporate Transaction. In case when it is considered probable that a Qualified IPO will be completed, the compensation cost should be recognized earlier for the key management grantees, at six (6) months prior to the anticipated consummation of the IPO, based on this special term offered to the key management grantees. All the options granted to key management are fully vested as at December 31, 2017, and a share-based compensation expense of US\$ 4.2 million (equivalent to RMB 28.2 million) was recognized for the vested options offered to key management grantees for the year ended December 31, 2017, given the Qualified IPO is expected to be consumed within 6 months. A total of US\$36.7 million (equivalent to RMB 242.9 million) share compensation expense was recognized immediately upon the completion of IPO on June 27, 2018. A total of US\$21.7 million (equivalent to RMB 150.9 million) share-based compensation expense was recognized for the vested options offered to management and employees.

The Company granted 160,190, 151,655 and 50,066 restricted shares to Grantees for the year ended December 31, 2018 and 2019, and the three months ended March 31, 2020, respectively.

The following table sets forth the restricted shares activity for the year ended December 31, 2018 and 2019, and the three months ended March 31, 2020:

	Number of shares	Weighted average grant date fair value US\$
Unvested as of December 31, 2017	—	—
Granted	160,190	1.95
Vested	(26,856)	0.39
	<u>133,334</u>	2.26
Unvested as of December 31, 2018	<u>133,334</u>	2.26
Granted	151,655	1.41
Vested	(184,988)	0.75
Forfeited	(66,667)	2.26
	<u>33,334</u>	2.26
Unvested as of December 31, 2019	<u>33,334</u>	2.26
Granted	50,066	0.51
Vested	(50,066)	0.51
	<u>33,334</u>	2.26
Unvested as of March 31, 2020	<u>33,334</u>	2.26

Total share-based compensation cost for the restricted shares amounted to US\$0.1 million, US\$0.1 million and US\$ 0.1 million for the years ended December 31, 2018 and 2019, and the three months ended March 31, 2020, respectively.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 26. SHARE-BASED COMPENSATION (CONTINUED)

##### *Other share-based compensation*

The Company issued and granted 17,742,890 restricted shares to Mr. Kun Dai, Founder and CEO of the Group, on May 14, 2018. The restricted shares were vested immediately upon consummation of a successful IPO of the Company. In June 2018, the Company recorded share-based compensation expense of US\$ 93.8 million (equivalent to RMB 620.4 million) in general and administrative expense.

On May 25, 2018, one of the Company's executive officers exercised his vested stock options to acquire 3,333,330 ordinary shares of the Company. In addition, the Company also offered vesting acceleration to that executive officer's 1,666,670 unvested stock options on May 25, 2018 and the executive officer also exercised such stock options to acquire 1,666,670 ordinary shares of the Company. Therefore, in May 2018, the Company recorded all remaining unrecognized compensation costs which were accelerated in the amount of US\$ 4.8 million (equivalent to RMB 31.8 million) in general and administrative expense.

On June 27, 2018, US\$ 0.8 million (equivalent to RMB 5.2 million) share-based compensation was recorded as the redesignation of the Company's ordinary shares and super voting power was granted to Class B beneficial owner, Mr. Kun Dai in general and administrative expense.

##### *Stock incentive plan adopted by Fairlubo*

In 2017, Fairlubo Auction Company Limited, one of the Group's non-wholly owned subsidiaries adopted and started to operate its own share-based compensation plan. Their exercise prices of the share options, as well as the vesting periods of the share options and awarded shares are determined by the board of directors of this subsidiary at their sole discretion. The share options granted are normally vested over 4-year period, with  $\frac{1}{4}$  of the total shares to be vested on each anniversary of the vesting commencement date, and the exercises of the awards of the Fairlubo are also subject to the completion of an IPO or immediately prior to a defined corporate transaction, which are considered to be a performance condition of the awards. An IPO or the defined corporate transaction is not considered to be probable until it is completed. Under ASC 718, compensation cost should be accrued if it is probable that the performance condition will be achieved. As a result, no compensation expense will be recognized related to the Fairlubo's stock options until the completion of an IPO or the corporate transaction, and hence no share-based compensation expense was recognized for the year ended December 31, 2017, 2018 and 2019, respectively. The salvage car related business was divested in January 2020, and the ESOP plan was terminated concurrently at the date when the Corporate Transaction was completed, as the ESOP plan was not assumed by Boche. Therefore, the performance condition was never met and no share-based compensation expense was recognized for the three months ended March 31, 2020.

#### 27. SEGMENT INFORMATION

Segments are business units that offer different services and are reviewed separately by the chief operating decision maker (the "CODM"), or the decision-making group, in deciding how to allocate resources and in assessing performance.

The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as Uxin's Chief Executive Officer.

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the CODM.

The Group primarily generates its revenues in China, and assets of the Company are also primarily located in China Area. Accordingly, no geographical segments are presented.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**28. FAIR VALUE MEASUREMENTS**

*Assets and liabilities disclosed at fair value*

The Company measures its cash and cash equivalents, accounts receivables, loan recognized as a result of payment under the guarantee, financial lease receivables and short-term borrowing at amortized cost. The carrying value of accounts receivable and financial lease receivables approximate their fair value which are considered a level 3 measurement. The fair value was estimated by discounting the scheduled cash flows through to estimated maturity using estimated discount rates based on current offering rates of comparable institutions with similar services. The carrying value of the Company's debt obligations approximate fair value as the borrowing rates are similar to the market rates that are currently available to the Company for financing obligations with similar terms and credit risks and represent a level 2 measurement. The guarantee liabilities are presented as a level 3 measurement, with the fair value estimated by discounting expected future payouts, net loss rates, expected collection rates and a discount rate for time value.

*Assets measured at fair value on a nonrecurring basis*

The Company measured its property and equipment, intangible assets and equity method investment at fair value on a nonrecurring basis whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable.

*Assets and liabilities measured at fair value on a recurring basis*

The Company measured its available-for-sale debt security investment, derivative liabilities, and guarantee liabilities at fair value on a recurring basis. As the Company's available-for-sale debt security investments, derivative liabilities and guarantee liabilities are not traded in an active market with readily observable prices, the Company uses significant unobservable inputs to measure the fair value of available-for-sale investment, derivatives liabilities and guarantee liabilities. These instruments are categorized in the Level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. The Company did not transfer any assets or liabilities in or out of level 3 during the year ended December 31, 2018 and 2019.

The following table summarizes the Company's financial assets and liabilities measured and recorded at fair value on recurring basis as of December 31, 2018 and 2019, and March 31, 2020:

	December 31, 2018			Total RMB
	Active market (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	
	RMB	RMB	RMB	
<b>Assets:</b>				
Short-term investments	—	553,568	42,510	596,078
Available-for-sale debt security investment	—	—	41,179	41,179
	—	553,568	83,689	637,257
<b>Liabilities:</b>				
Guarantee liabilities	—	—	146,427	146,427

**UXIN LIMITED**

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(All amounts in thousands, except for share and per share data, unless otherwise noted)

**28. FAIR VALUE MEASUREMENTS (CONTINUED)**

	December 31, 2019			Total RMB
	Active market (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	
	RMB	RMB	RMB	
<b>Assets:</b>				
Available-for-sale debt security investment	—	—	3,114	3,114
<b>Liabilities:</b>				
Guarantee liabilities	—	—	388,307	388,307

Refer to Note 14 and 16 for additional information about Level 3 available-for-sale debt security investment and guarantee liabilities measured at fair value on a recurring basis.

The roll forward of major Level 3 investments are as followings:

	Total RMB
Fair value of Level 3 investments as of December 31, 2017	—
New addition	237,510
Disposal of investments	(195,000)
Effect of exchange rate change	—
Fair value of Level 3 investments as of December 31, 2018	42,510
Maturity of investments	(42,510)
Fair value of Level 3 investments as of December 31, 2019	—

Valuation Techniques

a. Short-term investment

Short-term investment primarily including term deposits and investment products placed with banks with original maturities longer than three months but less than one year.

b. Available-for-sale debt security investment

Available-for-sale financial assets represent investment of redeemable preferred shares, and fair value of which is determined with reference to the issuance price of latest round of financing.

c. Guarantee liabilities

The fair value of the guarantee liabilities at loan inception is estimated by applying several different statistical methods allowing for the different features of loan products. The assumptions used are based on historical data and supplemented by market benchmarking. The time value of the estimated guarantee liabilities is recognized through discounting which considers the duration of the future payment pattern. The selected discount rate is based on the one year benchmark interest rate published by The People's Bank of China.

Valuation Methodology (Before the adoption of ASU 2016-13 on January 1, 2020)

- Paid Chain-ladder Development ("PCD") method

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 28. FAIR VALUE MEASUREMENTS (CONTINUED)

The PCD method projects ultimate guarantee liabilities by using historical development patterns of cumulative loan default payments. The historical pattern is shown as the ratios of quarterly increases in cumulative payments by loan origination quarter. The methodology implicitly allows for future inflation as past inflation is included in the observed factors.

The methodology implies that the past payment history is a good estimate for the future pattern of guarantee liabilities development, assuming stable pricing and claim pattern, and no significant changes in external factors.

- Expected Delinquent Ratio (“EDR”) method

The EDR method estimates the ultimate guarantee liabilities by applying the expected delinquent ratio to the total loan amount (total risk exposure). This is done for different product types and by different loan origination quarter.

This method largely relies on the expected delinquent ratios used where the ratios are selected based on historical loss experiences of similar products in the market, future loss trends and etc.

- Paid Bornhuetter-Ferguson (“PBF”) method

The PBF method is normally used in situations where the claims data is scarce and/or the loan origination quarters are less matured. The method assumes each loan origination quarter has an expected delinquent ratio at the outset with an expected pattern of the emergence of loan default payments.

There are two major assumptions for this method:

- (a) The initial expected delinquent ratios which are selected following the same logic of the EDR method;
- (b) The expected portion of the ultimate yet to be paid which is derived from loan default payment patterns used in PCD method.

The estimated ultimate guarantee liabilities from PBF method are then the sum of the following two:

- (a) Expected ultimate guarantee liabilities that have not been paid as at the valuation date: the product of initial expected ultimate guarantee liabilities, which are the product of the total loan amount and the selected initial expected ultimate delinquent ratio for each loan origination quarter, multiplied by the expected portion of the ultimate yet to be paid as at the valuation date; and
- (b) Actual paid claim amount as at the valuation date.

- Life Cycle (“LC”) method

The LC method first categorizes each loan by its maturity (the difference between the total loan periods and the remaining loan periods). By analyzing the historical claim data, we got the actual delinquent ratios for each loan maturity. The cumulative product of the actual delinquent ratios of each maturity is then the estimated ultimate delinquent ratio.

The development to ultimate pattern of each loan maturity is just the following:

The actual delinquent ratio at that maturity / The estimated ultimate delinquent ratio

Using the above implied pattern, we simulate the development to ultimate pattern for each loan origination month. We then apply the corresponding development pattern to the specific loan origination month to derive the ultimate guarantee liabilities for that month

Assumptions

- Selected Payment Pattern for PCD and PBF Methods

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 28. FAIR VALUE MEASUREMENTS (CONTINUED)

Payment patterns are selected for different product groups due to different risk factors. The largest development factor is observed in the second quarter where the amount of payment at end of first quarter tends to be 65 times more when reaching the end of second quarter on average. The development factors for payment matured two quarters and more are in the range of 3.11 to 1.01.

- Initial Expected Delinquent Ratios for EDR and PBF Methods

The initial expected delinquent ratios used in the EDR and PBF methods are the same and are selected based on the historical experiences and supplemented with industry benchmark. The range of initial expected delinquent ratios are generally between 9% and 12%. If there are any abnormal loss events, the initial expected delinquent ratio will be set at a higher level incorporating the actual abnormal loss experiences.

- Discount Factors

The discount factors are in the range of 0.95 to 1 for guarantee liabilities with different maturities.

- Final Selection of Ultimate Delinquent Ratios

The selected final ultimate delinquent ratios are weighted average of the estimated delinquent ratios from each valuation method applied, where the weights are based on the applicability of each valuation method and the historical pattern observed from the historical data:

- Sufficient Historical Data

For more matured quarters, more weights are given to the PCD method and LC method while for less matured quarters, more weights are given to the PBF method. This is in line with the applicability of each method.

- Sparse Historical Data

More weights are given to the EDR method as the loss pattern from the historical data are much less credible. However, when data becomes more and more credible, more weights will be given to other methods.

- Collection Rate

The collection rate used is 57%, 68% and 66.4% for the years ended December 31, 2017, 2018 and 2019, which is based on the historical experience supplemented with market benchmark.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**29. NET LOSS PER SHARE**

Basic and diluted net loss per share for each of the periods presented are calculated as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
	RMB	RMB	RMB	RMB
<b>Numerator:</b>				
Net loss from continuing operations	(1,268,824)	(1,351,761)	(1,327,678)	(2,034,385)
Net loss from discontinued operations	(1,478,974)	(186,524)	(662,450)	(455,177)
<b>Total net loss</b>	<b>(2,747,798)</b>	<b>(1,538,285)</b>	<b>(1,990,128)</b>	<b>(2,489,562)</b>
Net loss from continuing operations	(1,268,824)	(1,351,761)	(1,327,678)	(2,034,385)
Less: net loss from operations attributable to non-controlling interests shareholders	(25,202)	(15,771)	(1,452)	(5,383)
Net loss from continuing operations, attributable to UXIN Limited	(1,243,622)	(1,335,990)	(1,326,226)	(2,029,002)
Accretion on convertible redeemable Preferred Shares	(555,824)	(318,951)	—	—
Deemed dividend to Preferred Shareholders	(587,564)	(544,773)	—	—
Deemed dividend from Preferred Shareholders	92,779	—	—	—
<b>Net loss attributable to ordinary shareholders from continuing operations</b>	<b>(2,294,231)</b>	<b>(2,199,714)</b>	<b>(1,326,226)</b>	<b>(2,029,002)</b>
<b>Net loss attributable to ordinary shareholders from discontinued operations</b>	<b>(1,478,974)</b>	<b>(186,524)</b>	<b>(662,450)</b>	<b>(455,177)</b>
<b>Denominator:</b>				
Weighted average number of ordinary shares outstanding, basic and diluted	49,318,860	477,848,763	886,613,598	888,460,868
<b>Net loss per share attributable to ordinary shareholders, basic</b>				
- Continuing	(46.52)	(4.60)	(1.50)	(2.28)
- Discontinued	(29.99)	(0.39)	(0.75)	(0.51)
<b>Net loss per share attributable to ordinary shareholders, diluted</b>				
- Continuing	(46.52)	(4.60)	(1.50)	(2.28)
- Discontinued	(29.99)	(0.39)	(0.75)	(0.51)

As the Company incurred losses for the years ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020, the potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company, pursuant to ASC 260, "Earnings Per Share". The weighted-average numbers of Preferred Shares, convertible notes, Fairlubo Share Swap, non-vested restricted shares, and options granted excluded from the calculation of diluted net loss per share of the Company of the respective period were as follows:

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**29. NET LOSS PER SHARE (CONTINUED)**

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
Preferred Shares	541,283,717	367,859,970	—	—
Convertible notes	—	53,589,548	253,165,870	253,165,870
Fairlubo Share Swap	2,571,946	6,352,753	—	—
Non-vested restricted shares	—	133,328	33,331	33,329
Outstanding weighted average stock options	28,283,332	14,118,546	4,096,724	4,662,702
Total	<u>572,138,995</u>	<u>442,054,145</u>	<u>257,295,925</u>	<u>257,861,901</u>

**30. EMPLOYEE BENEFIT**

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, VIEs and VIEs' subsidiaries of the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the government. The Group has no legal obligation for the benefits beyond the contribution made.

The total amounts charged to the Consolidated Statements of Comprehensive Loss for such employee benefits amounted to approximately RMB28.7 million, RMB116.1 million, RMB169.8 million and RMB 32.4 million for the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020.

**31. CONTINGENCIES**

In the ordinary course of business, the Group is from time to time involved in legal proceedings and litigations. In January 2019, one competitor of the Group filed lawsuits against the Group relating to disputes with respects to unfair competition and infringement, respectively. During 2019, two putative securities class actions were brought up on behalf of a group of persons who allegedly suffered damages as a result of alleged misstatements and omissions in certain disclosure documents in connection with the Company's initial public offering in June 2018. So far, these two class actions have remained at their preliminary stage, respectively. And based on current available information, the Group does not believe that the ultimate outcome of any unresolved matter, individually and in aggregate, is reasonably possible to be estimated or have a material adverse effect on the Group's consolidated financial statements. However, litigations are subject to inherent uncertainties and the Group's view of these matters may change in the future. The Group records a liability when it is both probable that a liability has been incurred and the amount of loss can be reasonable estimated. No accrual has been recorded by the Group as of December 31, 2019, and March 31, 2020, respectively, with respects to these cases, due to the fact that the Group is unable to reasonably estimate any possible losses or any range of the possible losses at this stage.

During 2017 and 2019, one competitor of the Group filed two lawsuits against the Group relating to disputes with respect to trademarks and infringement. These two cases were settled between the Company and the competitor subsequently in June 2020 for RMB 6.6 million. The Company accrued RMB 6.6 million as of March 31, 2020.

**32. CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Group to the concentration of credit risks consist of cash and cash equivalents.

The Group deposits its cash and cash equivalents with financial institutions located in jurisdictions where the subsidiaries are located. The Company believes that no significant credit risk exists as these financial institutions and financing partners have high credit quality.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

Substantially all revenue was derived from customers located in China. No single customer accounted for more than 10% of the Company's consolidated revenue in any of the periods presented.

### 33. SUBSEQUENT EVENTS

#### *Settlement of guarantee liabilities associated with historically-facilitated loans for WeBank*

On July 23, 2020, the Company entered into a supplemental agreement with WeBank to settle the Company's remaining guarantee liabilities associated with the historically-facilitated loans for WeBank. Pursuant to the agreement, the Company will pay an aggregate amount of RMB372 million to WeBank from 2020 to 2025 as guarantee settlement with a maximum annual settlement amount of no more than RMB84 million. Upon the signing of the supplemental agreement, the Company is no longer subject to guarantee obligations in relation to its historically-facilitated loans for WeBank under the condition that the Company makes the instalments based on the agreed-upon schedule in the supplemental agreement.

#### *Change of organization after Divestiture Transaction*

During the three months ended June 30, 2020, along with the Divestiture Transactions, the Group accelerated the ongoing strategic transformation of business and services model, which included upgrading the entire used car transaction process and migrating each step to online during the COVID-19 pandemic. As a result of streamlining operations and upgrading business and services model, the Group lowered headcount in the car inspection service and sales function, and the Group incurred a severance charge of approximately RMB 35 million to accrue for the termination of employment for certain employees.

#### *Amendment of Convertible Notes issued to PacificBridge Asset Management (holders of 2020 Notes and 2021 Notes)*

On July 23, 2020, the Company entered into agreements with holders of 2020 Notes and 2021 Notes (Note 20) to amend the terms of the convertible notes. Pursuant to the agreements, the parties have agreed that the conversion price of the convertible notes will be adjusted to the Company's volume weighted average stock price for Class A ordinary shares of last 30 trading days prior to the signing of the agreements multiplied by 78%, and holders of the 2020 Notes and 2021 Notes will convert all the convertible notes into Class A ordinary shares upon the signing of the agreements. On the same day, holders of the 2020 Notes and 2021 Notes converted all their convertible notes into 136,279,973 Class A ordinary shares of the Company at the adjusted conversion price.

## UXIN LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

#### 34. STATUTORY RESERVES AND RESTRICTED NET ASSETS

Pursuant to laws applicable to entities incorporated in the PRC, the Group's subsidiaries in the PRC must make appropriations from after-tax profit to non-distributable reserve funds. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires an annual appropriation of 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until the accumulative amount of such reserve fund reaches 50% of a company's registered capital; the other fund appropriations are at the subsidiaries' discretion. These reserve funds can only be used for specific purposes of enterprise expansion and staff bonus and welfare and are not distributable as cash dividends. During the year ended December 31, 2017, 2018 and 2019, and the three months ended March 31, 2020, no appropriations to the statutory reserve, enterprise expansion fund and staff welfare and bonus fund have been made by the Group.

In addition, due to restrictions on the distribution of share capital from the Group's PRC subsidiaries and also as a result of these entities' unreserved accumulated losses, total restrictions placed on the distribution of the Group's PRC subsidiaries' net assets was RMB286.9 million, or 12.2% of the Group's total consolidated net assets as of March 31, 2020 (RMB825.2 million, or 177.4% as of December 31, 2019).

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial statements for the parent company.

The subsidiaries did not pay any dividend to the Company for the periods presented. For the purpose of presenting parent only financial information, the Company records its investments in its subsidiaries under the equity method of accounting. Such investments are presented on the separate condensed balance sheets of the Company as "investments deficit in subsidiaries" and the loss of the subsidiaries is presented as "share of loss of subsidiaries". Certain information and footnote disclosures generally included in financial statements prepared in accordance with US GAAP have been condensed and omitted.

The Company did not have significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2018 and 2019, and March 31, 2020, respectively.

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**35. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

**Balance sheets**

	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	10,288	3,341	1,081
Short-term investment	553,568	—	—
Prepaid expenses	23,100	1,047	1,027
Amounts due from related parties	9,318,188	9,140,957	9,276,465
Other receivables	18,015	6,984	2,921
<b>Total assets</b>	<b>9,923,159</b>	<b>9,152,329</b>	<b>9,281,494</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Other payables and accruals	10,584	93,821	104,475
Investment deficit in subsidiaries	6,195,553	8,194,449	11,110,402
Amounts due to related parties	90,251	12,937	12,738
Convertible notes, current	1,188,192	324,644	375,449
Other current liabilities	64,446	22,998	22,923
<b>Non-current liabilities</b>			
Convertible notes, non-current	—	34,312	—
<b>Total liabilities</b>	<b>7,549,026</b>	<b>8,683,161</b>	<b>11,625,987</b>
	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
			<b>(Unaudited)</b>
<b>Shareholders' equity</b>			
Ordinary shares (US\$0.0001 par value, 10,000,000,000 shares authorized as of December 31, 2018 and 2019, respectively; 839,850,038 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of December 31, 2018; 846,807,530 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of December 31, 2019; 846,857,596 Class A ordinary shares and 40,809,861 Class B ordinary shares issued and outstanding as of March 31, 2020)	575	581	581
Additional paid-in capital	12,967,986	13,069,560	13,036,989
Accumulated other comprehensive income	86,061	68,192	106,764
Accumulated deficit	(10,680,489)	(12,669,165)	(15,488,827)
<b>Total shareholders' equity</b>	<b>2,374,133</b>	<b>469,168</b>	<b>(2,344,493)</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,923,159</b>	<b>9,152,329</b>	<b>9,281,494</b>

UXIN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

35. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (CONTINUED)

Statements of comprehensive loss

	For the year ended December 31,			For the three months ended
	2017	2018	2019	March 31,
	RMB	RMB	RMB	2020
				RMB
				(Unaudited)
<b>Total revenues</b>	—	4,497	—	—
<b>Cost of revenues</b>	—	(147)	—	—
<b>Gross profit</b>	—	4,350	—	—
<b>Operation expense</b>				
Sales and marketing	—	(34,591)	(24,622)	—
Research and development	—	(17,376)	(258)	2,158
General and administrative	(171,172)	(1,019,055)	(136,459)	19,018
Provision for credits losses	—	—	—	(3,490)
<b>Total operating expenses</b>	(171,172)	(1,071,022)	(161,339)	17,686
<b>Loss from operations</b>	(171,172)	(1,066,672)	(161,339)	17,686
Share of loss of subsidiaries and VIEs	(1,703,491)	(1,641,754)	(1,818,665)	(2,491,563)
Interest income/(expense), net	17,849	(25,262)	(47,677)	(10,727)
Other (expense)/income, net	(14)	4,213	39,131	426
Foreign exchange gain/(loss)	3,849	2,951	(126)	(1)
Fair value change of derivative liabilities	(869,617)	1,204,010	—	—
<b>Net loss</b>	(2,722,596)	(1,522,514)	(1,988,676)	(2,484,179)
Accretion on redeemable preferred shares to redemption value	(555,824)	(318,951)	—	—
Deemed dividend to Preferred Shareholders	(587,564)	(544,773)	—	—
Deemed dividend on Preferred Shareholders	92,779	—	—	—
Net loss attributable to ordinary shareholders	(3,773,205)	(2,386,238)	(1,988,676)	(2,484,179)
<b>Net loss</b>	(2,722,596)	(1,522,514)	(1,988,676)	(2,484,179)
<b>Other comprehensive income /(loss)</b>				
Foreign currency translation	46,065	11,406	(17,869)	38,572
<b>Total comprehensive loss</b>	(2,676,531)	(1,511,108)	(2,006,545)	(2,445,607)

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**35. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (CONTINUED)**

**Statements of cash flows**

	For the year ended December 31,			For the three months ended
	2017	2018	2019	March 31, 2020
	RMB	RMB	RMB	RMB (Unaudited)
Net cash generated from/ (used in) operating activities	6,080	(55,088)	18,977	(290,959)
Net cash generated from/ (used in) investing activities	102,577	(3,999,403)	755,553	424,390
Net cash (used in)/generated from financing activities	(29,042)	3,982,230	(781,527)	(135,707)
Effect of exchange rate changes on cash and cash equivalents	(2,592)	4,730	50	16
Net increase /(decrease) in cash and cash equivalents	77,023	(67,531)	(6,947)	(2,260)
Cash and cash equivalents at beginning of the period	796	77,819	10,288	3,341
Cash and cash equivalents at end of the period	77,819	10,288	3,341	1,081

**UXIN LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

**36. SELECTED FINANCIAL DATA FOR THE THREE MONTHS ENDED MARCH 31, 2019**

The following tables present condensed selected comparative information for the three months ended March 31, 2019:

	<b>Three months ended March 31,</b>
	<b>2019</b>
	<b>RMB</b>
<b>Results of Operations</b>	
Total revenues	335,791
Cost of revenues	(156,372)
Total operating expenses	(474,465)
Loss from continuing operations	(295,046)
Interest expenses, net	(24,503)
Other income, net	20,389
Foreign exchange losses	(779)
Loss from continuing operations before income tax expense	(299,939)
Income tax expense	(1,556)
Equity in income of affiliates	5,956
Net loss from continuing operations, net of tax	(295,539)
Less: net loss attributable to non-controlling interests shareholders	(445)
Net loss from continuing operations, attributable to UXIN LIMITED	(295,094)
Net income from discontinued operations, attributable to UXIN LIMITED	10,555
Net loss	(284,984)
Net loss attributable to ordinary shareholders	(284,539)

<b>Cash Flows</b>	
Net cash used in operating activities	188,061
Net cash used in investing activities	6,645
Net cash generated from financing activities	127,066
Effect of exchange rate changes on cash, cash equivalents and restricted cash	11,983
Net decrease in cash, cash equivalents and restricted cash	333,755

	<b>March 31, 2019</b>
	<b>RMB</b>
	<b>(Unaudited)</b>
Cash and cash equivalents	454,890
Working capital (i)	1,875,218
Net assets	2,146,422
Total assets	7,099,293
Ordinary shares	577
Additional paid-in-capital	13,021,718
Total shareholders' equity	2,146,422

(i) The Company defines working capital as current assets less current liabilities.

**Supplemental Agreement to  
Vehicle Financing Business Cooperation Agreement**

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This Supplemental Agreement to Vehicle Financing Business Cooperation Agreement (this "Agreement") is made by and among:

Party A: Shenzhen Qianhai Webank Co., Ltd.

Domicile (Address): Block A, Building 7, Shenzhen Bay Science and Technology Ecological Park, No.1819 Shahe West Road, Nanshan District, Shenzhen, P.R. China

Legal Representative (Responsible Person): Gu Min

Contact Information: (0755)-8946-2688

Party B 1: Kai Feng Finance Lease (Hangzhou) Co., Ltd.

Domicile (Address): Room 1814, Unit 1, Building 3, Wanda Commercial Center, Gongshu District, Hangzhou, Zhejiang, P.R. China

Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

Party B 2: Youqin (Shanxi) Finance Leasing Co., Ltd.

Domicile (Address): Room 702, Block A, Midwestern Lugang Financial Town, No.99 Gangwu Road, International Trade & Logistics Park, Xi 'an, Shaanxi, P.R. China

Legal Representative: Gao Xia

Contact Information: (010)-8475-2481

Party B 3: Yougu (Shanghai) Information Technology Co., Ltd.

Domicile (Address): Room 368, Part 302, No.211 Fute North Road, China (Shanghai) Pilot Free Trade Zone

Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

Party B 4: Youzhen (Beijing) Business Consulting Co., Ltd.

Domicile (Address): Room 323608, Building 5, Yard 1, Futong East Street, Chaoyang District, Beijing, P.R. China

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Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

Party B 5: Youxin (Shanghai) Used Car Business Co., Ltd.

Domicile (Address): Room D-09, Floor 2, Building 1, No.198 Huashen Road, China (Shanghai)Pilot Free Trade Zone

Legal Representative: Gao Xia

Contact Information: (010)-8475-2481

Party B 6: Youfang (Beijing) Information Technology Co., Ltd.

Domicile (Address): Room 323607, Building 5, Yard 1, Futong East Street, Chaoyang District, Beijing, P.R. China

Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

Party B 7: Shenzhen Uxin Pengda Used Car Brokerage Co., Ltd.

Domicile (Address): 18C-14D, Building 3, Tower 2, Dachong Business Center (Phase I), No.9676 Shennan Avenue, Dachong Community, Yuehai Street, Nanshan District, Shenzhen, P.R. China

Legal Representative: Liu Yong

Contact Information: (010)-8475-2481

Party B 8: Xi' an Uxin Pengjia Used Car Brokerage Co., Ltd.

Domicile (Address): Room 601, Floor 6, Block A, Midwestern Lugang Financial Town, No.99 Gangwu Road, International Trade & Logistics Park, Xi 'an, Shaanxi, P.R. China.

Legal Representative (Responsible Person): Ren Yukai

Contact Information: (010)-8475-2481

Party B 9: Beijing Uxin Ruida Asset Management Co., Ltd.

Domicile (Address): 418 South Section of Comprehensive Building, Zone 2, No.6 Jingbei East

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Road, Fengtai District, Beijing, P.R. China.

Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

Party B 10: Youxinpai (Beijing) Information Technology Co., Ltd.

Domicile (Address): Room 323610, Floor 36, Unit 2, Building 5, Yard 1, Futong East Street, Chaoyang district, Beijing, P.R. China.

Legal Representative: Zeng Zhen

Contact Information: (010)-8475-2481

(Party B refers to any party, any combination and all of Party B 1 to Party B 10; Party A and Party B are hereinafter collectively referred to as the "Parties".)

WHEREAS:

1. Party A, Party B 1, Youxinpai (Beijing) Information Technology Co., Ltd. and Yougu (Shanghai) Information Technology Co., Ltd. signed the Uxin "Fu Yi Ban" Project Cooperation and Guarantee Agreement (Agreement No.: Wei Yin (Uxin) Zi [2015] No.001) (the "Cooperation Agreement I") in 2015. Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement I, jointly provide customers with financing services for purchasing vehicles;
  2. Party A, Party B 1, Youxinpai (Beijing) Information Technology Co., Ltd. and Yougu (Shanghai) Information Technology Co., Ltd. signed the Uxin "Fu Yi Ban" Project Cooperation and Guarantee Agreement (Agreement No.: Wei Yin (Uxin) Zi [2016] No.001) (the "Cooperation Agreement II") in 2016. Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement II, jointly provide customers with financing services for purchasing vehicles;
  3. Party A, Party B 1, Youxinpai (Beijing) Information Technology Co., Ltd. and Yougu (Shanghai) Information Technology Co., Ltd. signed the "Fu Yi Ban" Project Cooperation and Guarantee Agreement (Agreement No.: Wei Yin (Uxin) Zi [2016] No.002) (the "Cooperation Agreement III") in 2016. Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement III, jointly provide customers with financing services for purchasing vehicles;
  4. Party A and Party B 1 signed the Cooperation Agreement on Vehicle Financing Business (Agreement No.: Wei Yin (Kaifeng) Zi [2016] No.001) (the "Cooperation Agreement IV")
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in 2016. Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement IV, jointly provide financing services for customers to purchase vehicles from distributors;

5. Party B 1, Youxinpai (Beijing) Information Technology Co., Ltd., Yougu (Shanghai) Information Technology Co., Ltd., Youzhen (Beijing) Business Consulting Co., Ltd., Youxin (Shanghai) Used Car Management Co., Ltd., and Youfang (Beijing) Information Technology Co., Ltd. (collectively, the "Uxin Group Company") and Party A signed the Agreement on Cooperation and Guarantee of Vehicle Financing Business (Agreement No.: Wei Yin (KF-Kaifeng) He Zi [2017] No.001) in 2017, and Party A and Party B 1 signed the Cooperative Product and Business Operation Agreement (Agreement No.: Wei Yin (Kaifeng) Yun Zi [2017] No.001) in 2017 (the Agreement on Cooperation and Guarantee of Vehicle Financing Business and the Cooperative Product and Business Operation Agreement are hereinafter collectively referred to as "Cooperation Agreement V"). Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement V, jointly provide financing services for customers to purchase vehicles from distributors;
  6. Party A and Party B 1 signed the Cooperation Agreement on Vehicle Financing Business (Agreement No.: Wei Yin (Kaifeng) He Zi [2018] No.001) (the "Cooperation Agreement VI") in 2018. Party A and Party B 1 shall, according to the provisions of the Cooperation Agreement VI, cooperate on the financing business of consumers' personal purchase of vehicles and/or additional products (services) of vehicles;
  7. The Cooperation Agreement I, the Cooperation Agreement II, the Cooperation Agreement III and the Cooperation Agreement IV are hereinafter collectively referred to as "Debt Swap Cooperation Agreements", including the supplementary agreements, annexes and guarantee contracts under the Debt Swap Cooperation Agreements.
  8. The Cooperation Agreement I, the Cooperation Agreement II, the Cooperation Agreement III, the Cooperation Agreement IV, the Cooperation Agreement V and the Cooperation Agreement VI are hereinafter collectively referred to as "Kaifeng Master Agreements";
  9. Party A and Party B 2 signed the Vehicle Financing Business Cooperation Agreement (Agreement No.: Wei Yin (YQ-Youqin) He Zi [2018] No.001) (the "Youqin Master Agreement") in 2018, including the supplementary agreements, annexes and guarantee contracts under the Youqin Master Agreement. Party A and Party B 2 shall, according to the provisions of the Youqin Master Agreement, cooperate on the financing business of consumers' personal purchase of vehicles and/or additional products (services) of vehicles;
  10. Party A, Party B 1 and Party B 2 signed the Supplemental Agreement to Vehicle Financing Business Cooperation Agreement (Agreement No.: Wei Yin (KF-Kaifeng) He Bu Zi [2020] No.001) on April 26, 2020 (the "Pledge Supplementary Agreement I"). Party A, Party B 1 and Party B 2 have made supplementary agreements on the pledge and recovery of the accounts receivable, the margin replenishment and customers' complaints arising from
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Party B's performance of consumer vicarious payment liability in accordance with the provisions of the Original Supplementary Agreement I;

11. Party A, Party B 1 and Party B 2 signed the Supplemental Agreement to Vehicle Financing Business Cooperation Agreement (Agreement No.: Wei Yin (KF-Kaifeng) He Bu Zi [2020] No.002) on July 7, 2020 (the "Pledge Supplementary Agreement II"). Party A, Party B 1 and Party B 2 have made supplementary agreements on the management, recovery and collection operation of the accounts receivable and the advance payment for creditor's rights purchase arising from Party B's performance of consumer vicarious payment liability in accordance with the provisions of the Pledge Supplementary Agreement II;
12. The Pledge Supplementary Agreement I and the Pledge Supplementary Agreement II are hereinafter collectively referred to as "Pledge Supplementary Agreements";
13. The Kaifeng Master Agreements, the Youqin Master Agreement and the Pledge Supplementary Agreements are hereinafter collectively referred to as "Master Agreements", including the supplementary agreements, annexes and guarantee contracts under the Master Agreements.

NOW, THEREFORE, after friendly negotiation and intending to be mutually bound, Party A and Party B voluntarily enter into this Supplementary Agreement.

Unless otherwise specified, the interpretation of definitions and terms in this Supplementary Agreement shall be the same as those in the Master Agreements.

#### Article 1 Agreements on the Purchase Amount of Creditor's Rights

- 1.1 The Parties confirm that subject to the provisions of Article 1.4, Party B shall supplement the following amounts to Party A:
  - A. Party B shall make a supplementary payment of "the first purchase amount of creditor's rights" of RMB 300 million to the account designated by Party A. The specific payment time is as follows:
    - (1) Before December 31, 2020, Party B shall pay RMB 20 million to Party A;
    - (2) Before June 30, 2021, Party B shall pay RMB 30 million to Party A;
    - (3) Before December 31, 2021, Party B shall pay RMB 30 million to Party A;
    - (4) Before June 30, 2022, Party B shall pay RMB 30 million to Party A;
    - (5) Before December 31, 2022, Party B shall pay RMB 30 million to Party A;



- (6) Before June 30, 2023, Party B shall pay RMB 30 million to Party A;
- (7) Before December 31, 2023, Party B shall pay RMB 30 million to Party A;
- (8) Before June 30, 2024, Party B shall pay RMB 30 million to Party A;
- (9) Before December 31, 2024, Party B shall pay RMB 30 million to Party A;
- (10) Before June 30, 2025, Party B shall pay RMB 20 million to Party A;
- (11) Before December 31, 2025, Party B shall pay RMB 20 million to Party A;

B. Party B shall make a supplementary payment of “the first purchase amount of creditor's rights” of RMB 72 million to Party A, which is used for the management, urgent recall, etc. of cooperative assets under the Master Agreements. The specific payment time is as follows:

During the period from July 1, 2020 to June 30, 2023, Party B shall pay RMB 2 million to the account designated by Party A prior to the 25th of each month, and the amount due in July 2020 shall be paid within 5 natural days after the execution of this Agreement.

- 1.2 From the effective date of this Agreement, the amounts mentioned in Article 1.1 above and the balance of the margin account opened by Party B with Party A shall be all converted into "**the first purchase amount of creditor's rights**", which shall be implemented according to the provisions of the Master Agreements on "**purchase amount of creditor's rights**".
  - 1.3 The assets after vicarious payment by Party B using "**the first purchase amount of creditor's rights**" and "**the purchase amount of newly-added creditor's rights**" (the "Vicarious Payment Assets") after valuation shall be offset with the guarantee liability of Party B to Party A with the same valuation amount. Party A and Party B confirm that the valuation = the amount of the Vicarious Payment Assets \*3%, and for every vicarious payment of assets, Party B's guarantee liability to Party A shall be offset corresponding amount immediately according to the valuation. The Vicarious Payment Assets after offset shall be owned, collected and managed by Party A. The list of offset assets shall be subject to the e-mails sent by Party A to Party B every six months. The Vicarious Payment Assets that can be offset shall be limited to the cooperative assets under the Master Agreements.
  - 1.4 The Parties agree that after paying the amounts agreed in Article 1.1 hereof, Party B does not need to supplement cash to undertake the joint liability guarantee and the interest subsidy obligation to Party A, and does not need to provide assets other than the assets under the Master Agreements to Party A for offset as described in Article 1.3. However, if Party B fails to make actual payment according to the payment time agreed in Article 1.1 hereof or perform other obligations, and fails to correct such breach within 5 working days after receiving a written notice from Party A, Party B shall still perform
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the obligations of guarantee, vicarious payment, compensation liability and interest subsidy as agreed in the Master Agreements. The amounts paid by Party B in accordance with Article 1.1 shall be deemed as amount of vicarious payment, compensation amount, amount of interest subsidy or other debts owed by Party B to Party A (the liquidation order shall be determined by Party A). Meanwhile, the margin, amount of vicarious payment, amount of interest subsidy and Vicarious Payment Assets shall be handled according to the provisions on the purchase amount of creditor's rights.

## Article 2 Agreements on Original Pledged Accounts Receivable

- 2.1 From May 1, 2019 to July 30, 2020, the Vicarious Payment Assets arising from Party B's performance of the guarantee responsibility to Party A are also applicable to Article 1.3, and Party B shall cooperate with Party A in completing the offset prior to August 7, 2020. The details of such assets shall be subject to the confirmation by the Parties by email (collectively, the "Original Pledged Assets"). At that time, Party A shall be exempted from the payment obligation of the accounts receivable management service fee, and Party B shall return in full the paid accounts receivable management service fee to the account designated by Party A. After offset, such assets will be owned, collected and managed by Party A.
  - 2.2 Party A and Party B shall complete the verification of the Original Pledged Assets prior to August 7, 2020. If, after August 7, 2020, Party A finds that for the Original Pledged Assets, the repayments and/or vehicle return of customers are different from the Original Pledged Assets verified by Party A and Party B on August 7, 2020 and confirmed by the Parties by mail, etc., Party B shall return the above funds or vehicles or vehicle disposal amounts of customers within 5 working days after Party A sends a notice to Party B. Such amount shall not be included in the amount described in Article 1.1 hereof.
  - 2.3 If Party B fails to make actual payment according to the payment time agreed in Article 1.1 hereof or perform other obligations, in addition to the handling according to Article 1.4, the Original Pledged Assets will not be offset according to Article 1.3, the provisions of the Pledge Supplementary Agreement shall apply, the accounts receivable arising from the Original Pledged Assets and the subsequent Vicarious Payment Assets of Party B will be pledged to Party A and continue to serve as the accounts receivable pledge guarantee for all debts of all customers to Party A under the Master Agreements, Party A and Party B do not need to sign a pledge agreement again, and the pledge matters will be handled according to the provisions of the Pledge Supplementary Agreements.
  - 2.4 The costs of managing the cooperative assets by Party A to reduce the vicarious payment responsibility of Party B and the costs paid by Party A for managing and collecting the cooperative assets according to this Agreement shall be firstly deducted from the recovered money arising from the Original Pledged Assets and the subsequent Vicarious
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### Payment Assets of Party B.

- 2.5 The Parties agree that, after this Agreement comes into force, if there is any recovered money arising from the Original Pledged Assets from May 1, 2019 to March 31, 2020, the amount of such recovered money exceeding the valuation ratio agreed in Article 1.3 after deduction of the management costs of Party A for such assets can be used to offset "the first purchase amount of creditor's rights" that Party B should pay in accordance with Article 1.1 hereof. The deduction principle is that the amount payable at the last installment agreed in Article 1.1.A hereof (i.e., the second installment of 2025) shall be deducted first, and the amount payable at the next last installment (i.e., the first installment of 2025) shall be deducted after the amount payable at the last installment above is deducted, and so on.

### Article 3 Agreements on Party B's Performance of Contract

- 3.1 Party B shall deliver the rights certification materials to Party A according to the contents and time limit agreed in Annex 1 hereto and the standards required by Party A. The delivered materials shall have clear elements and rights and responsibilities and can meet Party A's needs in loan management, vehicle affair management, customers' consulting/complaints, requests/inquiries from competent authorities, etc.
- 3.2 Party B shall undertake the obligations agreed in the Master Agreements and the obligations agreed in the contracts signed between Party B and customers which Party B shall perform and bear the corresponding expenses in respect of handling of formalities for vehicle mortgage/mortgage cancellation registration, insurance claim settlement, vehicle transfer, etc. involved under the Master Agreements in which Party B acts as the mortgagee or owner of vehicles. Party B's cooperation on vehicle affairs shall cover the whole life cycle of customers' loans under the Master Agreements and meet the requirements of Party A and/or customers in respect of operations and timeliness. The validity of mortgage filing and mortgage release materials of the subjects of Party B shall be maintained until the settlement date of the last loan under the Master Agreements plus 12 months.
- 3.3 Party B shall operate legally, prevent its business license from being revoked by the competent authority due to illegal acts, and shall not apply for liquidation, dissolution, etc. by itself. Party B shall prevent the subjects from being locked the competent state authorities or the vehicle management authorities, etc., resulting in obstacles to the civil conduct of the subjects of party B. If any of the above situations occurs to any of Party B's subjects, Party B shall solve it within 10 working days and compensate Party A for the losses suffered by Party A as a result thereof, and the compensation amount shall not be included in the amount described in Article 1.1.
- 3.4 Party B shall ensure that Party A can obtain the GPS information of the whole life cycle
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of the vehicles under the Master Agreements. The actions that Party B shall complete include but are not limited to providing Party A with the GPS account numbers, paying all the expenses that have occurred and will occur in the future under the contract signed between Party B and the GPS supplier on time, issuing an authorization letter for transmitting GPS information to Party A to the GPS supplier, etc.

- 3.5 If Party B or a third party designated by Party B is the owner of vehicles in the cooperative business, Party B shall still be responsible for the vehicle affair management. Party B shall still be responsible for the vehicle insurance renewal, violation of rules and regulations, annual inspection and other vehicle affair management work to ensure that the vehicles have no defects in vehicle affair management and no obstacles to mortgage release and ownership transfer. In case of obstacles to mortgage or ownership transfer caused by defects in vehicle affair management, etc., Party B shall solve such obstacles within 10 working days and compensate Party A for the losses suffered by Party A as a result thereof, and the compensation amount shall not be included in the amount described in Article 1.1.
  - 3.6 If Party B or a third party designated by Party B is the owner of vehicles in cooperation, and if the requirements of the agreements signed between customers and Party B on ownership transfer are met, Party B shall actively handle the formalities for ownership transfer of vehicles for customers, and shall not set up obstacles to the ownership transfer of vehicles.
  - 3.7 Party B shall handle the mortgage release and GPS removal/cancellation of vehicles under the cooperative business. The completion and timeliness of the mortgage release and GPS removal/cancellation shall meet Party A's requirements. Party B shall not charge from customers any fees including mortgage release fees in the name of Party A. Party B shall not set obstacles to the settlement of loans of cooperative assets customers (including but not limited to mortgage release and GPS removal/cancellation) on the ground of reserved purchase money.
  - 3.8 If, before the customers' loans under the Master Agreements are settled, a customer lodges a complaint in respect of loans, Party B shall handle the complaint according to the provisions of Article 4.1 of the Pledge Supplementary Agreement I. If Party A explicitly request compensation from Party B in case of fraudulent application, false transaction, etc. as agreed in the Master Agreements, Party B shall pay the remaining principal, interest and other expenses of the customer's loans within 5 working days as required by Party A. The amount described in this article shall not be included in the amount described in Article 1.1.
  - 3.9 If, after July 30, 2020, Party A finds that Party B and its related parties encroach on customers' funds or vehicles, Party B shall return the above customers' funds or vehicles or vehicle disposal amounts within 5 working days after receiving Party A's notice. The amount described in this article shall not be included in the amount described in Article
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1.1.

- 3.10 Party B shall handle the complaints, lawsuits and other regulatory inquiries of customers and public events related to the cooperative business under the Master Agreements according to the standards and timeliness required by Party A, including but not limited to online complaints, regulatory complaints, media complaints and customers' complaints to Party A. If Party B breaches the relevant operation provisions of the Master Agreements or Party B's acts cause adverse effects or losses to Party A, Party B shall eliminate the effects and compensate the losses by apology and public statement and compensate Party A for the losses suffered by Party A as a result thereof. The above compensation amount shall not be included in the amount described in Article 1.1.
- 3.11 Regardless of the provisions of the Master Agreements to the contrary, starting from August 7, 2020, Party B shall not collect and manage the cooperative assets under the Master Agreements in the name of Party B/Party A, or make any expression and implication to customers in any form.
- 3.12 Before August 7, 2020, Party B shall bear the expenses incurred in collecting the cooperative assets under the Master Agreements in the name of Party B/Party A.
- 3.13 The expenses for all matters described in this Article 3 shall be borne by Party B. If Party B fails to complete any matters described in this Article 3, such failure shall be handled according to the provisions of Article 1.4.

#### Article 4 Miscellaneous

- 4.1 On the premise of not violating the securities laws, Party B shall provide Party A with the financial statements, operating conditions, actual controllers and/or major shareholders' finance and cash flow conditions, financing conditions and other elements that have an actual impact on Party B's existence and operation every month, and cooperate with Party A and/or its competent authorities in inspection and investigation.
- 4.2 Party A agrees to provide Party B with the corresponding collection and disposal performance of the following assets in the previous natural month within 15 working days after the end of each natural month: (i) the Original Pledged Assets; And (ii) the remaining Vicarious Payment Assets.
- 4.3 Party B agrees that no matter what happens, it will ensure that there are enough employees of posts (such as finance post, post-loan post, customer service post, vehicle affair post (responsible for vehicle affair management, mortgage release, ownership transfer handling, etc.)) to cooperate with Party A in work, who are responsible for contacting Party A.
- 4.4 The Parties confirm that their emails, addresses and contact information are as follows:
-

Party A:

Name of the Contact Person of Party A: Huang Ziqian, Zheng Shuzhao

Telephone Number of the Contact Person of Party A: \*; \*

E-mail Address: \*; \*

Address: Block A, Building 7, Shenzhen Bay Science and Technology Ecological Park, No.1819 Shahe West Road, Nanshan District, Shenzhen, Guangdong, P.R. China.

Party B:

Name of the Contact Person of Party B: Zhang Jianli, Lin Feng

Telephone Number of the Contact Person of Party B: \*; \*

E-mail Address: \*; \*

Address: No. 12, Beitucheng East Road, Chaoyang District, Beijing, P.R. China.

## Article 5 Supplementary Provisions

- 5.1 Each Party undertakes to the other Party that it will not disclose the Confidential Information to any third party, use the Confidential Information in an unfavorable way to the other Party, or use the Confidential Information to engage in any securities transaction (whether profitable) without the prior written consent of the other Party. However, the Party (the "Receiving Party") which has obtained the Confidential Information of the other Party can still disclose the Confidential Information to its related parties, directors, officers, employees, managers, members, partners, representatives or agents meeting the following conditions, including but not limited to its lawyers, consultants, lenders and potential investors in good faith (collectively, the "Party's Representatives"): the Party's Representatives (a) need to know the relevant information so that the Receiving Party can review and evaluate the proposed transactions, (b) are informed of the confidentiality of the Confidential Information, (c) agree to keep the confidentiality of the Confidential Information, and (d) undertake not to use the Confidential Information to engage in any securities transactions (whether profitable). In addition, each Party shall cause the Party's Representatives to comply with the above provisions. However, each Party can disclose the Confidential information to the extent that it is required to be disclosed in accordance with applicable laws, regulations, rules, summonses, court orders, similar judicial procedures, requirements of regulatory authorities or stock trading rules.

For the purpose of this Agreement, the above "Confidential Information" means (a) any information about either Party's organization, business, technology, finance,

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transactions or affairs or directors, officers or employees (whether such information is provided in writing, orally or by any other means prior or after the signing date of this Agreement, including but not limited to the information provided for the purpose of performing this Agreement), (b) the terms of the Master Agreements and this Agreement, the identities of each Party and its related parties, and (c) any information or materials prepared by each Party or the Party's Representatives and containing or otherwise reflecting the Confidential Information or generated by the Confidential Information.

- 5.2 This Supplementary Agreement shall constitute an integral part of and have the same legal force as the Master Agreements. In case of any conflict between the Master Agreements and this Supplementary Agreement, this Supplementary Agreement shall prevail. For matters not covered in this Supplementary Agreement, the Master Agreements shall apply.
- 5.3 This Supplementary Agreement shall take effect on the date when the legal representatives or entrusted agents of Party A and Party B affix their signatures (or seals) and the common seals/special seals for contract of Party A and Party B hereon. The term of this Supplementary Agreement is the same as that of the Master Agreements.
- 5.4 This Supplementary Agreement is made in twelve counterparts with the same legal force, with Party A holding two counterparts and each Party B holding one counterpart.

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Date: July 23, 2020

Common Seal of Party A: Shenzhen Qianhai Webank Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Ming Gu

Common Seal of Party B 1: Kai Feng Finance Lease  
(Hangzhou) Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

Common Seal of Party B 2: Youqin (Shanxi) Finance Leasing  
Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Xia Gao

Common Seal of Party B 3: Yougu (Shanghai) Information  
Technology Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

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Common Seal of Party B 4: Youzhen (Beijing) Business Consulting Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

Common Seal of Party B 5: Youxin (Shanghai) Used Car Business Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Xia Gao

Common Seal of Party B 6: Youfang (Beijing) Information Technology Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

Common Seal of Party B 7: Shenzhen Uxin Pengda Used Car Brokerage Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Yong Liu

Common Seal of Party B 8: Xi' an Uxin Pengjia Used Car Brokerage Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Yukai Ren

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Common Seal of Party B 9: Beijing Uxin Ruida Asset Management Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

Common Seal of Party B 10: Youxinpai (Beijing) Information Technology Co., Ltd.

Legal Representative or Entrusted Agent (Signature or Seal):

*[Company seal is affixed]*

/s/ Zhen Zeng

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**Annex 1**

**List of Rights Certification Materials To Be Delivered**

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**AGREEMENT TO CONVERTIBLE PROMISSORY NOTE**

This AGREEMENT TO CONVERTIBLE PROMISSORY NOTE (this “**Agreement**”), dated July 23, 2020 (the “**Execution Date**”), is entered into by and between Uxin Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the “**Company**”) and PacificBridge Asset Management, acting in its capacity as the fund manager of PacificBridge Diamond CB Fund 1, PacificBridge Diamond CB Fund 2, PacificBridge Sapphire CB Fund 1 and PacificBridge Sapphire CB Fund 2 (collectively, “**PacificBridge**”).

**WHEREAS**, each of the undersigned entered into certain Convertible Note Purchase Agreement dated July 12, 2019 (the “**Note Purchase Agreement**”); and

**WHEREAS**, the Company issued two Convertible Promissory Notes pursuant to the Note Purchase Agreement on July 12, 2019, respectively to each of PacificBridge Diamond CB Fund 1 and PacificBridge Diamond CB Fund 2 (the “**Notes**”).

Capitalized terms used and not defined in this Agreement shall have the meanings given to them in the Convertible Note Purchase Agreement, unless the context requires otherwise.

**NOW, THEREFORE**, in consideration of the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned agrees as follows:

1. Acknowledgement. It is acknowledged that the convertible promissory note under the Notes have been due on July 12, 2020.
2. Conversion.
  - (i) Notwithstanding anything to the contrary under the Note Purchase Agreement and the Notes, the Company and each of the Purchaser agree that all of the Principal Amounts under each of the Notes plus the accrued interest thereon (being US\$6,820,000 for PacificBridge Diamond CB Fund 1 and US\$1,650,000 for PacificBridge Diamond CB Fund 2) shall be converted into certain Conversion Shares at the Conversion Price.
  - (ii) Notwithstanding anything to the contrary under the Note Purchase Agreement and the Notes, the applicable Conversion Price of the Notes shall be volume weighed average stock price for Class A Ordinary Shares in the Company of the thirty (30) trading days prior to the Execution Date multiplied by 0.78, being US\$0.4035 per Class A Ordinary Share. The number of Conversion Shares to be issued upon conversion of all Notes shall be equal to the quotient obtained by dividing the aggregate Principal Amount under the Notes and the accrued interest thereon by the Conversion Price, details of which are set forth on Schedule 1.
  - (iii) Unless as otherwise provided herein, the Company shall at its expense take all actions and execute all documents necessary to effect the issuance of all the

Conversion Shares under the above Section 2(ii) (including giving all necessary instructions to update the register of members to effect such issuance) within three (3) Business Days of the Execution Date, and deliver to the designated entity of each of the Purchasers, upon surrender of the Notes, a certificate or certificates for such number of the Conversion Shares issuable upon such conversion as set forth opposite the name of each Purchaser in Schedule 1 hereunder and the updated register of members of the Company indicating that the designated entity of each of the Purchasers is the holder of such Conversion Shares.

- (iv) Notwithstanding the foregoing, the Company shall not be required to issue or deliver the Conversion Shares until each of the Purchasers has surrendered its respective Note to the Company and has taken or cause their designated entity to take all necessary actions requested by the Company to facilitate the conversion.
  - (v) Upon due conversion in full of the Notes into the Conversion Shares pursuant to and in accordance with the above, any and all payment and other obligations of the Company under the Notes and the Note Purchase Agreement shall be fully discharged.
3. Waiver. Notwithstanding anything to the contrary under the Note Purchase Agreement and the Notes, PacificBridge agrees to waive the Company's obligation to pay all amounts payable on or in respect of the Notes and to waive all of its current and future claims and its right to claim of any nature whatsoever against the Company and any affiliate of the Company through litigation, arbitration or any other manner arising out of or in connection with the Note Purchase Agreement and the Notes; provided, that the Notes shall be converted in full in accordance with Section 2 hereunder.
  4. Effectiveness. This Agreement shall become effective immediately on the date hereof.
  5. Entire Agreement. This Agreement, and the documents referred to in it, constitutes the entire agreement, and supersedes any previous agreement, between the parties in relation to the subject matter of this Agreement. Except as expressly amended pursuant to this Agreement or otherwise provided, all terms and conditions of the Note Purchase Agreement and the Notes shall remain unchanged and shall continue in full force and effect.
  6. Further Assurance. Each of the undersigned hereby agrees to execute and deliver all such other and additional instruments and documents and do all such other acts and things as may be necessary or appropriate to effect this Agreement.
  7. Miscellaneous. Section 7.2 (*Governing Law; Dispute Resolution*), Section 7.6 (*Notices*), 7.8 (*Severability*), 7.10 (*Confidentiality*), 7.13 (*Headings*) and 7.14 (*Counterparts*) of the Note Purchase Agreement are hereby incorporated into this Agreement, *mutatis mutandis*.

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IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement on the date and year first above written.

**Uxin Limited**

By: /s/ Kun Dai

Name: Kun Dai

Title: Director

**[SIGNATURE PAGE TO AGREEMENT TO CONVERTIBLE PROMISSORY NOTE]**

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IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement on the date and year first above written.

**PacificBridge Asset Management**, acting in  
its capacity as the fund manager of the  
Purchasers

By: /s/ D.K. LEE

Name: D.K. LEE

Title: CEO

[SIGNATURE PAGE TO AGREEMENT TO CONVERTIBLE PROMISSORY NOTE]

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**SCHEDULE 1**

<b>Name of the Purchaser</b>	<b>Number of Conversion Shares</b>
PacificBridge Diamond CB Fund 1	16,903,955
PacificBridge Diamond CB Fund 2	4,089,667

**SCHEDULE**

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**AGREEMENT TO CONVERTIBLE PROMISSORY NOTE**

This AGREEMENT TO CONVERTIBLE PROMISSORY NOTE (this “**Agreement**”), dated July 23, 2020 (the “**Execution Date**”), is entered into by and between Uxin Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the “**Company**”) and PacificBridge Asset Management, acting in its capacity as the fund manager of each of the Persons listed in Schedule 1 hereto (collectively, the “**Purchasers**”, and each a “**Purchaser**”).

**WHEREAS**, the Company, the applicable Purchaser and certain other parties thereto entered into certain Convertible Note Purchase Agreements dated July 12, 2019, with the date of closing being July 12, 2019 (the “**First Closing Note Purchase Agreement**”), pursuant to which the Company issued two Convertible Promissory Notes on July 12, 2019 respectively to each of PacificBridge Sapphire CB Fund 1 and PacificBridge Sapphire CB Fund 2 (the “**First Closing Notes**”);

**WHEREAS**, the Company, the applicable Purchaser and certain other parties thereto entered into certain Convertible Note Purchase Agreements dated July 12, 2019, with the date of closing being August 16, 2019 (the “**Second Closing Note Purchase Agreement**”), pursuant to which the Company issued two Convertible Promissory Notes on August 16, 2019 respectively to each of PacificBridge Inner Circle Mezzanine 1 and PacificBridge TMT Mezzanine 1 (the “**Second Closing Notes**”); and

**WHEREAS**, the Company, the applicable Purchaser and certain other parties thereto entered into certain Convertible Note Purchase Agreements dated July 12, 2019, with the date of closing being September 18, 2019 (the “**Third Closing Note Purchase Agreement**”), pursuant to which the Company issued two Convertible Promissory Notes on October 10, 2019 and November 8, 2019 respectively to each of PacificBridge Global Mezzanine 1 and PacificBridge Global Mezzanine 2 (the “**Third Closing Notes**”, together with the First Closing Notes and the Second Closing Notes, the “**Notes**”).

Capitalized terms used and not defined in this Agreement shall have the meanings given to them in the Convertible Note Purchase Agreement, unless the context requires otherwise.

**NOW, THEREFORE**, in consideration of the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned agrees as follows:

1. Conversion.

- (i) Notwithstanding anything to the contrary under the Note Purchase Agreement and the Notes, the Company and each of the Purchaser agree that all of the Principal Amounts under each of the Notes plus the accrued interest thereon (being US\$16,036,077 for PacificBridge Sapphire CB Fund 1, US\$3,006,764 for PacificBridge Sapphire CB Fund 2, US\$7,196,537 for PacificBridge Inner Circle Mezzanine 1, US\$8,747,333 for PacificBridge TMT Mezzanine 1, US\$6,223,696 for PacificBridge Global Mezzanine 1 and US\$5,302,547 for PacificBridge Global Mezzanine 2) shall be converted into certain Conversion Shares at the Conversion Price.

- (ii) Notwithstanding anything to the contrary under the Note Purchase Agreement and the Notes, the applicable Conversion Price of the Notes shall be volume weighed average stock price for Class A Ordinary Shares in the Company of the thirty (30) trading days prior to the Execution Date multiplied by 0.78, being US\$0.4035 per Class A Ordinary Share. The number of Conversion Shares to be issued upon conversion of all Notes shall be equal to the quotient obtained by dividing the aggregate Principal Amount under the Notes and the accrued interest thereon by the Conversion Price, details of which are set forth on Schedule 1.
- (iii) Unless as otherwise provided herein, the Company shall at its expense take all actions and execute all documents necessary to effect the issuance of all the Conversion Shares under the above Section 2(ii) (including giving all necessary instructions to update the register of members to effect such issuance) within three (3) Business Days of the Execution Date, and deliver to the designated entity of each of the Purchasers, upon surrender of the Notes, a certificate or certificates for such number of the Conversion Shares issuable upon such conversion as set forth opposite the name of each Purchaser in Schedule 1 hereunder and the updated register of members of the Company indicating that the designated entity of each of the Purchasers is the holder of such Conversion Shares.
- (iv) Notwithstanding the foregoing, the Company shall not be required to issue or deliver the Conversion Shares until each of the Purchasers has surrendered its respective Note to the Company and has taken or cause their designated entity to take all necessary actions requested by the Company to facilitate the conversion.
- (v) Upon due conversion in full of the Notes into the Conversion Shares pursuant to and in accordance with the above, any and all payment and other obligations of the Company under the Notes and the Note Purchase Agreement shall be fully discharged.

2. Effectiveness. This Agreement shall become effective immediately on the date hereof.
3. Entire Agreement. This Agreement, and the documents referred to in it, constitutes the entire agreement, and supersedes any previous agreement, between the parties in relation to the subject matter of this Agreement. Except as expressly amended pursuant to this Agreement or otherwise provided, all terms and conditions of the Note Purchase Agreement and the Notes shall remain unchanged and shall continue in full force and effect.
4. Further Assurance. Each of the undersigned hereby agrees to execute and deliver all such other and additional instruments and documents and do all such other acts and things as may be necessary or appropriate to effect this Agreement.

5. Miscellaneous. Section 7.2 (*Governing Law; Dispute Resolution*), Section 7.6 (*Notices*), 7.8 (*Severability*), 7.10 (*Confidentiality*), 7.13 (*Headings*) and 7.14 (*Counterparts*) of the Note Purchase Agreements are hereby incorporated into this Agreement, *mutatis mutandis*.

*[The remainder of this page has been left intentionally blank]*

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement on the date and year first above written.

**Uxin Limited**

By:  /s/ Kun Dai

Name: Kun Dai

Title: Director

**[SIGNATURE PAGE TO AGREEMENT TO CONVERTIBLE PROMISSORY NOTE]**

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IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement on the date and year first above written.

**PacificBridge Asset Management**, acting in  
its capacity as the fund manager of the  
Purchasers

By: /s/ D.K. LEE

Name: D.K. LEE

Title: CEO

**[SIGNATURE PAGE TO AGREEMENT TO CONVERTIBLE PROMISSORY NOTE]**

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**SCHEDULE 1**

<b>Name of the Purchaser</b>	<b>Number of Conversion Shares</b>
PacificBridge Sapphire CB Fund 1	39,746,793
PacificBridge Sapphire CB Fund 2	7,452,524
PacificBridge Inner Circle Mezzanine 1	17,837,235
PacificBridge TMT Mezzanine 1	21,681,016
PacificBridge Global Mezzanine 1	15,425,965
PacificBridge Global Mezzanine 2	13,142,818

**SCHEDULE**

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**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kun Dai, certify that:

1. I have reviewed this transition report on Form 20-F of Uxin Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the transition report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: July 24, 2020

By: /s/ Kun Dai

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Name: Kun Dai

Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Zhen Zeng, certify that:

1. I have reviewed this transition report on Form 20-F of Uxin Limited (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the transition report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: July 24, 2020

By: /s/ Zhen Zeng

Name: Zhen Zeng

Title: Chief Financial Officer

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**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Transition Report of Uxin Limited (the "Company") on Form 20-F for the three months ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kun Dai, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2020

By: /s/ Kun Dai

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Name: Kun Dai

Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Transition Report of Uxin Limited (the "Company") on Form 20-F for the three months ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zhen Zeng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2020

By: /s/ Zhen Zeng

Name: Zhen Zeng

Title: Chief Financial Officer

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